

Registration number: 10645161

INEOS Upstream Holdings Limited
Annual Report and Financial Statements
for the Period from 1 March 2017 to 31 December 2017

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INEOS Upstream Holdings Limited

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INEOS Upstream Holdings Limited

Company Information

Directors

Andrew Pizzey

Geir Tufl

Company secretaries

Gemma McLucas

Cordelia Pace

Registered office

Anchor House
15-19 Britten Street
London
SW3 3TY

Solicitors

Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

INEOS Upstream Holdings Limited

Strategic Report for the Period from 1 March 2017 to 31 December 2017

The directors present the strategic report of INEOS Upstream Holdings Limited ("the Company") for the period from 1 March 2017 to 31 December 2017.

Fair review of the business

The Company was incorporated on 1 March 2017 and these comprise the first financial statements of the Company.

The Company does not trade. It acts as a holding company and during the period completed the acquisition of INEOS Offshore BCS Limited, INEOS Upstream Services Limited and INEOS Upstream Limited.

As at 31 December 2017, the Company has net liabilities of £21,000.

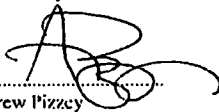
Key performance indicators

Given the company is a holding company, the directors view the main KPI as being the management of the Company's investment in subsidiary undertakings. An impairment test was performed on the carrying value of the investment and given the net liabilities of its subsidiaries, the investment was not considered recoverable. Therefore the carrying value of the investment was impaired.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the Company's indirect subsidiaries' ability to find and exploit gas reserves in the United Kingdom Continental Shelf, Denmark, Norway, Faroe Islands and Greenland. The main uncertainty is volatility in market prices and fluctuation in foreign currency exchange rates. The financial risk management process is discussed in the directors' report.

Approved by the Board on 30 November 2018 and signed on its behalf by:


.....
Andrew Pizzey
Director

INEOS Upstream Holdings Limited

Directors' Report for the Period from 1 March 2017 to 31 December 2017

The directors present their report and the audited financial statements for the period from 1 March 2017 to 31 December 2017.

Incorporation

The company was incorporated on 1 March 2017.

Directors of the company

The directors, who held office during the period, and up to the date of signing the financial statements, were as follows:

Andrew Pizzey (appointed 1 March 2017)

Geir Tuft (appointed 1 March 2017)

Principal activity

The principal activity of the Company is to act as a holding company and to provide services to its subsidiary undertakings.

Dividends

The directors do not propose the payment of a dividend.

Financial instruments

Objectives and policies

The Company's operations are exposed to a variety of financial risks that include effects of commodity price risk, credit risk, liquidity and cash flow risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

Price risk, credit risk, liquidity risk and cash flow risk

The main financial risks which could affect the Company are set out below:

- (a) Interest rate risk: Borrowings are intra-group and the interest rate is fixed at 7%. The directors review the interest rate and assess the cost benefit of interest rate hedging.
- (b) Currency risk: The Company undertakes transactions in various currencies. Although the significant majority of transactions are denominated in Sterling (Company's functional currency) the directors review the cost benefit of currency hedging.
- (c) Price risk: The Company is not exposed to price risk as it is a holding company.
- (d) Credit risk: The Company has no significant exposure to credit risk as the majority of its receivables are due from other group companies which the directors believe will be able to meet their obligations as they fall due.
- (e) Liquidity and cash flow risk: The Company has exposure to liquidity and cash flow risk as the principle source of income, being interest received on loans and dividends may not be sufficient to meet operating costs and interest payable on loans.

Future developments

Given the nature of activities undertaken during the period, the directors are satisfied with the performance of the Company. Future opportunities to expand the interests of the Company will be investigated in future periods.

INEOS Upstream Holdings Limited

Directors' Report for the Period from 1 March 2017 to 31 December 2017 (continued)

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company. The directors have received confirmation that the parent company intends to support the Company for at least one year after the approval of the financial statements.

Directors' liabilities

The directors are all covered by a Directors' and Officers' Liability Insurance policy maintained by the Company with a qualifying third party insurance company which was maintained throughout the financial period and is still in place as at the date of the approval of these financial statements.

Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolution concerning their re-appointment will be proposed at the board meeting.

INEOS Upstream Holdings Limited

Directors' Report for the Period from 1 March 2017 to 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' confirmations

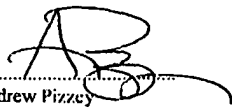
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 30 November 2018 and signed on its behalf by:


Andrew Pizzey
Director

INEOS Upstream Holdings Limited

Independent auditors' report to the members of INEOS Upstream Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, INEOS Upstream Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the 10 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2017; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the 10 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INEOS Upstream Holdings Limited

Independent auditors' report to the members of INEOS Upstream Holdings Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INEOS Upstream Holdings Limited

**Independent Auditors' Report to the Members of INEOS Upstream Holdings Limited
(continued)**

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

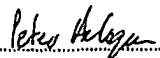
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting
Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


Peter Aclouque (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 30 November 2018

INEOS Upstream Holdings Limited

Income Statement for the Period from 1 March 2017 to 31 December 2017

	Note	2017 £ 000
Administrative expenses		(20)
Operating loss		(20)
Impairment of investment in subsidiaries	7	(173,683)
Interest receivable and similar income	6	9,818
Interest payable and similar expenses	8	(9,819)
		(173,684)
Loss before tax		(173,704)
Tax on loss	9	-
Loss for the financial period		(173,704)

The above results were derived from continuing operations.

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Statement of Comprehensive Income for the Period from 1 March 2017 to 31 December 2017

	2017 £ 000
Loss for the financial period	<u>(173,704)</u>
Total comprehensive loss for the financial period	<u>(173,704)</u>

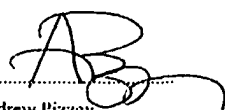
INEOS Upstream Holdings Limited

(Registration number: 10645161)

Statement of Financial Position as at 31 December 2017

		31 December 2017 £ 000
	Note	
Current assets		
Debtors	11	583,103
Creditors: Amounts falling due within one year	12, 13	<u>(583,124)</u>
Net liabilities		<u>(21)</u>
Capital and reserves		
Called up share capital	14	-
Share premium		173,683
Retained deficit		<u>(173,704)</u>
Total shareholders' deficit		<u>(21)</u>

The financial statements on pages 9 to 23 were approved by the Board on 30 November 2018 and signed on its behalf by:


.....
Andrew Pizzey
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Statement of Changes in Equity for the Period from 1 March 2017 to 31 December 2017

	Called up share capital £ 000	Share premium £ 000	Retained deficit £ 000	Total Shareholders' deficit £ 000
At 1 March 2017	-	-	-	-
Loss for the financial period	-	-	(173,704)	(173,704)
Total comprehensive loss	-	-	(173,704)	(173,704)
New share capital subscribed	-	173,683	-	173,683
At 31 December 2017	-	173,683	(173,704)	(21)

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Anchor House
15-19 Britten Street
London
SW3 3TY
United Kingdom

These financial statements were authorised for issue by the Board on 30 November 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with, as applicable, the Companies Act 2006.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in British pound sterling (£), which is also the Company's functional currency. All the amounts in the financial statements unless stated have been rounded to the nearest £'000.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - I. paragraph 79(a)(iv) of IAS 1;
 - II. paragraph 73(e) of IAS 16 Property, plant and equipment;
 - III. paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The financial statements of the Company have been prepared on the going concern basis. The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the parent company, INEOS Industries Limited. The directors have received confirmation that the parent company intends to support the Company for at least one year after the approval of the financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 March 2017 have had a material effect on the financial statements.

Interest receivable and interest payable

Interest payable includes interest and similar expenses on loans payable to group companies and third parties and net foreign exchange losses. Other interest receivable and similar income include interest on loans receivable from subsidiary undertakings and net foreign exchange gains.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Investments

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less accumulated impairment losses.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating units exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Recognition and measurement

Trade and other receivables

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing loans/borrowings

Interest-bearing loans/borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans/borrowings are stated at amortised cost using the effective interest method. They are included in current assets/liabilities, except for maturities greater than 12 months after the end of the reporting period.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of accounting policies, and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

Impairment of investments in subsidiary undertakings

An impairment test requires an assessment as to whether the carrying value of an asset can be supported by its recoverable amount. The carrying value of the Company's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Management calculates the recoverable amount based on the net present value of future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate. Estimations of the future cash flows require application of judgements and actual cash flows can differ from the estimate due to change in assumptions.

4 Auditors' remuneration

	2017 £ 000
Audit of the financial statements	20

5 Directors and employees

The Company has no employees. The directors received no remuneration for their services to the Company.

6 Interest receivable and similar income

	2017 £ 000
Interest income from group undertakings	9,818

7 Impairment of investment in subsidiaries

	2017 £ 000
Impairment loss on investment in subsidiaries	173,683

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

7 Impairment of investment in subsidiaries (continued)

Impairment in the year relates to the additional investment made in its subsidiary in the year. Refer to note 10 for details.

8 Interest payable and similar expenses

	2017 £ 000
Interest paid to group undertakings	9,817
Foreign exchange loss	2
	<u>9,819</u>

9 Income tax

Tax charged/(credited) in the income statement

	2017 £ 000
Current taxation	-

The tax on loss before tax for the period is lower than the standard rate of corporation tax in the UK of 19.25%.

The differences are reconciled below:

	2017 £ 000
Loss before tax	<u>(173,704)</u>
Corporation tax at standard rate	(33,438)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	33,434
Decrease (increase) from tax losses for which no deferred tax asset was recognised	4
Total tax charge/(credit)	<u>-</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

Deferred tax assets have not been recognised as the directors consider there is insufficient certainty over the future utilisation of underlying tax losses. As at 31 December 2017, the Company has unrecognised losses of approximately £4,000.

The notes on pages 13 to 23 form an integral part of these financial statements.

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INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

10 Investments

Subsidiaries	£ 000
Cost	
Additions	173,683
At 31 December 2017	173,683
Impairment provision	
Provision	173,683
At 31 December 2017	173,683
Carrying amount	
At 31 December 2017	-

On 7 September 2017, the Company acquired the entire ordinary share capital of INEOS Upstream Limited and INEOS Upstream Services Limited for a consideration of 4 ordinary shares and INEOS Offshore BCS Limited for £2 as part of a wider group re-organisation. Subsequently the Company has increased its investment in INEOS UK Offshore BCS Limited to £173.7 million in connection with an acquisition. The increased investment was funded by the issues of shares.

At the end of 2017 an impairment test was performed on the carrying value of the INEOS Offshore BCS Limited investment given the aggregate net liabilities of the entities acquired. The Company used a discounted cash flow model to estimate the future cash flows of the investment, based on the life-of-field plans. The expected future cash flows were based on estimates of future production and commodity prices, operating costs and forecast capital expenditures using the life-of-field plans as at 31 December 2017. The result of this impairment test showed the investment was not considered recoverable, therefore the carrying value of the investment of £173 million has been impaired.

Details of the subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2017
INEOS Offshore BCS Limited*	A holding company that has investments in subsidiary undertakings operating in the oil and gas industry	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%
INEOS Upstream Services Limited*	Support service provider for onshore and offshore exploration	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%
INEOS Upstream Limited*	Exploration and evaluation of land leading to development and ultimately production of shale gas	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2017
INEOS UK E&P Holdings Limited	A holding company that has investments in subsidiary undertakings operating in the oil and gas industry	Brodies House, 31-33 Union Grove, Aberdeen, Scotland, AB10 6SD United Kingdom	100%
INEOS Clipper South B Limited	Exploration, development and production of gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%
INEOS Clipper South C Limited	Exploration, development and production of gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%
INEOS UK SNS Limited	Exploration, development and production of gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%
INEOS Energy Trading Limited	Dormant	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%
INEOS 120 Energy Limited	A holding company that has investments in subsidiary undertakings operating in the oil and gas industry	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%
INEOS 120 Power Limited	Dormant	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%
INEOS 120 Exploration Limited	Exploration and evaluation of PEDL 120 leading to development and ultimately production of shale gas	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

10 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2017
INEOS E&P Norge AS	Exploration, development and production of oil and gas	Veritasveien 25, 4007 Stavanger Norway	100%
INEOS E&P A/S	Explore and develop hydrocarbons in Denmark and around the North Sea	Nesa Allé 1, 2820 Gentofte Denmark	100%
INEOS E&P DK A/S	Explore and develop hydrocarbons as well as ancillary activities.	Nesa Allé 1, 2820 Gentofte Denmark	100%
INEOS E&P Føroyar P/F	Explore and develop hydrocarbons and related activities in the Faroe Islands	J.H. Schrøters Gøta 7, 100 Tórshavn, Faroe Islands	100%
INEOS E&P Grønland A/S	Explore and develop hydrocarbons and related activities in Greenland	Advokatfirmaet Malling & Hansen Dammi, Hans Egedesvej 3. Postboks 1046, 3900 Nuuk, Greenland	100%
INEOS E&P (Siri) UK Limited	Oil and gas exploration, development and production within Denmark.	20 Fenchurch Street 24th Floor, London, England, EC3M 3BY United Kingdom	100%
INEOS E&P (UK) Limited	Oil and gas exploration, development and production within the UK	20 Fenchurch Street 24th Floor, London, England, EC3M 3BY United Kingdom	100%
INEOS E&P Services (UK) Limited	Service provider to other group companies	20 Fenchurch Street 24th Floor, London, England, EC3M 3BY United Kingdom	100%

* indicates direct investments of the Company

11 Debtors

	31 December 2017
	£ 000
Amounts owed by group undertakings	<u>583,103</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

11 Debtors (continued)

Amount owed by group undertakings

In September 2017 the Company entered into a loan agreement with its subsidiary, INEOS Offshore BCS Limited, for US\$ 376,188,000 with an interest rate of 7%. Interest is payable on a quarterly basis and the loan is payable on demand. In the last quarter of 2017 as part of an internal reorganisation, the Company increased its loan with INEOS Offshore BCS Limited to US\$ 783,550,000, net of repayment made. The loan bears interest at 7% per annum which is payable on a quarterly basis. The full amount is unsecured and is repayable on demand.

12 Creditors: Amounts falling due within one year

	31 December 2017 £ 000
Accrued expenses	20
Amounts due to group undertakings	72
	<u>92</u>

13 Loans and borrowings

	31 December 2017 £ 000
Current loans and borrowings	
Amounts due to group undertakings	<u>583.032</u>

Borrowings

Amount due to group undertakings

In September 2017 the Company entered into a loan agreement with its parent, INEOS Industries Limited, for US\$ 376,188,000 with an interest rate of 7%. Interest is payable on a quarterly basis and the loan is payable on demand.

In the last quarter of 2017 as part of an internal reorganisation, the Company took over INEOS Upstream Limited's loan, amounting to US\$407,362,000, net of repayment made. The loan bears interest at 7% per annum and is payable on a quarterly basis. The full amount is unsecured and is repayable on demand.

14 Called up share capital

Allotted, called up and fully paid shares

	31 December 2017	
	No.	£
Ordinary Shares of £1 each	<u>8</u>	<u>8</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Period from 1 March 2017 to 31 December 2017 (continued)

14 Called up share capital (continued)

The Company was incorporated on 1 March 2017 with 2 ordinary shares (£1 each).

New shares allotted

During the period 6 Ordinary Shares having an aggregate nominal value of £6 were allotted for an aggregate consideration of £173,683,000.

15 Related party transactions

During the year the Company entered into transactions, in the ordinary courses of business, with related parties. The nature and terms of the transactions have been disclosed in notes 6, 7, 8, 5, 10, 11, 13 and 12. The Company has also taken advantage of the exemption under paragraph 8 of Financial Reporting Standard 101 not to disclose transactions with the fellow subsidiaries under common ownership.

16 Parent and ultimate parent undertaking

The company's immediate parent is INEOS Industries Holdings Limited.

The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

The most senior parent entity producing publicly available financial statements, and the smallest and largest group to consolidate these financial statements is INEOS Industries Limited. These financial statements are available upon request from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The ultimate controlling party is Mr J A Ratcliffe.