INEOS Styrolution Holding Limited

(Registered Company number 09922632)

Directors' report and Consolidated Financial Statements

for the year ended 31 December 2019

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Section 1 - Strategic Report and Directors' Report

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report on the Group and Company for the year ended 31 December 2019.

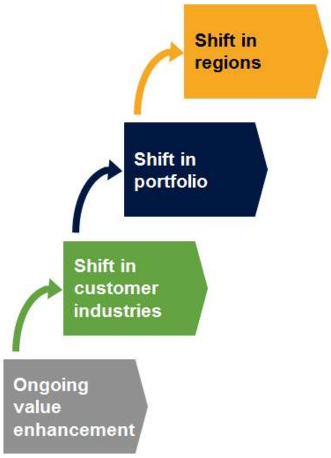
INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holding Limited.

Review of business developments

INEOS Styrolution Holding Limited and its subsidiaries ("INEOS Styrolution" or "the Group") are the leading global producer, marketer and merchant seller of styrenics, which is the basis for a wide range of chemical processes and products. INEOS Styrolution wants to further strengthen and expand its position as a leading global supplier of styrenics and to increase the value of the business by generating strong, sustainable and growing cash flows across industry cycles. To achieve these goals we have the following key strategic objectives:

The Group implemented a growth strategy to meet its strategic objectives. The aim is to make INEOS Styrolution more resilient, less cyclical and more profitable. The Group's strategy is to develop its portfolio of businesses further with its main focus continuing to maintain the number one market position in the styrenics market.

During 2019 the Group continued to focus on developing its portfolio of businesses, with a particular focus on its strategic objectives. The objective is to focus on industries and regions with stronger growth expectations and offer in these markets the products and application that add value to the industry and consumers ('Triple Shift growth strategy'):



The Company operates in four segments which are Polymers Americas, Polymers Asia, Polymers EMEA and Global Styrene Monomer The Polymers product groups are ABS Standard, Polystyrene (together the standard products) and Specialties.

INEOS Styrolution is dedicated to sustainability and the development of a circular economy for plastics is a key strategic goal. For polystyrene, INEOS Styrolution has pledged to use on average 30% of recycled content in products destined for polystyrene packaging in Europe by 2025. In 2019, the Company has demonstrated the chemical recycling capabilities of polystyrene with the first production of polystyrene from styrene monomer made only of depolymerized material. Such technology facilitates a full recycling loop for plastics, which we expect to enable food contact applications. In December 2019, the company's commitment to sustainability and the advances made toward a circular economy for plastics was recognised with ICIS Award in the category ''Innovation with Best Benefit for Environment and Sustainability. For ABS Standard, INEOS Styrolution has developed mechanical recycling grades containing 50% or 70% recycled content that are commercially available today. The Company has also established co-operations to secure high quality waste. This enables INEOS Styrolution to secure its supply of waste feedstock

Review of 2019 results

The Company reports a solid financial result for 2019 with an EBITDA before special items* of Euro 704.2 million compared to Euro 812.8 million for the year 2018. In the first half of the year 2019, the company benefitted from solid economic conditions in most segments and product groups. The global economic slowdown as result of the trade conflict between the US and China, the uncertainty around Brexit and a specifically weak development of the global automotive industry affected the financial result of the second half of the year. The reduced in demand led to pressure on margins mainly in the commodity and standard businesses.

In 2019, the Company acquired Total S.A.s Polystyrene business in China. The acquisition covers the wholly owned Chinese polystyrene business including two production sites in Ningbo and Foshan. Both sides have an annual production capacity of 200kt and the acquisition was effective 1 February 2019. This acquisition is in line with the Company's Triple Shift growth strategy because the entities sell into the Company's growth industries such as Household and Electronics. For the elven-month period since 1 February 2019, the acquired business contributed an EBITDA of EUR 34.5 million.

* EBITDA represents income from operations before interest, taxation, depreciation of property, plant and equipment and amortisation of intangible assets. Although EBITDA before special items should not be considered substitute measures for profit and net cash flow from operating activities, we believe that they provide useful information regarding our ability to meet future debt service requirements. EBITDA before special items may not be comparable to similarly titled measures used by other companies. Special items refer to certain costs and benefits outside the usual course of business, which are expected to be non-recurring.

The Polymers EMEA segment has a strong Specialties footprint. Our Specialties business is more resilient to volatility than our commodities and standard product groups. Solid economic conditions in the first half of the year and the Specialties base ensured reduced but solid results in 2019 in the European business, despite a weaker second half of the year. Strong growth in healthcare and household was offset by weak automotive demand.

Our Polymers Americas has a higher share of commodity and standard products in its portfolio. Market performance of the Specialties and Polystyrene business were solid in 2019, but the increasing arbitrage of Asian products in ABS Standards led to margin reduction in the region. Also in the Americas the Company saw a weak automotive industry which reduced demand.

In the Asian market, China has a dominant role as producer and consumer of styrenics material. The results of our Polymers Asia segment were impacted by the US trade regulation threats as this created uncertainty in the Chinese and Asian markets. After a solid first half in 2019, results decreased because of weaker demand.

The Styrene business supplies the Polymers markets. The polymer demand was solid in the first half of 2019. Market margins were top-of-cycle in the spring of 2019 when the industry went through a turnaround cycle. The weaker demand in the second half created a decline in margins, which was accelerated because of limited production outages in the industry.

In 2019, the Company increased its Capex spending to support its expansion projects. The Company invested in the building of a new 100kt ASA plant in Bayport, Texas. ASA is a specialties product that is mainly used in automotive and construction applications. This plant is expected to be operational at the end of 2021. In Europe, the Company is in the process of debottlenecking its Antwerp, Belgium, styrene monomer plant to increase capacity by 50kt to 650kt in total and converting a polystyrene line in Wingles, France, into a mass ABS line. Both projects will be operational in the second half of 2020.

Subsequent events

On 10 January 2020, the Company announced plans to build a world-scale ABS plant in Ningbo. The investment will be a greenfield ABS plant adjacent to the Ningbo polystyrene site in the Zhejiang Province in Eastern China. The annual capacity of this new world-scale plant will be 600,000 tonnes. The completion is expected in 2023.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the instruments is January 2027.

On 4 February 2020, the Company's shareholder approved an interim dividend of EUR 350 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 11 February 2020, the Group repaid the drawn amount under the securitisation programme in the amount of EUR 190 million.

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Group has its parent companies in the United Kingdom. The Group has trading activities in United Kingdom, but does not have production facilities and no warehouses in the UK. The Group does not expect a significant financial impact on its business from Brexit.

INEOS Styrolution is closely monitoring the evolution of the Coronavirus and is following the World Health Organisation travel advice. With regards to business impact, China has a dominant role as largest producer and consumer of styrenics materials. The Group operates two Polystyrene plants in China which are currently operating at reduced rates and may have to be shut temporarily if circumstances require this. The main reason for reduced production is external logistics constraints as travel restrictions limit freight in the country. The effect the virus will have on the global economy and styrenics industry is difficult to assess at this point in time. INEOS Styrolution is constantly evaluating the situation and monitoring any potential effects on production and deliveries.

No further significant subsequent events occurred for the period between the reporting date of these Consolidated Financial Statements and their authorisation by the Board of Directors on 21 February 2020.

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 affecting the Company are set out below:

- Our facilities are subject to operational risks, which could have a material adverse effect on our operating results. Risk from explosion or fire and or injured people or major release of chemicals. The INEOS Styrolution business involves the use, manufacturing, handling and distribution of large volumes of hazardous materials and other chemicals. Accordingly, Safety, Health and Environmental (SHE) risks, such as environmental contamination, property damage and personal injury, are inherent in the business. Our operations are subject to hazards inherent in chemicals and plastics manufacturing and the related use, storage, transportation and disposal of feedstock, products and wastes. Management of these risks is therefore identified as one of the strategic priorities as it can lead to property damage, business interruption and reputational damage. These priorities and measures are set by INEOS worldwide and adhered to by INEOS Styrolution.
- Our business may be negatively affected by increases in raw material prices that we are unable to pass on to our customers, volatility in raw material prices, our inability to retain or replace our key suppliers and supply chain disruptions. Prices for important raw materials used by the Company may significantly change from period to period. Price volatility can also lead to a negative EBITDA before Special items effect because of non-cash inventory holding ('Cost of sales adjustments', COSA) losses. Management of volatility is therefore identified as one of the strategic priorities and the Company has implemented several countermeasures.
- The styrenics industry is cyclical, and global economic factors, such as risks associated with a recession and our consumers' access to credit, as well as changing market capacity and demand, may negatively affect our products' prices, reduce our operating margins and impair our cash flows. The Company has a global reach and operates in a large variety of customers and industries. The company intends to grow in markets that are less sensitive to cyclicality.
- The Company is exposed to economic downturns and local business risks in several different countries that could adversely affect its profitability. This includes the effects from Brexit in the year 2020 which could impact the economic growth in Europe and interfere with the delivery streams of goods and services between the EU and the UK. The Company has its parent companies and trading activities with customers in the UK. However, the Company does not have production facilities or warehouses in the UK. In addition, we note above under "subsequent events" the emerging risks arising from the Coronavirus situation which may also have an adverse impact on the global economy.
- The availability of substitute, products and regulatory initiatives that may encourage the use of such substitute products, may adversely affect demand for certain of our products and overall revenue and operations. In certain jurisdictions there is an adopted or proposed legislation or regulatory initiatives banning, taxing, or otherwise regulating plastics which has and will continue to affect the demand for our commodity products. The Company is dedicated to sustainability and is developing a circular economy for plastics. This is seen as a key strategic goal.

- We are subject to cyber security risks. A cyber incident could result in information theft, data corruption, operational disruption and/or financial loss. Cyber security imposes an increasing risk on companies. With the growing volume and sophistication of cyber-attacks, the risk is that sensitive business and personal information is not well protected and assets and Company's security is not safeguarded. The Company has a dedicated team to mitigate the risk of a cyber-attack and to recover as soon as possible from any attack that might occur.
- Our leverage may make it difficult for us to service our debt, including the Notes, and operate our business. If the Company was unable to obtain external financing or lost its current financing arrangements, it would severely reduce the financial liquidity with a potential of insolvency. The Company's financing principles and financial strategy aim at securing financial liquidity at all times, limiting the risks associated with financing and at the same time optimising the cost of debt. The core of the financial strategy is to safeguard the Company's strong financial profile, credit rating and thereby its financial stability. It is aligned with the company strategy to promote the strategic and operational performance of INEOS Styrolution.

Section 172(1) statement

The directors have the duty to promote the success of the company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The board focusses on engagement with all stakeholders, and uses this when taking decisions.

Long-term factors

The Group's strategy is to grow its business portfolio with the aim to maintain its global number one position in the styrenics industry. This strategy includes the focus on growth regions, growth in focus industries and the shift to more specialized products and product applications. INEOS Styrolution is dedicated to long-term sustainability and the development of a circular economy for plastics. These strategic priorities are described in the section 'Review of business developments' of the Strategic Report. The Company believes these are critical long-term factors for the success of the Group.

The directors' decision-making has supported the implementation of the strategy. The Group plans for strategic investments to support it goals. Examples of such decisions include the acquisition of two Polystyrene plants in China with the majority of its sales into focus industries, building of a new 100kt ASA Specialties plant in Bayport, Texas, and converting a Polystyrene line to a mass ABS line in Wingles, France.

We aim to operate and develop our business in a way that supports both our current and future needs, taking into account relevant economic, environmental and social factors. This enables us to sustain our business for the long term. We strongly believe that sustainable business management and practices will contribute to our long-term business success and will strengthen our leading position in the market, also in a circular world.

The Directors ensure that the Group has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Group's long-term cash and operational planning in relation to the capital requirements needed to grow. The Directors consider available and required funds as a basis for any dividend under its distribution policy.

Stakeholder considerations

Engaging stakeholders and developing meaningful partnerships is essential for our long-term business success. The Group engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Group is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of our work, and our products and services for society.

Key stakeholders contribute to our economic, social and environmental performance. Stakeholders include our customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, universities, scientific institutions and value chain partners such as waste sorters and recyclers. The company publishes a sustainability report on an annual basis and makes that available to all its stakeholders.

As the global market leader in styrenics, the company adopts a holistic approach looking at its entire value chain – from procurement, development and production to transport, sales, integration into customer processes, final intended use and recycling. Together with industry associations and our business partners, we strive to achieve high and well-acknowledged sustainability standards in the styrenics industry.

The Group is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from its use of power and feedstock, and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the Board in making decisions and in assessing the long term viability of the business.

Act fairly between members

The Company has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the board to promote fairness in decision making.

Key performance indicators ('KPIs')

The main KPI of the business is earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDA before Special Items*). Management closely monitors EBITDA before Special Items compared to budget and prior year. Another important indicator is the SHE related metric, Total Case Incident Rate (TCIR) as defined by U.S. OSHA. The company also closely monitors its liquidity and solvability. The main indicators are the operating cash generation and the net debt to EBITDA ratio.

Results for the year

The results of the Company are set out in the consolidated income statement on page 20 which shows a profit from continuing operations before taxation for the year of EUR 433.3 million (2018: EUR 576.6 million).

The total assets of the Company are set out in the consolidated statement of financial position and amounted EUR 4,027.7 million at the end of 2019 (2018: EUR 4,139.9 million).

EBITDA before Special Items

EBITDA before Special Items – which is the measure of profit used for internal management purpose defined on page 5 – decreased by 13.4% to EUR 704.2 million.

The reconciliation of EBITDA before Special Items to Net Income is as following:

In millions of EUR	2019	2018
EBITDA before Special Items	**704.2**	**812.8**
Special items (exceptional expenses)	(6.3)	-
Depreciation and amortisation	(247.9)	(209.0)
Loss on sale of tangible fixed assets	(0.6)	(0.2)
Operating profit	**449.4**	**603.6**
Net finance costs (incl. foreign exchange gains/losses)	(16.1)	(27.0)
Income before income tax	**433.3**	**576.6**
Income tax expense	(110.3)	(124.1)
Net Income	**323.0**	**452.5**

In 2019, the Company recognised EUR 6.3 million exceptional expenses for planned site and line closures in India. In 2018, there were no special items recognised.

The net finance costs decreased mainly because of lower amortisation of debt issue costs, higher interest income from affiliate loans and net fair value gains on derivatives. This was partly offset by higher interest expenses caused by the lease liabilities and lower foreign currency gains as the strengthening of the USD to the EUR was less significant than in 2018.

The Company's year-to-date consolidated tax rate for 2019 is 25.5%. The effective tax rate was higher compared to the rate of 21.5% in the comparative year due to withholding tax payments for foreign dividends within the Company and an increase of income tax provisions.

Net Debt to EBITDA ratio

In 2019 the Company increased its Net Debt to last-twelve-months EBITDA ratio from 0.2x at the end of the 2018 to 1.0x at the end of 2019. The net debt increased compared to 2018 mainly due to the adoption of the IFRS 16 lease standard, dividends paid to the parent company and the acquisition of the two Polystyrene plants in China.

Total Case Incidence Rate (TCIR)

The Company aims to continuously improve the key performance indicators (KPI) used to measure safety demonstration and maintain company SHE performance on par with industry leaders. In 2019, 8 recordable injuries occurred at the Company's sites globally. The TCIR, which counts injuries per 200,000 worked hours was at 0.12 (measured in line with the U.S. Occupational Safety and Health Administration (OSHA) requirements). This is a significant decrease compared to 2018 and the best SHE performance since the formation of the Company. INEOS Styrolution aims to work and operate in an injury free environment and will continue to work towards that goal in 2020.

Expectation for the year 2020

The Group expects its 2020 results to be in line with the performance in the second half of 2019 on an underlying basis, as the overall business continues to perform with softer volumes and mid to low-mid cycle margins. However, this target depends on global economic developments and is sensitive to price fluctuations of our main raw materials.

On behalf of the Board:

Kevin McQuade
Director
21 February 2020
Registered number 09922632

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and audited consolidated and company financial statements of the Group and the Company for the year ended 31 December 2019.

Principal activities

The Group is the leading global producer, marketer and merchant seller of styrenics, which is the basis for a wide range of chemical processes and products.

Strategy and future developments

The Group is cautiously optimistic about the business development in 2020. The Group expects market conditions to remain stable with some potential growth towards the end of the year if market uncertainty from US trade regulation threats reduces. However, this will depend on global economic developments and is sensitive to price fluctuations of its main raw materials.

The Group's strategy is to develop its portfolio of businesses further with its main focus continuing to maintain its number one market position in the styrenics market. This includes a focus on growth regions, growth industries and in more specialised products and product applications.

Financial risk management

A responsible approach to risk is an integral part of any good corporate governance practices, the Group has implemented a global Risk and Control Program and has established a governance structure, as well as the relevant policies and processes. The Risk and Control Program targets a sustainable and efficient management of all key risks of the Group on a global, regional or local level and to an integrated and harmonised Risk Reporting to all relevant stakeholders of the Group. The Risk and Control Program covers all main functional risk categories - business, compliance, financial, IT, operational and strategic risks – and is designed to identify any relevant risk at an early stage so that appropriate countermeasures can be taken. The Risk and Control Program only covers potential negative effects for the Group (risks) and does not include the assessment of potential positive effects (opportunities).

A description of the liquidity risk, market risk, currency risk and relevant sensitivity analysis are included in note 21 of the financial statements.

Research and development

The Group's research and development team develops new applications mainly for its higher margin and less cyclical specialty polymers, provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The Group is dedicated to sustainability and the development of a circular economy for plastics is seen as a key strategic goal. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of the plants and maintaining and improving safety and environmental standards. The Group spent approximately EUR 13.8 million (2018: EUR 13.8 million) on research and development during the year.

Dividends

The directors of the Company have proposed and paid a dividend of EUR 582.2 million during the year 2019 (2018: EUR 165.5 million).

Political and charitable contributions

As part of its ongoing investment programme, INEOS Styrolution Holding Limited and its subsidiaries actively support a variety of initiatives in communities in which it operates. Charitable donations made during the year amounted to EUR 0.3 million (2018: EUR 0.1 million) for a variety of charitable purposes. Neither the Company nor its subsidiary undertakings made any donations or subscriptions for political purposes.

Directors

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

Mr K McQuade
Mr M Fieseler
Mr G Leask
Mr J Ginns
Mr A Currie

Employees

The Group has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Group encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group by issuing communications on the Group's intranet, holding employee information meetings hosted by the board and operating a bonus scheme linked to the business performance. The Group consults employees or their representatives through the works council on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Safety, Health and Environment (SHE)

INEOS Styrolution's business involves the use, manufacturing, handling and distribution of large volumes of hazardous materials and other chemicals. Accordingly, Safety, Health and Environmental (SHE) risks, such as environmental contamination, property damage and personal injury, are inherent in the business.

INEOS Styrolution's facilities and operations are subject to a wide range of SHE requirements in all of the jurisdictions in which the Group operates. These requirements govern, amongst other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the management and disposal of hazardous materials and wastes, the clean-up of contamination, process safety, and the maintenance of safe conditions in the workplace. The Group has incurred, and will continue to incur, substantial capital and operating expenditures to ensure compliance with current and future SHE laws and regulations, including the limits and controls contained in the operating permits.

Business relationships

The business relationships with suppliers and customers are of strategic importance to the directors of the Company and their decision-making process. The business relationships of INEOS Styrolution are described in the Section 172(1) statement in the Strategic Report.

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 year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company 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 group and of the profit or loss of the group for that period.

In preparing the parent financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are also responsible for safeguarding the assets of the group and 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

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 group and 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 group and company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

Deloitte LLP have been appointed as the auditors for the consolidated and company financial statements for 2019.

The auditors have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the annual general meeting.

On behalf of the Board:

Kevin McQuade
Director
21 February 2020
Registered number 09922632

Section 2 - Consolidated Financial Statements for the year ended 31 December 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS STYROLUTION HOLDING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of INEOS Styrolution Holding Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of income;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial positions;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related consolidated notes 1 to 28 and parent company notes 1 to 10, which include the accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or the parent 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Leigh, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
21 February 2020

INEOS Styrolution Holding Limited

Consolidated statement of income

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Revenue	4	4,884.2	5,366.7
Cost of sales		(4,003.2)	(4,349.5)
Gross profit		**881.0**	**1,017.2**
Selling and distribution expenses		(286.8)	(280.7)
General and administrative expenses		(119.1)	(118.6)
Research and development expenses		(13.8)	(13.8)
Other operating expense		(11.9)	(0.5)
Operating profit	4	**449.4**	**603.6**
Interest income	7	17.4	6.5
Interest expense	7	(38.3)	(46.0)
Exchange movements	7	4.8	12.5
Net finance costs		**(16.1)**	**(27.0)**
Income before income tax		**433.3**	**576.6**
Income tax expense	8	(110.3)	(124.1)
Net income		**323.0**	**452.5**
Attributable to:			
Non-controlling interests		(1.4)	0.8
Owners of the company		**324.4**	**451.7**

The notes on pages 26 to 83 are an integral part of these consolidated financial statements.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account.

INEOS Styrolution Holding Limited

Consolidated statement of comprehensive income

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Net income		**323.0**	**452.5**
Other comprehensive income / (loss):			
Item that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	17	(13.1)	(5.7)
Deferred taxes on remeasurements of post-employment benefit obligations		3.1	2.3
Items that might be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations		17.3	32.1
Other comprehensive income, net of tax		**7.3**	**28.7**
Total comprehensive income		**330.3**	**481.2**
Attributable to:			
Non-controlling interests		(1.3)	(0.1)
Owners of the company		**331.6**	**481.3**

The notes on pages 26 to 83 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2019	31 December 2018
Assets			
Property, plant and equipment*	9	1,282.1	942.7
Intangible assets and goodwill	10	1,372.8	1,415.2
Deferred tax assets	13	47.1	36.5
Other receivables and miscellaneous non-current assets	12	4.3	4.8
Non-current assets		**2,706.3**	**2,399.2**
Inventories	14	487.5	525.9
Trade receivables	12	465.2	556.3
Income tax receivables	12	14.1	25.0
Other receivables and miscellaneous current assets	12	64.9	66.4
Cash and cash equivalents	15	289.7	567.1
Current assets		**1,321.4**	**1,740.7**
Total assets		**4,027.7**	**4,139.9**

* Including right-of-use assets.

The notes on pages 26 to 83 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of financial position

In millions of EUR	Note	31 December 2019	31 December 2018
Equity			
Share capital	19	0.3	0.3
Share premium	19	2,389.7	2,389.7
Merger reserve	19	(1,281.2)	(1,281.2)
Other reserves		95.6	88.4
Retained earnings		769.3	1,027.1
Equity attributable to owners of the Company		**1,973.7**	**2,224.3**
Non-controlling interest		16.1	17.5
Total equity		**1,989.8**	**2,241.8**
Liabilities			
Financial indebtedness	15	925.6	671.9
Employee benefits obligations	17	74.1	58.4
Deferred tax liabilities	13	308.5	324.0
Other liabilities and other long-term provisions	18	41.3	45.1
Non-current liabilities		**1,349.5**	**1,099.4**
Trade payables	16	433.9	465.6
Financial indebtedness	15	35.6	39.3
Current tax liabilities	8	44.6	137.6
Other liabilities and short-term provisions	18	174.3	156.2
Current liabilities		**688.4**	**798.7**
Total liabilities		**2,037.9**	**1,898.1**
Total equity and liabilities		**4,027.7**	**4,139.9**

The notes on pages 26 to 83 are an integral part of these consolidated financial statements.

The financial statements on pages 20 to 83 were approved by the Board of Directors on 21 February 2020 and signed on its behalf by:

Kevin McQuade
Director
21 February 2020
Registered number 09922632

INEOS Styrolution Holding Limited

Consolidated statement of changes in equity

In millions of EUR	Share Capital	Share premium	Merger reserve	Other Reserves: Pension Reserve	Other Reserves: Cumulative translation adjustment reserve	Retained Earnings	Equity attributable to owners of the company	Non-controlling interest	Total Equity
1 January 2018	**0.3**	**2,389.7**	**(1,281.2)**	**2.1**	**56.7**	**740.9**	**1,908.5**	**17.8**	**1,926.3**
Net income	-	-	-	-	-	451.7	451.7	0.8	452.5
Other comprehensive income / (loss)	-	-	-	(3.4)	33.0	-	29.6	(0.9)	28.7
Total comprehensive income for the year	**-**	**-**	**-**	**(3.4)**	**33.0**	**451.7**	**481.3**	**(0.1)**	**481.2**
Transactions with owners in their capacity as owners: Dividends (note 20)	-	-	-	-	-	(165.5)	(165.5)	(0.2)	(165.7)
31 December 2018	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
1 January 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(1.3)**	**89.7**	**1,027.1**	**2,224.3**	**17.5**	**2,241.8**
Net income	-	-	-	-	-	324.4	324.4	(1.4)	323.0
Other comprehensive income / (loss)	-	-	-	(10.0)	17.2	-	7.2	0.1	7.3
Total comprehensive income for the year	**-**	**-**	**-**	**(10.0)**	**17.2**	**324.4**	**331.6**	**(1.3)**	**330.3**
Transactions with owners in their capacity as owners: Dividends (note 20)	-	-	-	-	-	(582.2)	(582.2)	(0.1)	(582.3)
31 December 2019	**0.3**	**2,389.7**	**(1,281.2)**	**(11.3)**	**106.9**	**769.3**	**1,973.7**	**16.1**	**1,989.8**

The notes on pages 26 to 83 are an integral part of these consolidated financial statements.

INEOS Styrolution Holding Limited

Consolidated statement of cash flows

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Cash flows from operating activities			
Net income attributable to the owners of the company		324.4	451.7
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9	172.0	133.4
Amortisation and impairment of intangible assets	10	75.9	75.6
Net finance costs	7	16.1	27.0
Loss from sale of property, plant and equipment		0.6	0.2
Income tax expense	8	110.3	124.1
Non-controlling interest		(1.4)	0.8
Increase in trade and other receivables		160.4	61.2
Increase in inventories		72.1	30.4
Decrease in trade and other payables		(90.0)	(32.1)
Decrease in provisions and employee benefits		(2.9)	(10.8)
Tax paid		(220.4)	(83.1)
Net cash flows generated from operating activities		**617.1**	**778.4**
Cash flows from investing activities			
Proceeds from sale of long-term assets		1.7	0.4
Interest and other finance income received		4.8	4.3
Business acquisition, net of cash acquired	3	(133.6)	-
Acquisition of intangible assets	10	(2.7)	(8.9)
Acquisition of property, plant and equipment	9	(242.8)	(167.1)
Net cash flows used in investing activities		**(372.6)**	**(171.3)**
Cash flows from financing activities			
Proceeds from external borrowings	26	288.0	29.6
Repayment of external borrowings	26	(179.7)	(172.9)
Interest paid		(34.9)	(26.6)
Debt issue costs		-	(0.9)
Capital element of lease payments	26	(21.5)	(0.8)
Dividends paid attributable to the owners of the company*		(574.9)	(165.5)
Dividends paid attributable to non-controlling interest		(0.1)	(0.2)
Net cash flows used in financing activities		**(523.1)**	**(337.3)**
Net (decrease) / increase in cash and cash equivalents		**(278.6)**	**269.8**
Cash and cash equivalents at 1 January	15	567.1	295.9
Effect of exchange rate fluctuations on cash held		1.2	1.4
Cash and cash equivalents at 31 December	15	**289.7**	**567.1**

* During 2019, the Group granted a loan of EUR 471.6 million to INEOS Industries Holdings Limited resulting in a cash outflow from the Group in a corresponding amount during the period. In December 2019 the Group declared a dividend to INEOS Industries Holdings Limited in the amount of EUR 470.8 million. INEOS Industries Holdings Limited directed the Group to apply EUR 470.6 million of the interim dividend in immediate repayment and discharge of the full amount of principal and interest owed by INEOS Industries Holdings Limited to the Group. Overall, there was no material cash impact resulting from the settlement of the loan and the settlement of the dividend. The cash outflows for these transactions excluding the cash-neutral interest settlement of EUR 7.3 million are presented in net cash flows used in financing activities (i.e. EUR 463.3 million).

The notes on pages 26 to 83 are an integral part of these consolidated financial statements.

1. Accounting Policies

Overview

INEOS Styrolution Holding Limited ('the Company') is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, the United Kingdom and has its registered office at Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The Company was incorporated on 18 December 2015 as a subsidiary of INEOS Industries Holding Limited.

The Group is the leading global producer, marketer and merchant seller of styrene monomer and styrenic polymers.

Basis of accounting

The financial statements of INEOS Styrolution Holding Limited and its subsidiaries are included into the consolidated financial statements in compliance with the uniformly applicable group accounting and valuation methods.

The Group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union ("Adopted IFRSs") effective as of 31 December 2019 and with the Companies Act 2006 as applicable to companies using Adopted IFRSs.

The consolidated financial statements were authorised for issue by the Board of Directors on 21 February 2020.

The notes below provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The accounting policies set out below have been applied consistently to the period presented in these consolidated financial statements and have been applied consistently by the Group entities.

Changes in presentation policies

Beside the changes in accounting policies for IFRS 16, there were no further changes in presentation policies in the reporting year 2019 in comparison to the previous reporting year 2018.

Measurement convention

The financial statements are prepared on the historical cost basis except that the derivative financial instrument and financial instruments classified as fair value through profit and loss are stated at their fair value.

Functional and presentation currency

These consolidated financial statements are presented in EUR, which is the functional currency of the majority of operations. The functional currency of the Company and its subsidiaries is determined in line with IAS 21. The Group primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in EUR and USD. The functional currency of the European subsidiaries is mainly Euro (EUR), of the US and Mexico US Dollars (USD) and of South Korea South Korean Won (KRW).

All financial information presented in EUR has been rounded to the nearest tenth of a million, except when otherwise indicated. The exchange rate as at 31 December 2019 was $1:EUR0.8926, £1:EUR1.1705 and KRW1:EUR0.0008 (2018: $1:EUR0.8746, £1:EUR1.1094 and KRW1:EUR0.0008).

Changes in accounting policies

From 1 January 2019 the Group has applied IFRS 16 for the first time along with a number of other new standards, although only IFRS 16 has had a material effect on the Group's financial statements.

IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

For leases in which the Group is a lessor, no significant impact has arisen. Lessor accounting in IFRS 16 Leases remains similar to the previous standard IAS 17 *Leases*, with lessors continuing to classify leases as finance or operating leases.

The Group has applied IFRS 16 on 1 January 2019, using the 'modified retrospective approach' without restatement of comparative information. The details of the changes in accounting policies are disclosed below.

i) Adjustments recognised on adoption of IFRS 16 in which the Group is a lessee

The Group has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include vessels, storage and transportation infrastructure. The nature of expenses related to those leases has changed because the Group recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Group now includes the payments due under the lease in its lease liability, and recognises any required impairment of the corresponding right-of-use asset.

At commencement or on modification of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019.

In millions of EUR	Amount
Operating lease commitments disclosed as at 31 December 2018	**148.5**
Impact of discounting using the Group's incremental borrowing rates at the date of initial application	(48.5)
Adjustments as a result of a different treatment of extension and termination options	63.1
Exempted low-value contracts, short-term contracts and non-lease components recognised as expense	(9.1)
Scope change (contracts in scope of IAS 17 but not regarded as a lease under IFRS 16)	(18.6)
Additional lease liability recognised on 1 January 2019	**135.4**
Add finance lease liabilities recognised as at 31 December 2018	8.8
Lease liability recognised as at 1 January 2019	**144.2**
Thereof current lease liabilities	*18.6*
Thereof non-current lease liabilities	*125.6*

Included within the lease liability on 1 January 2019 is EUR 3.6 million in respect of related party leases.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.1%.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Property, plant and equipment – increase of EUR 135.7 million from the inclusion of right-of-use asset in this balance sheet position. The increase excludes the leased assets recognised previously as finance leases of EUR 8.5 million that were already recognised in property, plant and equipment.
- Non-current and current financial indebtedness – increase of EUR 144.2 million. From 1 January 2019 all lease liabilities (including finance leases recognised as at 31 December 2018) have been categorised within non-current (EUR 125.6m) and current financial indebtedness (EUR 18.6m) on the balance sheet.

The net impact on retained earnings on 1 January 2019 was nil.

(ii) Practical expedients applied

The Group had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under IFRIC 4. On transition to IFRS 16, the Group did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Group has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short-term leases. The Group did not recognise right-of-use assets and liabilities for these short-term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,

- the accounting for leases, for which the underlying asset is of low value when it is new, as low value leases, The Group did not recognise right-of-use assets and liabilities for these low-value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Adjustments in respect of leases where the Group is a lessee and the leases were previously classified as finance leases under IAS 17

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policies applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into on or after 1 January 2019.

Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be paid under residual value guarantees less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments a change in the assessment of whether the Group is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way and there has been no change in the scope of the lease, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the lease of low-value assets recognition exemption to leases of assets that are valued below EUR 10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policies applicable prior to 1 January 2019

Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

New amendments for 2019

The Group has applied the following amendments to accounting standards for the first time in 2019 with effect from 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments for annual periods beginning on or after 1 January 2019 - IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) for annual periods beginning on or after 1 January 2019 - The IASB has changed IFRS 9's requirements in two areas of financial instruments accounting - financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9; and companies that have modified or exchanged fixed rate financial liabilities face a significant change in the accounting for non-substantial modifications that do not result in de-recognition.

- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) for annual periods beginning on or after 1 January 2019 – The amendment addresses equity-accounted loss absorption by long-term interests, involves the dual application of IAS 28 and IFRS 9 Financial Instruments.
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) for annual periods beginning on or after 1 January 2019 - This amendment clarifies that - on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The new amendments for 2019 have no material impact on the Group's consolidated financial statements.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group (including structured entities).

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary usually comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. The consideration transferred does not include amounts related to the settlement of pre-existing business relationships. Such amounts generally are recognised in profit or loss. Acquisition costs are expensed as incurred.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the recognised amount (fair value) of the identifiable assets acquired less the liabilities assumed.

Acquisitions and disposals of non-controlling interest

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from disposal transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Special purpose entity ('SPE')

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The Group has established two SPEs, INEOS Styrolution Receivable Finance Designated Activity Company and Deutsche Bank Mexico F/1787 Styrolution, for an asset securitisation programme. The Group does not have any direct or indirect shareholdings in these SPEs.

INEOS Styrolution Receivables Finance DAC is a special-purpose entity formed by the Group to purchase receivables from Group entities for purposes of a securitisation of such financial assets and is, in substance, controlled by the Group.

Deutsche Bank Mexico F/1787 Styrolution is a Mexican Trust established by INEOS Styrolution Receivables Finance DAC to purchase receivables from INEOS Styrolution Mexicana S.A. de C.V. for the purposes of securitisation of such assets. INEOS Styrolution Receivables Finance DAC is the first beneficiary of this Trust. It is therefore also, in substance, controlled by the Group.

Foreign exchange

Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to EUR at rates at the reporting date. The income and expenses of foreign operations are translated to EUR at monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in other reserves in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in other reserves in equity.

Classification of financial instruments

Non-derivative financial assets

The Group initially recognises trade and other receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at 'fair value through profit and loss' (FVTPL). Financial assets carried at 'fair value through profit and loss' are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at 'fair value through profit and loss' are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at 'fair value through profit and loss' category are presented in the income statement within net finance costs in the period in which they arise. Dividend income from financial assets at 'fair value through profit or loss' is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group's non-derivative financial assets generally fall into the amortised cost category.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note impairment).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with maturities of three months or less from the acquisition date and money market funds that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitisation of receivables are classified as cash. The amount of these balances is disclosed in the notes.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the amortised cost category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in the consolidated income statement as finance income of expense.

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be put into operation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as cost of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

-	buildings	10-40 years
-	plant and equipment (part of: technical installations)	3-40 years
-	fixtures and fittings (part of: technical installations)	3-40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items.

Business combinations, goodwill and intangible assets

Business combinations

Business combinations are defined according to IFRS 3 as a transaction or another event in which the acquirer achieves control over one or several business of the acquiree. The acquisition method of accounting is used by the Group to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Goodwill

Goodwill that arises on the acquisition of businesses is presented with intangible assets. Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised according the straight-line method, which reflects the pattern of economic benefits in profit or loss. They are amortised over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

-	intellectual property rights	19-20 years
-	customers relationships	5-21 years
-	licence fees	12-19 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Impairment

(i) Non-derivative financial assets

A financial asset not classified at fair value through profit and loss is assessed at each reporting date to determine whether there is evidence that it is impaired. For the Group, trade receivables are the only significant type of financial assets that are subject to the expected credit loss model of IFRS 9. For these financial assets, the Group applies a simplified approach to measuring expected credit losses following the requirements of IFRS 9, so called lifetime expected credit loss model. That means that, besides considering objective evidence (e.g. default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Group takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax 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 is the higher of value in use and fair value less costs to sell. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value (market value). The cost of inventories is based on the moving average price principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Finished products and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value of raw materials, notably styrene and other feedstock expected to be sold by INEOS Styrolution, is based on observable market prices, adjusted for freight and handling costs. The net realisable value of styrene and other feedstock that is expected to be used for the production of polymers by INEOS Styrolution, finished goods and other inventories is the estimated selling price of the finished product in the ordinary course of business, less estimated costs of completion and selling.

Cost of sales includes direct costs of raw material, distribution and handling costs.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The contributions are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that will be due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

The Group operates defined benefit pension plans in the countries it has its productions facilities or distribution activities. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is based on the yield at the reporting date on AA credit-rated bonds that have maturity dates in line with the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability from actuarial gains and losses and returns on plan assets greater than the discount rate are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense is included in finance cost; all other components of employee benefit costs related to defined benefit plans are recognised as personnel expenses in the income statement.

The calculation is performed annually on the basis of an actuarial report using the projected unit credit method. When the calculation results in a defined benefit asset to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The change in the present value of the future benefits resulting from a plan change or a curtailment is recognised as past service cost in comprehensive income in the year in which they occur.

The Group recognises gains and losses from a settlement of a defined benefit plan in profit or loss when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation to be settled and the settlement price including payments made directly by the company in connection with the settlement.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short or medium-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in finance cost.

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.

Revenue from contracts with customers

Revenue from contracts with customers is recognised as the amount reflecting the consideration that the entity expects in return for the transfer of goods and services agreed with customers. This amount is measured as the transaction price allocated to a performance obligation excluding variable considerations, such as discounts, incentives or similar items.

To be able to recognise all the previous elements, the five step model for revenue recognition, introduced by IFRS 15, is followed. This model allows the Group to identify the contract with a customer; to determine the performance obligations in the contract; to establish the transaction price, which is later allocated to the performance obligations in the contract; and to recognise revenue when, or as, the entity satisfies a performance obligation, that is, that the control of the asset is transferred to the customer.

The Group has a small number of contracts that include distinct performance obligations. This results, in a limited number of cases, that revenue for certain performance obligations (being primarily separate shipping obligations) is recognised later in time. Additionally, certain customer contracts offer various forms of volume or early payment discount. These variable considerations might have as a consequence timing differences, but since the majority of contracts have a term of less than one year, the differences are solved within the period. Revenue is recognised to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognised will not occur.

The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. Payment terms very across the Group dependent on geographic location of each operating company. For sales of styrene, usually transfer of control occurs when the product is received at the customer's warehouse; however, for some international shipments transfer of control occurs on loading the goods onto the relevant carrier at the port. Generally for such products the customer has no right of return.

Certain time and location swaps of commodities are not included as external sales and cost of sales.

No contract assets and liabilities have been recognised in the Balance Sheet of the Group. Its impact, if any, is deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Group is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivable.

No assets related to costs to obtain or fulfil a contract have been recognised. Its impact, if any, is deemed immaterial.

Expenses

Net finance costs

Interest income and interest expenses are accounted for applying the effective interest method. Interest income includes interest income on funds invested and fair value gains on financial assets at fair value through profit or loss. Interest expenses include interest expense on borrowings, the interest component of employee benefit costs, net of returns on plan assets, the unwinding of the discount on provisions and fair value losses on financial assets at fair value through profit or loss. The difference between the carrying amount of a financial liability extinguished and the consideration paid is included in interest expense.

Gains and losses from the measurement of monetary assets or liabilities denominated in foreign currencies are included in “Other finance gain/(loss)”.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

New standards and interpretations not yet adopted

A number of new accounting standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new or amended standards and interpretations are not expected to have a material impact on the Group’s consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve to related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

(ii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

(v) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the unfavourable contracts assumed in a business combination, the fair value is based on estimates of future cash flows that exceed a contractual arrangement at market terms and the effect of discounting such excess cash outflows.

2. Operating segments

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a basis considered reasonable. Unallocated items comprise mainly assets that are used across segments (primarily the Company's headquarters), head office expenses and tax assets and liabilities. The Company has defined the following operating segments:

- Polymers EMEA: This reportable segment includes the business activities in the region Europe, Middle East and Africa (EMEA) for the product groups Polystyrene (PS), ABS Standard and Specialties.

- Polymers Americas: This reportable segment includes the business activities in the region North, Middle and South America for the product groups Polystyrene (PS), ABS Standard and Specialties.

- Polymers Asia: This reportable segment includes the business activities in the region Asia-Pacific for the product groups Polystyrene (PS), ABS Standard and Specialties.

- Styrene Monomer: This reportable segment includes the global business activities for the product group Styrene Monomer (SM).

The accounting policies of all of the reportable segments are described in note 1.

Detailed information by segment is presented in the following tables. Inter-segment sales of the Styrene Monomer business contain internal cross-segment consumption of styrene monomer within the Group.

In millions of EUR	**External sales**		**Inter-segment sales**		**EBITDA before Special Items**	
	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
Polymers EMEA	1,507.3	1,780.2	105.8	141.8	177.7	214.1
Polymers Americas	1,138.7	1,305.6	36.3	39.2	191.9	228.4
Polymers Asia	1,413.7	1,234.0	39.3	69.7	105.7	82.8
Styrene Monomer	824.5	1,046.9	1,726.6	2,144.5	228.9	287.5
Corporate and eliminations	-	-	(1,908.0)	(2,395.2)	-	-
Total	**4,884.2**	**5,366.7**	**0.0**	**0.0**	**704.2**	**812.8**

Reconciliation of EBITDA before special items to income before income tax:

In millions of EUR	**1 Jan – 31 Dec 2019**	**1 Jan – 31 Dec 2018**
EBITDA before special items*	704.2	812.8
Special items (exceptional expenses)	(6.3)	-
Depreciation and amortisation	(247.9)	(209.0)
Gain / (loss) on sale of tangible fixed assets	(0.6)	(0.2)
Operating profit	**449.4**	**603.6**
Net finance costs	(16.1)	(27.0)
Income before income tax	**433.3**	**576.6**

In 2019, the Group recognised exceptional expenses for planned site and line closures in India. In 2018, there were no special items recognised.

* EBITDA represents income from operations before interest, taxation, depreciation of property, plant and equipment and amortisation of intangible assets. Although EBITDA before special items should not be considered substitute measures for profit and net cash flow from operating activities, we believe that they provide useful information regarding our ability to meet future debt service requirements. EBITDA before special items may not be comparable to similarly titled measures used by other companies. Special items refer to certain costs and benefits outside the usual course of business, which are expected to be non-recurring.

3. Acquisition of subsidiary

Acquisition in 2019

Effective 1 February 2019, INEOS Styrolution acquired Total S.A.s Polystyrene business in China. The acquisition covers the wholly owned Chinese polystyrene business including two production sites in Ningbo and Foshan and two related sales offices in Guangzhou and Shanghai. The transaction includes the purchase of 100% of the equity interests in Total Petrochemical (Foshan) Company Limited and Total Petrochemical (Ningbo) Company Limited. This acquisition is in line with the Company’s Triple Shift growth strategy.

The final purchase price was agreed at EUR 186.2 million. The purchase agreement provides for corrections for actual net working capital contributions compared to target. In 2019, the Group did not incur significant acquisition-related costs on legal fees and due diligence costs. These costs have been included in “administrative expenses” when incurred.

The fair value of the consideration exchanged in the transaction has been allocated to the following identified assets acquired and liabilities assumed:

In millions of EUR	**Fair values**
Assets	
Intangible assets	13.4
Property, plant and equipment	98.7
Inventories	27.7
Trade receivables and other assets	76.8
Cash and cash equivalents	52.6
Liabilities	
Employee benefits	-
Deferred tax liabilities	(10.0)
Trade payables and other liabilities	(80.2)
Net assets of businesses acquired	**179.0**
Consideration paid	186.2
Goodwill arising	**7.2**

During 2019, the fair values assigned to the book values of the identifiable assets and liabilities were reviewed and the allocation of the purchase price was finalised without changes to the allocation as set out above.

The goodwill is the remaining difference between net assets acquired, adjusted for the fair value of the consideration and includes certain economic benefits that cannot be identified as separate intangible assets. The goodwill is attributable to the value of customer relations, intellectual property and the profitability of the acquired business. Goodwill has been allocated to the Asia polymers segment and is not expected to be deductible for income tax purposes.

The fair value of acquired trade receivables is EUR 61.2 million. The trade receivables comprise gross contractual amounts due of EUR 61.2 million, of which none was expected to be uncollectable at the date of acquisition.

For the elven-month period since 1 February 2019, the acquired business contributed a revenue of EUR 381.1 million and an EBITDA of EUR 34.5 million. EBITDA is reduced because of inventory fair value uplift in the opening balance. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been EUR 436.1 million and the EBITDA including fair value considerations would have been EUR 38.3 million.

4. Operating profit

Revenue from contracts with customers

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Sales of goods to third parties	4,814.5	5,276.4
Sales of goods to related parties	69.7	90.3
Total	**4,884.2**	**5,366.7**

Sales of goods to related parties contain sales to INEOS entities. Related parties are disclosed in note 23.

The split of revenue by region was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
EMEA	1,548.3	1,854.9
Americas	1,862.7	2,206.2
Asia	1,473.2	1,305.6
Total	**4,884.2**	**5,366.7**

The split of revenue by product group was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Global Styrene Monomer	824.5	1,046.9
Polystyrene	2,017.9	1,926.7
ABS Standard	743.2	922.3
Specialties	1,298.6	1,470.8
Total	**4,884.2**	**5,366.7**

INEOS Styrolution is a chemical company producing and selling chemical products. The timing of revenue recognition for the vast majority of the Group's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

Expenses by nature

In millions of EUR	Note	1 January to 31 December 2019	1 January to 31 December 2018
Cost of production		(3,719.2)	(4,093.0)
Personnel expenses	5	(302.8)	(283.1)
Other personnel related expenses		(42.0)	(40.9)
Contract services		(14.3)	(9.7)
Depreciation and amortisation		(247.9)	(209.0)
Consulting and professional fees		(2.8)	(2.1)
Insurance, supplies and maintenance expenses		(77.2)	(76.6)
Non-capitalised lease payments	9	(3.5)	(28.8)
Other expenses		(25.1)	(19.9)
Total		**(4,434.8)**	**(4,763.1)**

Cost of production comprises raw material costs, utilities, freight and selling expenses. Within the other expenses, there are other income items of EUR 11.4 million (2018: EUR 13.8 million) for site services.

Auditors' remuneration

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Audit of these financial statements	(0.5)	(0.5)
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	(1.2)	(1.2)
Other services relating to taxation	-	(1.0)
Services relating to corporate finance transactions	(0.2)	(0.1)
All other services	(0.1)	(0.1)
Total	**(2.0)**	**(2.9)**

The total in 2019 includes fees paid to Deloitte LLP and its network firms worldwide for the audit of the consolidated financial statements and the audits of the financial statements of the Company and several of its worldwide subsidiaries.

5. Staff numbers and costs

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Wages and salaries	(255.5)	(237.8)
Compulsory social security contribution	(21.1)	(20.7)
Other pension costs – defined contribution plans	(18.9)	(17.4)
Other pension costs – defined benefit plans	(7.3)	(7.2)
Total	**(302.8)**	**(283.1)**

The average monthly number of employees during 2019 was 3,472 (2018: 3,301) in full-time equivalents (FTE), of which 133 (2018: 133) were in management positions, 1,071 were administrative employees (2018: 967), and 2,269 (2018: 2,201) factory workers.

The Group employed 3,570 (2018: 3,373) employees at 31 December 2019, in full-time equivalents. The employees worked in the following regions:

	31 December 2019	31 December 2018
EMEA	1,397	1,432
Asia	1,275	1,062
Americas	898	879
Total	**3,570**	**3,373**

6. Directors' remuneration

The total compensation the key management personnel (see note 23) received for the full year periods as Management Board of the Group was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Short-term employee benefits	(4.5)	(4.7)
Post-employment benefits	(0.2)	(0.2)
- thereof defined-benefit	*(0.1)*	*(0.1)*
- thereof defined-contribution	*(0.1)*	*(0.1)*
Other long-term benefits	(1.5)	(2.7)
Total	**(6.2)**	**(7.6)**

7. Finance costs and finance income

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
Interest payable and other finance charges	(28.4)	(27.1)
Interest payable on lease liabilities	(8.0)	(0.5)
Amortisation of issue costs	(0.3)	(8.7)
Interest on employee benefit liabilities	(1.4)	(1.2)
Net fair value gain/(loss) on derivatives	4.3	(6.7)
Other interest receivables	12.9	4.7
Net finance costs before exchange movements	**(20.9)**	**(39.5)**
Exchange movements	4.8	12.5
Total net finance costs	**(16.1)**	**(27.0)**

The net finance costs decreased mainly because of lower amortisation of debt issue costs, high non-recurring interest income from affiliate loans and net fair value gains on derivatives. This was partly offset by higher interest expenses caused by the lease liabilities recognised under IFRS 16 and lower foreign currency gains as the strengthening of the USD to the EUR was less significant than in 2018.

In 2019, the Company recorded net gains from foreign exchange valuation of mainly translation effects from intercompany loans, including financing between consolidated subsidiaries, of EUR 4.8 million (2018: EUR 12.5 million gain).

8. Income tax expense

The components of income tax (expense) / benefit was as follows:

In millions of EUR	1 January to 31 December 2019	1 January to 31 December 2018
United Kingdom:		
Current taxes	-	-
Deferred taxes	-	-
Total UK taxes	**-**	**-**
Foreign:		
Current taxes	(142.1)	(145.8)
Deferred taxes	31.8	21.7
Total Foreign taxes	**(110.3)**	**(124.1)**
Income tax expense	**(110.3)**	**(124.1)**

The Group’s operations are subject to income taxes in various jurisdictions. Excluding certain statutory tax incentives, the statutory income tax rates vary from 9.6 percent to 34.0 percent; the applicable weighted average statutory tax rate of the group was 20.7 percent for the year ended 31 December 2019 (2018: 19.0 percent).

A reconciliation of the applicable weighted average tax rate as a percentage of profit before taxes and the effective income tax rate is as follows:

In millions of EUR	**1 January to 31 December 2019**	**%**	**1 January to 31 December 2018**	**%**
Income before taxes	433.3		576.6	
Expected tax expense	(89.8)	(20.7)	(109.7)	(19.0)
Effect from tax rate change	2.0	0.5	-	-
Tax exempt income	2.9	0.7	0.8	0.1
Non-deductible expenses	(6.6)	(1.5)	(3.6)	(0.6)
Adjustments prior year tax charge	(5.5)	(1.3)	(5.5)	(1.0)
Applicable tax credits	4.7	1.1	1.5	0.3
Other	(18.0)	(4.1)	(7.6)	(1.3)
Income tax expense / effective tax rate	**(110.3)**	**(25.5)**	**(124.1)**	**(21.5)**

The effective income tax rate increased from 21.5 percent as of 31 December 2018 to 25.5 percent as of 31 December 2019. The main reasons for this increase were withholding tax payments for foreign dividends within the Group and an increase of income tax provisions.

The Group is not generally subject to material uncertain tax positions. However, certain items are recorded within deferred tax (note 13) where the Group believes no tax is currently payable, on the balance of probabilities. If this proves to be incorrect, certain items would otherwise be classified as current tax payable, but the directors do not expect this to be material.

9. Property, plant and equipment

Owned assets

In millions of EUR	Land	Buildings	Plant and machinery, fixtures and fittings, and vehicles	Assets under construction (AUC)	Total
Cost					
1 January 2018	**73.2**	**123.8**	**1,180.2**	**149.4**	**1,526.6**
Additions	-	1.4	66.4	99.3	167.1
Transfers	-	4.2	89.6	(93.8)	-
Retirements/Disposals	-	(0.1)	(11.4)	-	(11.5)
Effect of movements in exchange rates	1.4	0.8	20.2	5.7	28.1
31 December 2018	**74.6**	**130.1**	**1,345.0**	**160.6**	**1,710.3**
Reclassification IAS 17 lease assets to category 'right-of-use assets'	-	(8.3)	(2.9)	-	(11.2)
Restated 1 January 2019	**74.6**	**121.8**	**1,342.1**	**160.6**	**1,699.1**
Additions	0.4	2.7	40.1	202.7	245.9
Business acquisitions	18.9	30.3	46.0	1.4	96.6
Transfers	0.1	6.7	66.3	(72.7)	0.4
Retirements/Disposals	-	(0.1)	(6.6)	(0.1)	(6.8)
Effect of movements in exchange rates	0.4	0.2	13.1	1.8	15.5
31 December 2019	**94.4**	**161.6**	**1,501.0**	**293.7**	**2,050.7**
Accumulated depreciation and impairment losses					
1 January 2018	**0.2**	**46.4**	**591.2**	**0.3**	**638.1**
Depreciation for the year	-	8.1	125.3	-	133.4
Transfers	-	0.1	(0.1)	-	-
Retirements/Disposals	-	(0.1)	(11.2)	-	(11.3)
Effect of movements in exchange rates	-	0.3	7.1	-	7.4
31 December 2018	**0.2**	**54.8**	**712.3**	**0.3**	**767.6**
Reclassification IAS 17 lease assets to category 'right-of-use assets'	-	(1.4)	(1.3)	-	(2.7)
Restated 1 January 2019	**0.2**	**53.4**	**711.0**	**0.3**	**764.9**
Depreciation for the year	0.5	10.6	136.1	-	147.2
Transfers	-	0.5	(0.5)	-	-
Retirements/Disposals	-	(0.1)	(5.5)	-	(5.6)
Effect of movements in exchange rates	-	0.3	4.2	-	4.5
31 December 2019	**0.7**	**64.7**	**845.3**	**0.3**	**911.0**
Carrying amounts					
At 31 December 2018	74.4	75.3	632.7	160.3	942.7
At restated 1 January 2019	74.4	68.4	631.1	160.3	934.2
At 31 December 2019	**93.7**	**96.9**	**655.7**	**293.4**	**1,139.7**

Right-of-use assets

In millions of EUR	Land	Buildings	Plant and machinery	Vehicles	Total
Cost					
1 January 2019	**-**	**8.3**	**2.9**	**-**	**11.2**
First-time adoption	1.8	59.6	72.5	1.8	135.7
Additions	-	0.8	8.2	1.6	10.6
Business acquisition	0.3	-	1.4	0.4	2.1
Modifications	-	6.7	1.7	-	8.4
Effect of movements in exchange rates	-	0.2	1.7	-	1.9
31 December 2019	**2.1**	**75.6**	**88.4**	**3.8**	**169.9**
Accumulated depreciation and impairment losses					
1 January 2019	**-**	**1.4**	**1.3**	**-**	**2.7**
Depreciation for the year	0.3	6.3	16.9	1.3	24.8
31 December 2019	**0.3**	**7.7**	**18.2**	**1.3**	**27.5**
Carrying amounts					
At 1 January 2019	-	6.9	1.6	-	8.5
At 31 December 2019	**1.8**	**67.9**	**70.2**	**2.5**	**142.4**

Existing finance lease assets under IAS 17 were reclassified from owned assets to right-of-use assets as of 1 January 2019. Information related to lease debt is available in note 15.

The Group mainly leases tanks, railcars, production buildings, administrative offices, passenger cars and land. Rental contracts are usually made for periods between 1 to 20 years, but may also include extension options. Extension options are exercised only if the lease term is reasonably certain to be extended and the decision of extending is mainly up to the Group (as a lessee).

Amounts recognised in profit and loss

In millions of EUR	31 December 2019
Depreciation expense on right-of-use assets	24.8
Interest expense on lease liabilities	8.0
Expense relating to short-term leases	3.0
Expense relating to leases of low value	0.2
Expenses relating to variable payments not included in the measurement of the lease liability	0.3
Total	**36.3**

At 31 December 2019, the Group is committed to EUR 1.3 million for short-term leases.

10. Intangible assets and goodwill

In millions of EUR	Goodwill	Customer relation-ships	Intellectual property rights (incl. AuC)	Environ-mental certificates	Licence fees	Total
Cost						
1 January 2018	**695.6**	**767.2**	**266.6**	**-**	**7.3**	**1,736.7**
Additions	-	-	1.7	7.2	-	8.9
Transfers	-	-	-	-	-	-
Retirements/Disposals	-	-	-	(0.3)	-	(0.3)
Effect of movements in exchange rates	11.8	6.3	3.2	0.2	0.5	22.0
31 December 2018	**707.4**	**773.5**	**271.5**	**7.1**	**7.8**	**1,767.3**
Additions	-	-	2.7	-	0.1	2.8
Business acquisitions	7.2	2.6	10.8	-	-	20.6
Transfers	-	-	(1.1)	-	0.7	(0.4)
Retirements/Disposals	-	(73.5)	-	-	-	(73.5)
Effect of movements in exchange rates	7.1	4.8	1.3	0.2	0.1	13.5
31 December 2019	**721.7**	**707.4**	**285.2**	**7.3**	**8.7**	**1,730.3**
Accumulated amortisation and impairment losses						
1 January 2018	**-**	**183.8**	**83.8**	**-**	**5.2**	**272.8**
Amortisation for the year	-	61.5	13.1	-	1.0	75.6
Transfers	-	-	-	-	-	-
Retirements/Disposals	-	-	-	-	-	-
Effect of movements in exchange rates	-	3.2	0.5	-	-	3.7
31 December 2018	**-**	**248.5**	**97.4**	**-**	**6.2**	**352.1**
Amortisation for the year	-	61.3	13.7	-	0.9	75.9
Transfers	-	-	0.4	-	(0.4)	-
Retirements/Disposals	-	(73.5)	-	-	-	(73.5)
Effect of movements in exchange rates	-	2.4	0.5	-	0.1	3.0
31 December 2019	**-**	**238.7**	**112.0**	**-**	**6.8**	**357.5**
Carrying amounts						
At 31 December 2018	707.4	525.0	174.1	7.1	1.6	1,415.2
At 31 December 2019	**721.7**	**468.7**	**173.2**	**7.3**	**1.9**	**1,372.8**

The amortisation of the intangible assets is included within cost of sales. The maximum remaining useful life of customer relationships and intellectual property rights is 19 years. Customer relationships that are fully amortised have been derecognised both in cost and accumulated amortisation.

The carrying amounts of the customer relationships and intellectual property rights relate to the identified intangible assets mainly resulting from the purchase price allocation in 2014 when INEOS acquired BASF’s 50% shares in the Group. Their initial cost is the fair value at the date of acquisition. In addition, the Group acquired intangible assets in 2019 with the Total S.A.s Polystyrene business in China acquisitions. The carrying amounts of these assets resulting from the purchase price allocation in 2019 are presented in the line business acquisitions.

Impairments −if any− can be a result of either the evidence that the assumptions for determining the estimated useful lives are incorrect or the annual impairment test of the cash-generating unit to which the acquisition-related intangible assets are related.

Goodwill impairment testing

Management identifies the operating segments as cash generating units for purposes of monitoring goodwill for impairment. The carrying amount of goodwill has been allocated to the following cash generating units:

In millions of EUR	**31 December 2019**	**31 December 2018**
Polymers EMEA	252.2	252.2
Polymers Asia	103.3	95.4
Polymers Americas	186.7	182.9
Styrene Monomer	179.5	176.9
Total	**721.7**	**707.4**

The Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the cash generating units with a detailed planning period of three years and a consistent terminal growth rate between 0.5 percent and 2.5 percent for each unit for the period thereafter. Key assumption on which the management based its cash flow projection is an increase of the EBITDA over the detailed three year planning period which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The assumption is based on detailed project plans to increase revenues and profitability. The Group expects to continue the EBITDA growth in the years after the detailed planning period. The terminal growth rate between 0.5 percent and 2.5 percent reflects the expected economic growth rates of countries in which the Group is operating.

The main assumptions for the preparation of the three-year-business plan are the economic growth developments in the main customer regions and industries of the Company. These assumptions are based on external market data as well as internal assessments. The expected demand that is derived from the growth assumptions is compared with the supply balance of its product groups. INEOS Styrolution expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group has also announced to invest in these product groups and is increasing capacity to meet the growing demand. Polystyrene demand is expected to slightly decline in line with lower demand especially from the packaging industry. Styrene Monomer capacities are fully utilised and total volumes will remain stable. Gross margin levels are expected to sustain at lower to mid-cycle levels. For the main foreign currencies a fixed exchange rate is expected. This means that profitability and cash flows are not materially affected by exchange rate changes.

None of the goodwill is expected to be deductible for income tax purposes. The following discount rates were applied per cash generating unit to determine the cash flow projection before taxes:

	Polymers EMEA	**Polymers America**	**Polymers Asia**	**Styrene Monomer**
Pre-tax discount rate	9.3%	11.7%	12.9%	11.2%

The estimated recoverable amount exceeded the carrying amount for all cash generating units.

In millions of EUR	**Polymers EMEA**	**Polymers America**	**Polymers Asia**	**Styrene Monomer**
Excess recoverable amount over carrying amount	540	829	105	1,058

11. Investments

The group consists of INEOS Styrolution Holding Limited and the following consolidated subsidiaries:

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited[2]	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution (China) Investment Co. Ltd	China, Room 2502, 567 Langao Road, Putuo District, Shanghai	100%	100%
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 5th Floor, OHM House - II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%

INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH[1]	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd.	South Korea, 434, Sandanjungang-ro, Yeosu-si, Jeollanam-do, 59643 Republic of Korea	100%	100%
INEOS Styrolution Ludwigshafen GmbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa	100%	100%
INEOS Styrolution Polymers (Foshan) Co. Ltd.	China, No. 61, Jinben Industry Avenue, Xinan Sub-district, Sanshui District, Foshan, Guangdong Province	100%	100%
INEOS Styrolution Polymers (Ningbo) Co. Ltd.	China, No.2388, Minghai North Road, Ningbo Petrochemical Economy & Technology Development Zone, Ningbo, Zhejiang	100%	100%
INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd.	China, Building No. 3 Unit 1-10, 266 Beihai Road, Ningbo Petrochemical Zone, Zhenhai District, Ningbo	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd. – Guangzhou Branch	China, Room 06, 34th Floor, No. 208, Teem Plaza, Tianhe Road, Tianhe District, 510620 Guangzhou	100%	100%
INEOS Styrolution (Shanghai) Management Co. Ltd.	China, Suite 2502, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH[1]	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164	100%	100%

INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH[1]	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd. – Japan Branch	Japan, 1-25-1 Nishi-Shinjuku, Shinjuku-ku (35F, Shinjyuku Center Building), Tokyo 1630635	100%	100%
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

[1] Pursuant to HGB, section 264 (3), these subsidiaries are exempt from applying certain legal requirements to their statutory stand-alone financial statements for the year ended 31 December 2019.
[2] Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

On 1 February 2019, INEOS Styrolution acquired 100% of the equity interest in INEOS Styrolution Polymers (Foshan) Co. Ltd. and INEOS Styrolution Polymers (Ningbo) Co. Ltd.

The non-controlling interest is in INEOS Styrolution India Limited and represents publicly traded shares. INEOS Styrolution India Limited generated revenues of EUR 216.2 million (2018: EUR 263.8 million) and a net loss of EUR 5.4 million (2018: net income of EUR 3.3 million) and holds non-current assets of EUR 49.6 million at 31 December 2019 (2018: EUR 32.8 million), current assets of EUR 77.9 million at 31 December 2019 (2018: EUR 114.9 million), non-current liabilities of EUR 16.0 million at 31 December 2019 (2018: EUR 14.5 million) and current liabilities of EUR 47.0 million at 31 December 2019 (2018: EUR 63.0 million). In India, there are restrictions on INEOS Styrolution India Limited to access or use assets due to the non-controlling interest.

There are no further restrictions to the entities within the Group. For all subsidiaries listed, the financial year corresponds to the calendar year. Only the financial year of INEOS Styrolution India Limited ends on 31 March of a year, due to local legal requirements.

12. Trade and other receivables

In millions of EUR	31 December 2019	31 December 2018
Trade receivables due from third parties	452.2	545.1
Trade receivables due from related parties	13.0	11.2
Trade receivables	**465.2**	**556.3**
Income tax receivables	14.1	25.0
Income tax receivables	**14.1**	**25.0**
VAT receivables	44.0	46.4
Prepaid expenses	8.9	7.8
Other current receivables	12.0	12.2
Other receivables and miscellaneous current assets	**64.9**	**66.4**
Total current trade and other receivables	**544.2**	**647.7**
Other non-current receivables	4.3	4.8
Other receivables and miscellaneous non-current assets	**4.3**	**4.8**

Trade receivables ageing

In millions of EUR	Trade Receivables 31 December 2019	Impairments thereof 31 December 2019	Expected credit loss rate	Trade Receivables 31 December 2018	Impairments thereof 31 December 2018	Expected credit loss rate
Not past due	438.8	(0.3)	0.1%	512.3	(0.3)	0.1%
Past due 0 - 30 days	25.3	(2.1)	8.3%	43.9	(1.7)	3.9%
Past due 31 - 90 days	3.0	(0.7)	23.3%	1.6	(1.1)	68.8%
Past due more than 90 days	4.5	(3.3)	73.3%	4.9	(3.3)	67.3%
Total	**471.6**	**(6.4)**	**1.4%**	**562.7**	**(6.4)**	**1.1%**

External trade receivables originated from INEOS Styrolution Europe GmbH, INEOS Styrolution Switzerland SA, INEOS Styrolution America LLC, INEOS Styrolution Canada Ltd. and INEOS Styrolution Mexicana S.A. de C.V. are pledged for the drawn amount of EUR 190.0 million under the asset securitisation programme of INEOS Styrolution Group GmbH.

The Group's exposure to credit and currency risk, and impairment losses related to trade and other receivables is disclosed in note 21.

13. Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet captions:

Deferred tax assets

In millions of EUR	1 January 2019	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2019
Tax loss carry forward	5.8	(5.5)	2.5	0.1	2.9
Tangible fixed assets	23.5	(2.2)	1.0	2.9	25.2
Intangible fixed assets	4.6	(1.5)	-	0.1	3.2
Inventories	8.6	1.4	0.3	0.1	10.4
Receivables	2.2	(1.4)	-	0.2	1.0
Other current assets	0.6	(0.1)	-	-	0.5
Pension provisions	21.0	4.7	-	2.9	28.6
Other provisions	8.3	28.6	-	0.1	37.0
Other liabilities	4.0	1.5	-	(0.1)	5.4
Other	0.5	0.3	0.1	(0.5)	0.4
Deferred tax assets	**79.1**	**25.8**	**3.9**	**5.8**	**114.6**
Valuation allowances tax loss carry forward	(2.5)	-	-	-	(2.5)
Deferred tax assets	**76.6**	**25.8**	**3.9**	**5.8**	**112.1**

In millions of EUR	1 January 2018	Recognised in income	Business acquisitions	Other changes and exchange rate changes	31 December 2018
Tax loss carry forward	11.2	(3.9)	-	(1.5)	5.8
Tangible fixed assets	25.8	(2.3)	-	-	23.5
Intangible fixed assets	5.2	(1.5)	-	0.9	4.6
Inventories	8.2	0.4	-	-	8.6
Receivables	1.5	0.6	-	0.1	2.2
Other current assets	0.4	0.1	-	0.1	0.6
Pension provisions	17.6	0.8	-	2.6	21.0
Other provisions	8.5	(1.0)	-	0.8	8.3
Other liabilities	3.5	0.6	-	(0.1)	4.0
Other	0.1	-	-	0.4	0.5
Deferred tax assets	**82.0**	**(6.2)**	**-**	**3.3**	**79.1**
Valuation allowances tax loss carry forward	(3.1)	-	-	0.6	(2.5)
Deferred tax assets	**78.9**	**(6.2)**	**-**	**3.9**	**76.6**

Deferred tax liabilities

In millions of EUR	1 January 2019	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2019
Tangible fixed assets	114.1	18.2	3.3	6.9	142.5
Intangible fixed assets	195.2	(20.9)	6.2	(1.8)	178.7
Inventories	2.7	-	0.4	-	3.1
Investments	41.1	-	-	0.6	41.7
Receivables	0.8	(0.4)	0.4	(0.8)	-
Other current assets	3.4	0.7	-	-	4.1
Other provisions	3.7	(1.9)	-	-	1.8
Other liabilities	3.1	(1.4)	-	(0.1)	1.6
Other	-	(0.3)	-	0.3	-
Deferred tax liabilities	**364.1**	**(6.0)**	**10.3**	**5.1**	**373.5**

In millions of EUR	1 January 2018	Recognised in income	Business acquisition	Other changes and exchange rate changes	31 December 2018
Tangible fixed assets	122.2	(7.0)	-	(1.1)	114.1
Intangible fixed assets	205.3	(21.0)	-	10.9	195.2
Inventories	2.4	0.2	-	0.1	2.7
Investments	27.7	-	-	13.4	41.1
Receivables	0.1	-	-	0.7	0.8
Other current assets	2.3	0.9	-	0.2	3.4
Other provisions	3.0	1.1	-	(0.4)	3.7
Other liabilities	5.5	(2.9)	-	0.5	3.1
Other	17.8	0.8	-	(18.6)	-
Deferred tax liabilities	**386.3**	**(27.9)**	**-**	**5.7**	**364.1**

Deferred tax assets and deferred tax liabilities are offset against each other to the following extent:

In millions of EUR	31 December 2019	31 December 2018
Deferred tax assets	112.1	76.6
Deferred tax liabilities	(373.5)	(364.1)
Offsetting of assets and liabilities	65.0	40.1
Deferred tax assets	**47.1**	**36.5**
Deferred tax liabilities	**308.5**	**324.0**

In 2019 and 2018, there were no significant changes to deferred tax assets and liabilities.

In assessing the Group's ability to realise deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realised. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment.

In order to fully realise the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred (particularly in Canada and China). Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that the Group will realise aforementioned benefits.

At 31 December 2019, the tax losses carried forward expire as follows:

In millions of EUR	**2020**	**2021**	**2022**	**2023 – 2027**	**later**	**unlimited**	**Non-recognised**
Losses carried forward	-	-	-	0.3	-	29.4	(28.3)

14. Inventories

In millions of EUR	**31 December 2019**	**31 December 2018**
Raw materials	139.0	144.7
Finished goods	329.7	358.1
Catalysts, maintenance and other spares	18.8	23.1
Total	**487.5**	**525.9**

The cost of inventory recognised in cost of sales in the year was EUR 3,301.1 million (2018: EUR 3,677.4 million). The write-down of inventories to net realisable value amounted to EUR 5.3 million (2018: EUR 12.9 million) before the reversal of previous write downs of EUR 12.8 million (2018: EUR 4.0 million).

15. Financial indebtedness

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk see note 21.

In millions of EUR	**31 December 2019**	**31 December 2018**
Non-current financial indebtedness		
Institutional term loans	610.5	614.0
Borrowings from asset securitisation programme	190.0	50.0
Lease liability	125.1	7.9
Total	**925.6**	**671.9**

On 23 January 2019, INEOS Styrolution agreed to increase the drawn amount under the asset securitisation programme from EUR 50 million to EUR 250 million. During 2019, INEOS Styrolution's drawn amount under the asset securitisation programme has reduced to EUR 190 million.

Under the terms of asset securitisation programme, certain subsidiaries of the Group sell eligible customer receivables to a consolidated special purpose entity with INEOS Styrolution Group GmbH acting as master servicer. The Group's borrowing capacity under the asset securitisation programme is subject to the volume of receivables sold to the special purpose entity as well as the performance of the customer receivable portfolio, which is pledged as collateral for the financing by a committed lender or institutional buyers (conduit investors).

The term loans as well as the asset securitisation programme are subject to specific terms and failure by the Company to perform in accordance with these terms may result in a termination of these facilities. An event of default in either of the two facilities would also result in a cross default. During the reporting period the Company has fulfilled all obligations in its financing arrangements.

In millions of EUR	**31 December 2019**	**31 December 2018**
Current financial indebtedness		
Institutional term loans	7.0	7.0
Lease liability	21.1	0.9
Short-term borrowings other	7.5	31.4
Total	**35.6**	**39.3**

In order to manage local financing requirements, INEOS Styrolution has established a number of working capital facilities with local banks to meet the requirements of its entities whereby legislation limits or prohibits funding through liquidity available at Group level. These short-term credit facilities are arranged in China, India, Korea, Singapore and Thailand. The undrawn amount of those facilities as at 31 December 2019 was approximately EUR 142.6 million (2018: EUR 81.7 million) equivalent.

Terms and debt payment schedule

Terms of the significant outstanding financial indebtedness were as follows:

31 December 2019 *In millions of EUR*	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount[1]**
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	438.2	437.5
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	180.5	180.0
Assets securitisation	EUR	0.83%	July 2021	190.0	190.0
Total				**808.7**	**807.5**

[1] The carrying amount of the term loans is reduced by EUR 1.2 million financing costs.

31 December 2018 *In millions of EUR*	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount[1]**
Institutional term loan	EUR	EURIBOR (0.5% floor) + 200 bps	March 2024	442.7	441.8
Institutional term loan	USD	USD LIBOR + 200 bps	March 2024	179.8	179.2
Assets securitisation	EUR	0.83%	July 2021	50.0	50.0
Total				**672.5**	**671.0**

[1] The carrying amount of the term loans is reduced by EUR 1.5 million financing costs.

As a result of the Group's acquisition in China and dividend payments to the shareholder, the Group increased its gross debt in 2019.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the instruments is January 2027.

Lease Liabilities

Analysed as:

In millions of EUR	**31 December 2019**
Current lease liabilities	21.1
Non-current lease liabilities	125.1
Total	**146.2**

In millions of EUR	**31 December 2019**
Maturity analysis – contractual undiscounted cashflows	
No later than 1 year	27.4
Later than 1 year and not later than 5 years	78.7
Later than 5 years	87.8
Total undiscounted lease liabilities	**193.9**

The total cash outflow for leases amount to EUR 32.4 million.

Prior to 1 January 2019

Finance lease liabilities and operating lease liabilities

Finance lease liabilities are payable as follows:

In millions of EUR	**31 December 2018**
Gross lease liabilities – minimum lease payments:	
No later than 1 year	1.3
Later than 1 year and not later than 5 years	2.4
Later than 5 years	10.4
Future finance charges on lease liabilities	(5.3)
Present value of lease liabilities	**8.8**

In millions of EUR	**31 December 2018**
Present value of lease liabilities:	
No later than 1 year	0.9
Later than 1 year and not later than 5 years	1.2
Later than 5 years	6.7
Present value of lease liabilities	**8.8**

Future aggregate minimum lease payments are as follows:

In millions of EUR	**31 December 2018**
Less than one year	28.5
Between one and five years	83.4
More than five years	36.6
Total	**148.5**

Cash and cash equivalents

In millions of EUR	**31 December 2019**	**31 December 2018**
Bank balances	165.0	319.4
Short-term investments	124.7	247.7
Total	**289.7**	**567.1**

These funds are available to the Company at the respective year end within 24 hours. There is no restricted cash as of 31 December 2019 (31 December 2018: nil).

16. Trade payables

In millions of EUR	31 December 2019	31 December 2018
Trade payables due to third parties	385.6	410.8
Trade payables due to related parties (note 23)	48.3	54.8
Total	**433.9**	**465.6**

An amount of EUR 106.9 million (2018: EUR 127.2 million) of the trade payables are related to accruals for goods or services not yet invoiced. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

17. Employee benefits obligations

As part of the employment compensation package, the Group provides different retirement benefit arrangements or similar benefits covering (substantially) all employees depending on the legal, economic and fiscal environment in each country. The pension obligations comprise both defined benefit and defined contribution plans.

Net defined benefit and contribution obligations

The Group's defined benefit plans mainly exist in Canada, the United States of America, Germany and South Korea and are at 31 December 2019 all fully or partially funded via pension funds. In order to limit the risks of changing capital market conditions and demographic developments, the major defined benefit plans have either been closed to new entrants or curtailed to preclude participants from vesting in additional benefits. The Group offers only defined contribution schemes to newly hired employees. In addition to their pension plans, the North American Group entities operate unfunded post-employment medical care plans.

Description of the defined benefit plans

- **Germany**

For German Group companies all defined benefit plans were closed in 2013 for new employees and replaced by a defined contribution plan, funded by Allianz Unterstützungskasse – *Allianz Pensions Management e.V.* and Allianz direct insurances – *Allianz Lebensversicherungs AG.* BASF and INEOS / BP heritage plans grant a basic level of benefits. For BASF plans accruals until end of 2014 are provided by BASF Pensionskasse VVaG. After the termination of membership, accruals after 2014 are financed under a contractual trust arrangement. Occupational pension promises that exceed the basic level of benefits as also INEOS / BP basic level of benefits are financed via pension provisions with a contractual trust arrangement. The benefits are based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

- **South Korea**

Since March 2017 the company is consolidating post-employment benefit liabilities of the new acquired KRCC Business. In accordance with the Korean Employee Retirement benefit Security Act (ERBSA) and the KRCC's employee benefits policy, employees, who are terminating their employment with at least one year of service are entitled to severance and retirement benefits based on the rates of pay in effect at the time of termination, years of service and certain other factors.

- **Canada**

The Canadian Group company closed all defined benefit (final salary) plans for new employees. One of the two company's defined benefit plans has been frozen, with no further increases in benefits based on future years of service or salary increase. On 29 September 2016 Canadian regulators approved the merger of the two plans, effective date as at 31 December 2014.

- **United States of America**

Employees of the U.S. Group company receive benefits from defined contribution plans. The existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past have been frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases. For future years of service, employees are granted benefits based on defined contribution plans.

The changes in the defined benefit obligation comprise:

In millions of EUR	2019	2018
Defined benefit obligation at 1 January	**202.9**	**197.0**
Service costs	7.3	7.2
Interest cost	5.4	5.0
Employee contributions	0.2	0.2
Benefits paid by the plan	(4.3)	(5.1)
Benefits directly paid by employer	(1.8)	(1.7)
Actuarial losses – experience adjustments	1.6	2.5
Actuarial losses – demographic assumptions	0.6	0.6
Actuarial losses / (gains) – financial assumptions	27.5	(3.4)
Past service costs	-	-
Settlements	-	-
Other*	1.6	0.7
Effect of movement in exchange rates	3.5	(0.1)
Defined benefit obligation at 31 December	**244.5**	**202.9**
Thereof		
Germany	121.2	97.1
Canada	44.1	39.7
USA	25.1	21.5
South Korea	24.4	22.9
Other countries	29.7	21.7

* Inclusion of Indian Gratuity Plan as of 1 January 2019 with EUR 1.5 million defined benefit obligation.

The changes in the fair value of plan assets comprise:

In millions of EUR	2019	2018
Fair value of plan assets at 1 January	**144.5**	**146.0**
Interest on plan assets	4.0	3.8
Return on plan assets greater / (less) than discount rate	16.6	(6.0)
Employer contributions	6.6	7.5
Plan participants' contributions	0.2	0.2
Disbursements	(6.1)	(6.9)
Settlements	-	-
Other*	1.7	0.6
Effect of movement in exchange rates	2.9	(0.7)
Fair value of plan assets at 31 December	**170.4**	**144.5**

* Inclusion of Indian Gratuity Plan as of 1 January 2019 with EUR 1.3 million fair value of plan asset.

The funded status of the defined benefit schemes is as follows:

In millions of EUR	31 December 2019	31 December 2018
Defined Benefit Obligation	(244.5)	(202.9)
thereof funded	*(209.2)*	*(172.0)*
thereof unfunded	*(35.2)*	*(30.9)*
Fair value of plan assets	170.4	144.5
Net Defined Benefit Obligation	**(74.1)**	**(58.4)**
Thereof		
Germany	(34.7)	(26.2)
Canada	(0.2)	(0.2)
USA	(8.3)	(7.2)
South Korea	(17.6)	(15.6)
Other countries	(13.3)	(9.2)

The following pension expenses resulting from defined benefit plans have been recognised in the statement of income:

In millions of EUR	**2019**	**2018**
Service costs	7.3	7.2
thereof current service costs	*7.3*	*7.2*
thereof settlement (gains)/losses	-	-
Net interest costs	1.4	1.2
Total	**8.7**	**8.4**
Thereof		
Germany	4.2	4.3
Canada	0.5	0.5
USA	0.6	0.5
South Korea	1.6	1.6
Other countries	1.8	1.5

The change in the net defined benefit liability is due to the following components:

In millions of EUR	**2019**	**2018**
Net defined benefit liability at 1 January	**(58.4)**	**(51.0)**
Cost recognised in profit and loss	(8.7)	(8.4)
Remeasurement loss recognised in other comprehensive income	(13.1)	(5.7)
Employer contributions to plan assets	4.9	5.7
Benefits directly paid by employer	1.8	1.7
Other	0.0	(0.1)
Effect of movements in exchange rates	(0.6)	(0.6)
Net defined benefit liability at 31 December	**(74.1)**	**(58.4)**

In order to mitigate the interest rate risk, target plan asset allocations have been defined for several funded plans in North America by using asset liability studies and are reviewed regularly. Accordingly, the asset portfolios and their durations are aligned with the duration of the pension liabilities, taking into consideration investment risks and adherence to statutory regulations. In Germany, the Company funded its defined benefit obligations through a contractual trust agreement (CTA) in an amount of EUR 74.1 million (2018: EUR 59.3 million). A portion of the past service of the defined contribution and defined benefit arrangements are funded via the BASF Pensionskasse VvAG. The company terminated the membership in BASF Pensionskasse VvAG End of 2014.

The weighted duration of all pension liabilities totalled 17.4 years as at 31 December 2019 (2018: 16.7 years). The actual return on plan assets was EUR 20.6 million (2018: loss of EUR 2.2 million).

The company expects to contribute EUR 6.0 million (2018: EUR 6.8 million) to the plan assets in the following year.

Plan asset allocation

In % (weighted averages)

A. *Securities with quoted market price in an active market*

	31 December 2019	31 December 2018
Equities	22.0%	20.2%
Bonds:		
Government – fixed rate	49.3%	50.8%
Corporate	13.7%	13.9%
Real Estate	0.7%	0.1%
Cash and cash-equivalents	0.6%	0.5%
Other quoted securities	4.1%	5.0%
	90.4%	**90.5%**

B. *Other securities*

	31 December 2019	31 December 2018
Insurance contracts	2.3%	1.4%
Other	7.3%	8.1%
	9.6%	**9.5%**
Total	**100.0%**	**100.0%**

Other plan assets comprise assets held by insurance carriers primarily for the German plan. The plan assets neither comprise equity instruments in INEOS Styrolution nor Company-occupied real estate or other assets used by the Group.

The Group determined the following economic and actuarial assumptions used for the calculation of the defined benefit obligation and expenses.

Assumptions used to determine employee benefit obligation and expense

Expressed as weighted averages	2019				2018			
	Germany	**Canada**	**USA**	**Other countries**	**Germany**	**Canada**	**USA**	**Other countries**
Discount rate	1.25%	3.00%	3.25%	1.94%	2.00%	3.50%	4.25%	2.55%
Future salary increases	2.75%	3.00%	3.50%	3.14%	2.75%	3.00%	3.50%	3.66%
Medical cost trend rate	N/A	4.50%	5.00%	N/A	N/A	4.50%	5.00%	N/A
Inflation	1.75%	2.00%	2.50%	2.10%	1.75%	2.00%	2.50%	1.99%
Mortality	Heubeck 2018G	CPM 2014*	RP-2014 mortality tables**		Heubeck 2018G	CPM 2014*	RP-2014 mortality tables**	

* Private Sector Mortality Table projected generationally using Scale MI-2017 with no size adjustments

** Projected generationally with Scale MP-2018 from 2006 / RP-2014 head-count weighted mortality tables (white and blue collar) projected generationally with Scale MP-2018 from 2006

Inflation relates to indexed pension increases in Germany.

The following tables show the impact on the Group's pension liabilities in the case of a change of the material economic and actuarial assumptions:

In millions of EUR	**Sensitivity of the defined benefit obligation by a change of the following parameters:**	
	31 December 2019	**31 December 2018**
	Decrease by 100bps	***Decrease by 100bps***
Discount rate	46.7	36.9
	Increase by 100bps	***Increase by 100bps***
Medical cost trend rate	0.4	0.3
	Increase by 50bps	***Increase by 50bps***
Price inflation	12.6	9.6
	Increase by 1 year	***Increase by 1 year***
Life expectancy	6.1	4.6

Sensitivity results show the change of the defined benefit obligation if the respective assumption is increased or decreased as disclosed above while all other assumptions remain unchanged. Therefore, it does not take into account any interdependence that might exist between the assumptions. The effect was determined using the same valuation methodologies and approaches as used for the calculation of the benefit liability. In consequence, the validity of the sensitivity disclosed above is subject to limitations.

In % of the defined benefit obligation (weighted averages)	**Distribution of the defined benefit obligation:**	
	2019	**2018**
Active employees	64.4%	65.3%
Former vested employees	13.7%	13.1%
Retirees	21.9%	21.6%
Total	**100.0%**	**100.0%**

Defined contribution benefits

The cost of defined contribution plans amounted to EUR 9.2 million (2018: EUR 8.7 million). These benefits are exclusively paid by third parties. INEOS Styrolution is only obliged to pay the contributions.

In addition, employer contributions to the statutory pension insurance systems in the various countries amounted to EUR 9.7 million (2018: EUR 8.7 million).

18. Other liabilities and provisions

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2019	**4.7**	**30.8**	**35.5**
Provisions made during the year	2.0	0.6	2.6
Reclassifications	-	(2.5)	(2.5)
Provisions used during the year	(2.1)	(0.4)	(2.6)
Provisions released during the year	(1.5)	(1.9)	(3.4)
Total 31 December 2019	**3.0**	**26.6**	**29.6**

In millions of EUR	Onerous contracts	Other items	Total
Obligations at 1 January 2018	**16.5**	**39.2**	**55.7**
Provisions made during the year	-	1.8	1.8
Reclassifications	-	(8.5)	(8.5)
Provisions used during the year	(8.6)	(0.1)	(8.7)
Provisions released during the year	(3.2)	(1.6)	(4.8)
Total 31 December 2018	**4.7**	**30.8**	**35.5**

In millions of EUR	31 December 2019	31 December 2018
Current provisions	4.7	7.0
Other current liabilities	100.7	103.1
Accruals and deferred income	68.9	46.1
Total other liabilities and short-term provisions	**174.3**	**156.2**
Non-current provisions	24.9	28.5
Other non-current liabilities	16.4	16.6
Total other liabilities and other long-term provisions	**41.3**	**45.1**
Total	**215.6**	**201.3**

The total amount resulting from exchange differences from the translation of foreign entities financial statements for the current and non-current provisions is EUR 0.1 million in 2019 (2018: nil).

Provisions include an amount of EUR 1.4 million (2018: EUR 4.7 million) for unfavourable supply contracts and contract termination costs with related parties recognised in the business combination. The remaining provision is expected to be fully utilised latest by 2022.

The other provisions is mainly related to a provision recognised for a liability to the previous shareholder BASF under prior legal agreements. Beside this, the other provisions contain provisions for guarantee and environmental costs. Management estimates the incentive accruals based on a steady headcount.

19. Share capital, share premium and merger reserve

Fully paid *In millions of EUR*	**31 December 2019**	**31 December 2018**
200,100 (2018: 200,100) ordinary shares of EUR 1.38 each	0.3	0.3
Total	**0.3**	**0.3**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The investments acquired by INEOS Styrolution Holding Limited are included in its balance sheet at fair value of EUR 2,390.0 million, resulting in a share premium of EUR 2,389.7 million being recorded. The difference of EUR 1,281.2 million between the predecessor values of the Group and the fair value recognised as the investment has been debited to a merger reserve.

20. Dividends

On 13 December 2019, the Company's Directors' approved an interim cash dividend of EUR 470.8 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 17 December 2019, the Company's Directors' approved an interim dividend of EUR 111.4 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

The directors of the Company have proposed and paid a dividend of EUR 582.2 million (EUR 2,910 per share) during the year (2018: EUR 165.5 million).

21. Financial instruments

IFRS 7

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and INEOS, its ultimate owner, and cash and cash equivalents.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

In millions of EUR	**Note**	**Carrying amount 31 December 2019**	**Carrying amount 31 December 2018**
Trade and other receivables	12	548.5	652.5
Thereof derivative		*0.3*	*0.1*
Cash and cash equivalents	15	289.7	567.1
Total		**838.2**	**1,219.6**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group applies the forward-looking 'expected credit loss' (ECL) model in line with IFRS 9. The ECL is calculated considering past experience and management's estimate of future developments. Management expects no considerable change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired trade and other receivables outstanding. The Group reviews the assumptions of the ECL model on a yearly basis.

Impairment losses

In millions of EUR	Carrying amount 31 December 2019	Carrying amount 31 December 2018
Not past due	0.3	0.3
Past due 0-30 days	2.1	1.7
Past due 31-90 days	0.7	1.1
Past due more than 90 days	3.3	3.3
Total	**6.4**	**6.4**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In millions of EUR	Individual impairments
1 January 2018	**6.3**
Impairment losses released	-
Impairment losses used	(0.3)
Impairment loss recognised	0.4
31 December 2018	**6.4**
Impairment losses released	(0.2)
Impairment losses used	0.0
Impairment loss recognised	0.2
31 December 2019	**6.4**

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 289.7 million at 31 December 2019 while it held cash and cash equivalents of EUR 567.1 million at 31 December 2018, which represents its maximum exposure from cash and cash equivalents to the credit risk of banks which hold the funds on these assets.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with working capital requirements, capital expenditure or its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of EUR 150 million at all times. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2019 *In millions of EUR*	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1 to <2 years**	**2 to <5 years**	**5 years and over**
Institutional term loans (secured)	617.5	693.6	25.3	25.2	643.1	-
Asset securitisation (secured)	190.0	190.0	190.0	-	-	-
Lease liability	146.2	193.9	27.4	22.8	55.9	87.8
Other short-term borrowing	7.5	7.5	7.5	-	-	-
Trade payables	433.9	433.9	433.9	-	-	-
	1,395.1	**1,518.9**	**684.1**	**48.0**	**699.0**	**87.8**

31 December 2018 *In millions of EUR*	**Carrying amount**	**Contractual cash flows**	**1 year or less**	**1 to <2 years**	**2 to <5 years**	**5 years and over**
Institutional term loans (secured)	621.0	726.6	27.5	27.6	80.9	590.6
Asset securitisation (secured)	50.0	50.0	50.0	-	-	-
Other short-term borrowing	40.2	45.4	32.6	1.0	1.4	10.4
Trade payables	465.6	465.6	465.6	-	-	-
	1,176.8	**1,287.6**	**575.7**	**28.6**	**82.3**	**601.0**

Comparison of carrying amount and fair value and fair-value-hierarchies

31 December 2019				**Amounts recognised in the statement of financial position**		
In millions of EUR	**Category***	**Level**	**Carrying amounts**	**Amortised cost**	**Fair value recognised in equity**	**Fair value recognised in profit or loss**
Assets						
Trade receivables	AMC		465.2	465.2	-	-
Cash and cash equivalents	AMC		289.7	289.7	-	-
Other assets			83.3	83.3	-	-
of which long-term	AMC		4.3	4.3	-	-
of which short-term	AMC		79.0	79.0	-	-
of which: Derivatives	*FVTPL*	*2*	*-*	*-*	*-*	*(0.1)*
of which: Derivatives	*FVTPL*	*3*	*0.3*	*-*	*-*	*0.3*
Liabilities						
Trade payables	AMC		433.9	433.9	-	-
Financial indebtedness	AMC		961.2	961.2	-	-
Other short-term liabilities	AMC		174.3	174.3	-	-
of which: Derivatives	*FVTPL*	*2*	*-*	*-*	*-*	*-*
of which: Derivatives	*FVTPL*	*3*	*2.1*	*-*	*-*	*4.1*

Categories: *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

31 December 2018

In millions of EUR	Category*	Level	Carrying amounts	Amounts recognised in the statement of financial position Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss
Assets						
Trade receivables	AMC		556.3	556.3	-	-
Cash and cash equivalents	AMC		567.1	567.1	-	-
Other assets			96.1	96.1	-	-
of which long-term	AMC		4.8	4.8	-	-
of which short-term	AMC		91.4	91.4	-	-
of which: Derivatives	*FVTPL*	*2*	*0.1*	-	-	*0.1*
of which: Derivatives	*FVTPL*	*3*	-	-	-	*(0.6)*
Liabilities						
Trade payables	AMC		465.6	465.6	-	-
Financial indebtedness	AMC		711.2	711.2	-	-
Other short-term liabilities	AMC		156.2	156.2	-	-
of which: Derivatives	*FVTPL*	*2*	-	-	-	-
of which: Derivatives	*FVTPL*	*3*	*6.2*	-	-	*(6.2)*

***Categories:** AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

The fair value of all other classes of financial instruments approximates their carrying amount.

The fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans are described in note 17.

The financial assets/liabilities categorised as Fair Value through Profit and Loss (FVTPL) presented in Level 2 and Level 3 constitute separate classes of derivative financial instruments. Level 2 contains foreign currency derivatives, Level 3 contains commodity derivatives.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Styrolution would receive or have to pay if the financial instrument were transferred at the reporting date. The carrying amount of the financial assets and financial liabilities are zero as at 31 December 2019. If the price expectations had been 5% lower at the reporting date, with otherwise unchanged parameters the fair value of the financial assets would have been EUR 0.0 million lower. If the price expectations had been 5% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 0.0 million higher. Global netting agreements do not exist for any of the reported foreign currency derivatives. All derivatives classified into Level 2 are short-term. In 2019, EUR 0.1 million of currency derivatives were disposed.

The financial assets/liabilities classified as fair value through profit and loss assigned to Level 3 relate to commodity swaps on styrene monomer in order to hedge fix price forward Polymer sales deals. Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 3 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models. The calculation is based on observable and unobservable inputs, since there are no liquid forward prices available. The substantial input parameters are the price expectations regarding future monthly contract prices on styrene monomer. The carrying amount of the financial liability is EUR 2.1 million as of 31 December 2019. If the price expectations had been 10 percent lower at the reporting date, with otherwise unchanged parameters the fair value of the financial liability would have been EUR 1.5 million higher (i.e. the Fair Market Value of the open styrene monomer derivatives would have been EUR 3.6 million). If the price expectations had been 10% higher at the reporting date, with otherwise unchanged parameters, the fair value of the financial liability would have been EUR 1.5 million lower (the fair market value of the open styrene monomer derivatives would have been EUR 0.6 million). All derivatives classified into Level 3 are short-term.

Gains and losses from Level 3 financial derivatives are recognised in the finance income and expense in the line net fair value gain / (loss) on derivatives (see note 7).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, raw materials (feedstock) and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Risks resulting from the availability and possible market price movements of raw materials are covered by different measures to control volatility as well as the commitment of Styrene Monomer derivatives.

31 December 2019

In millions of EUR	**Category***	**Level**	**Carrying amounts**	**Profit/Loss**	**Other Comprehensive Income**
Assets					
Trade receivables	AMC		465.2	-	1.9
Cash and cash equivalents	AMC		289.7	4.0	1.2
Other assets			83.3	-	(1.1)
of which long-term	AMC		4.3	-	(0.1)
of which short-term	AMC		79.0	-	(1.0)
of which: Derivatives	*FVTPL*	*2*	*-*	*(0.1)*	-
of which: Derivatives	*FVTPL*	*3*	*0.3*	*0.3*	-
Liabilities					
Trade payables	AMC		433.9	-	4.6
Financial indebtedness	AMC		961.2	30.4	6.1
Other short-term liabilities	AMC		174.3	-	0.7
of which: Derivatives	*FVTPL*	*2*	*-*	*-*	-
of which: Derivatives	*FVTPL*	*3*	*2.1*	*4.1*	-

*** Categories:** *AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

31 December 2018

In millions of EUR	Category*	Level	Carrying amounts	Profit/Loss	Other Comprehensive Income
Assets					
Trade receivables	AMC		556.3	(0.4)	4.7
Cash and cash equivalents	AMC		567.1	2.1	1.4
Other assets			96.1	-	(0.1)
of which long-term	AMC		4.7	-	-
of which short-term	AMC		91.4	-	(0.1)
of which: Derivatives	*FVTPL*	*2*	*0.1*	*0.1*	-
of which: Derivatives	*FVTPL*	*3*	-	*(0.6)*	-
Liabilities					
Trade payables	AMC		465.6	-	(7.4)
Financial indebtedness	AMC		711.2	(35.6)	(6.4)
Other short-term liabilities	AMC		156.2	-	(0.7)
of which: Derivatives	*FVTPL*	*2*	-	-	-
of which: Derivatives	*FVTPL*	*3*	*6.2*	*(6.2)*	-

***Categories:** AMC = Amortised cost, FVTPL = Fair Value through Profit and Loss*

During 2019, allowances for doubtful debt of EUR 0.2 million (2018: EUR 0.4 million) on trade receivables were reflected in the income statement, that were offset by releases of allowances for doubtful debt of EUR 0.2 million (2018: zero).

For the long-term financing, interest expenses of EUR 30.4 million (2018: EUR 35.6 million) for the financial indebtedness were reflected in the income statement.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the EUR, but also US Dollars. The currencies in which these transactions primarily are denominated are US Dollar (USD), Euro (EUR), Chinese Yuan Renminbi (CNY), Indian Rupee (INR) and Korean Won (KRW).

The trade receivables were denominated in the following currencies:

In millions of EUR	31 December 2019	31 December 2018
USD	237.5	324.3
EUR	146.3	181.1
CNY	42.8	0.0
INR	20.8	27.9
KRW	11.4	15.1
Others	6.4	7.9
Total	**465.2**	**556.3**

Sensitivity analysis

A strengthening/weakening of the EUR, as indicated below, against the USD, CNY, INR and KRW as at 31 December 2019 would have increased/decreased net income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Net income:

	31 December 2019		31 December 2018	
Gain / (loss) in millions of EUR	**Impact of strengthening**	**Impact of weakening**	**Impact of strengthening**	**Impact of weakening**
USD (5% movement)	(7.6)	8.4	(8.9)	9.9
CNY (5% movement)	(1.1)	1.2	-	-
INR (5% movement)	0.3	(0.3)	(0.2)	0.2
KRW (5% movement)	(1.9)	2.2	(1.8)	1.9

OCI, net of tax:

	31 December 2019		31 December 2018	
Gain / (loss) in millions of EUR	**Impact of strengthening**	**Impact of weakening**	**Impact of strengthening**	**Impact of weakening**
USD (5% movement)	(66.7)	73.7	(64.1)	70.9
CNY (5% movement)	(10.3)	11.4	(0.6)	0.6
INR (5% movement)	(3.1)	3.4	(3.3)	3.7
KRW (5% movement)	(11.2)	12.3	(11.0)	12.1

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

In millions of EUR	**31 December 2019**	**31 December 2018**
Fixed rate instruments		
Financial lease liabilities	146.2	8.8
Variable rate instruments		
Institutional term loans	617.5	621.0
Asset securitisation	190.0	50.0
Other financial liabilities	7.5	31.4

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group generally does not enter into derivatives (interest rate swaps) to hedge against changes in the fair value of fixed rate financial assets or liabilities. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Management considers the institutional term loans a variable rate instrument, as the interest rate contains a variable parameter. Further, the interest for the asset securitisation programme is set on a monthly base and therefore considered as a variable rate instrument. The programme is committed by the banks until 2021.

A change of 0.5 percentage point in interest rates at the reporting date would have increased/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In millions of EUR	**Profit or loss 2019**		**Profit or loss 2018**	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Long-term debt – Variable rate instruments	1.9	(0.9)	1.2	(0.9)
Short-term debt – Variable rate instruments	-	-	0.2	(0.2)
Cash flow sensitivity, net	**1.9**	**(0.9)**	**1.4**	**(1.1)**

Capital management

The core of the financial strategy is to safeguard INEOS Styrolution's strong financial profile, credit rating and thereby its financial stability. The financial strategy aims to support and promote the strategic and operating performance of the Company and to ensure access to capital and to favourable financing conditions at all times.

The Group does not have any financial covenants that require maintenance of capital ratios. For its own capital management the Group reviews the ratio of working capital in relation to revenues. The working capital definition of the Group includes inventory, accounts receivable and accounts payable.

In millions of EUR	**2019**	**2018**
Inventory	487.5	525.9
Accounts receivable – trade	465.2	556.3
Less: Short-term payables - trade	(433.9)	(465.6)
Working capital at 31 December	**518.8**	**616.6**
Revenues	**4,884.2**	**5,366.7**
Working capital to revenues ratio at 31 December	**10.6%**	**11.5%**

Working capital decreased in 2019 compared to 2018 due to a decrease in raw material prices, partly offset by the integration of the acquired Chinese PS business. This lead to a lower working capital to revenues ratio as of 31 December 2019 compared to the prior year.

22. Capital commitments

At 31 December 2019 the Company was committed to capital spending projects of EUR 199.9 million (2018: EUR 169.7 million), of which EUR 1.7 million (2018: EUR 2.1 million) relates to intangible fixed assets and EUR 198.2 million (2018: EUR 167.6 million) relates to tangible fixed assets.

The Group had the following long-term purchase commitments for raw materials, primarily feedstock, for the next 5 years, and other purchase commitments. All amounts were estimated based on current price information, while volumes are defined.

31 December 2019 *In millions of EUR*	**Following year**	**2nd year**	**3rd year**	**4th year**	**5th year**	**Total**
Styrene Monomer	784.8	38.7	37.9	37.9	37.9	937.2
Ethylene	325.4	330.2	316.0	76.7	-	1,048.3
Benzene	1,093.0	504.4	345.1	195.2	195.2	2,332.9
Other purchase commitments	566.7	76.0	37.1	36.9	25.9	742.6
Total	**2,769.9**	**949.3**	**736.1**	**346.7**	**259.0**	**5,061.0**

23. Related parties

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Styrolution Holding Limited Group;
- Entities controlled by the shareholders of INEOS Limited ('INEOS'), the ultimate parent company of INEOS Styrolution Holding Limited; and
- Key management personnel.

Board of directors

Kevin McQuade

Markus Fieseler

Graeme Leask

Jonathan Ginns

Andrew Currie

Key management personnel

The key management positions of the Group are the management board members. The management board consists of Kevin McQuade, Markus Fieseler, Steve Harrington, Rob Buntinx, Alexander Glueck and Pierre Minguet.

Transactions with key management personnel

Key management personnel compensation (including directors)

The key management personnel consists of the Company's directors. Details of Directors' remuneration are given in note 6.

Other related party transactions

In millions of EUR	Transaction value 1 January – 31 December 2019	Balance outstanding 31 December 2019	Transaction value 1 January – 31 December 2018	Balance outstanding 31 December 2018
Sale of products	69.7	-	90.3	-
Purchase of raw materials	347.3	-	362.3	-
Services received	43.0	-	46.7	-
Trade and other receivables	-	11.2		11.2
Trade and other payables	-	(48.3)		(54.8)

In general, all outstanding balances with INEOS are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured.

The transactions were made on terms equivalent to those that prevail in arm`s length transactions. The amount of services received includes key management services, such as guidance on corporate strategy, financing, SHE, Tax strategy, operational optimisation and sharing of best practices, of EUR 11.1 million (2018: EUR 10.8 million). There were no provisions for doubtful debt related to INEOS as of 31 December 2019.

Dividends paid to related parties are disclosed in note 20.

24. Contingencies

The group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2019 was INEOS Limited, a company registered in the Isle of Man.

The directors regard Mr. J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited. Copies of the financial statements can be obtained from the company secretary, INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

26. Cash flow disclosures

Cash used in investing activities

In February 2019, the Group paid EUR 186.2 million for the acquisition of the Total S.A. Polystyrene business. The acquired business did have a cash balance of EUR 52.6 million, which led to a net cash outflow from this business acquisition of EUR 133.6 million.

Changes in liabilities arising from financing activities

An analysis of changes in the Group's liabilities arising from financing activities is as follows:

In millions of EUR	External borrowings	Related party borrowings	Finance lease	Total
Financial indebtedness at 1 January 2018	**830.2**	**-**	**9.8**	**840.0**
Cash inflows during the year	29.6	-	-	29.6
Cash outflows during the year	(173.8)	-	(0.8)	(174.6)
Effects from changes in foreign exchange rates and other non-cash changes	16.4	-	(0.2)	16.2
Financial indebtedness at 31 December 2018	**702.4**	**-**	**8.8**	**711.2**
Cash inflows during the year	288.0	-	-	288.0
Cash outflows during the year	(179.7)	-	(21.5)	(201.2)
IFRS 16 first-time adoption	-	-	135.4	135.4
New lease contracts	-	-	10.3	10.3
Business acquisition	-	-	2.1	2.1
Effects from changes in foreign exchange rates and other non-cash changes	4.3	-	11.1	15.4
Financial indebtedness at 31 December 2019	**815.0**	**-**	**146.2**	**961.2**

27. Subsequent events

On 10 January 2020, the Company announced plans to build a world-scale ABS plant in Ningbo. The investment will be a greenfield ABS plant adjacent to the Ningbo polystyrene site in the Zhejiang Province in Eastern China. The annual capacity of this new world-scale plant will be 600,000 tonnes. The completion is expected in 2023.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the instruments is January 2027.

On 4 February 2020, the Company's shareholder approved an interim dividend of EUR 350 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 11 February 2020, the Group repaid the drawn amount under the securitisation programme in the amount of EUR 190 million.

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Group has its parent companies in the United Kingdom. The Group has trading activities in United Kingdom, but does not have production facilities and no warehouses in the UK. The Group does not expect a significant financial impact on its business from Brexit.

INEOS Styrolution is closely monitoring the evolution of the Coronavirus and is following the World Health Organisation travel advice. With regards to business impact, China has a dominant role as largest producer and consumer of styrenics materials. The Group operates two Polystyrene plants in China which are currently operating at reduced rates and may have to be shut temporarily if circumstances require this. The main reason for reduced production is external logistics constraints as travel restrictions limit freight in the country. The effect the virus will have on the global economy and styrenics industry is difficult to assess at this point in time. INEOS Styrolution is constantly evaluating the situation and monitoring any potential effects on production and deliveries.

No further significant subsequent events occurred for the period between the reporting date of these Consolidated Financial Statements and their authorisation by the Board of Directors on 21 February 2020.

28. Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant judgements in applying the entity's accounting policies.

Information about critical estimate in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following elements:

- Impairment tests for goodwill and other non-financial assets: Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairments tests are based on cash generating units and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering earnings forecasts of the unit. The management of the Group identified the operating segments as cash generating units (CGU) for purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purpose. The goodwill is internally monitored at the level of business units. Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortisation. Impairment losses on intangible assets and property, plant and equipment are recognised when the recoverable amount of the cash generating unit which includes the asset is lower than the respective carrying amount. In accordance with the definition of a cash generating unit under IAS 36, the individual production plants generally do not represent separate cash generating units, but are part of larger asset groups that form the cash generating units. Since the assessment whether goodwill or a non-financial asset are impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management used significant estimates and assumptions in making these assessments. Details on the estimates used for the goodwill impairment test are disclosed in note 10. The Group currently has significant headroom across all its business segments, but monitors the principal risk and uncertainties set out in the Strategic Report when assessing its business.

- Determination of the lease term of contracts with renewal options: The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Group recognised a lease liability of EUR 63.1 million for extension options that the Group assesses are reasonable certain to exercise as disclosed in note 1.

Section 3 - COMPANY FINANCIAL STATEMENTS

INEOS Styrolution Holding Limited

Statement of financial position

In millions of EUR	Note	31 December 2019	31 December 2018
Fixed assets			
Investments	4	2,390.0	2,390.0
Total fixed assets		**2,390.0**	**2,390.0**
Cash and cash equivalents		0.3	0.1
Creditors: amounts falling due within one year		(0.1)	-
Net current assets		**0.2**	**0.1**
Total assets less current liabilities		**2,390.2**	**2,390.1**
Net assets		**2,390.2**	**2,390.1**
Capital and reserves			
Share capital	5	0.3	0.3
Share premium account		2,389.7	2,389.7
Profit and loss account*		0.2	0.1
Total shareholders' funds		**2,390.2**	**2,390.1**

* The company recorded a profit after tax for the year of EUR 582.3 million (2018: EUR 165.6 million).

The notes on pages 87 to 92 are an integral part of these Company financial statements.

The financial statements on pages 85 to 92 were approved by the Board of Directors on 21 February 2020 and signed on its behalf by:

Kevin McQuade
Director
21 February 2020
Registered number 09922632

INEOS Styrolution Holding Limited

Statement of changes in equity

In millions of EUR	Share capital	Share premium account	Profit and loss account	Total shareholders' funds
1 January 2019	**0.3**	**2,389.7**	**0.1**	**2,390.1**
Profit for the year	-	-	582.3	582.3
Transactions with owners, recorded directly in equity:				
Dividends	-	-	(582.2)	(582.2)
31 December 2019	**0.3**	**2,389.7**	**0.2**	**2,390.2**

In millions of EUR	Share capital	Share premium account	Profit and loss account	Total shareholders' funds
1 January 2018	**0.3**	**2,389.7**	**-**	**2,390.0**
Profit for the year	-	-	165.6	**165.6**
Transactions with owners, recorded directly in equity:				
Dividends	-	-	(165.5)	**(165.5)**
31 December 2018	**0.3**	**2,389.7**	**0.1**	**2,390.1**

The called up share capital account represents the face value of the ordinary shares issued.

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

The notes on pages 87 to 92 are an integral part of these Company financial statements.

1. Accounting Policies

Overview

INEOS Styrolution Holding Limited (the "Company") is a private company limited by shares incorporated and domiciled in England, UK. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG.

Basis of preparation on financial statements

The financial statements have been prepared in accordance with applicable accounting standards, on a going concern basis and under historical cost accounting rules.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- financial instrument disclosures as required by IFRS 7;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these Company financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis. No assets or liabilities are stated at fair value.

Functional and presentation currency

These Company financial statements are presented in Euros, which is the functional currency of the majority of operations.

Valuation of investments

Investments in subsidiary undertakings are carried at the cost to the company (being the fair value of the shares acquired) less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with maturities of three months or less from the acquisition date and money market funds that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitisation of receivables are classified as cash. The amount of these balances is disclosed in the notes.

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.

2. Staff numbers and costs

There were no employees with contracts of employment in the name of the Company.

3. Directors' remuneration

None of the directors received any fees or remuneration for services as a director of the Company during the financial year, however remuneration paid by and for services to group companies is included in note 6 of the consolidated accounts.

4. Investments

The directors believe the carrying value of the investments is supported by the underlying cash flows of the subsidiaries.

In millions of EUR	**31 December 2019**	**31 December 2018**
Subsidiaries	2,390.0	2,390.0
Total	**2,390.0**	**2,390.0**

Accordingly the Company's investments comprise a 100% holding in INEOS Styrolution Financing Limited.

The subsidiary and undertakings of the Company at 31 December 2019 and the percentage of equity share capital held are set out below.

Name of the company	Country of incorporation and registered address	Voting share	Ownership share
INEOS Styrolution Financing Limited[1]	United Kingdom, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	100%	100%
INEOS Styrolution Investment GmbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Holding GmbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution America LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Belgium NV	Belgium, Haven 725, Scheldelaan 600, 2040 Antwerp	100%	100%
INEOS Styrolution Belgium Services bvba	Belgium, 2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen	100%	100%
INEOS Styrolution Beteiligungs GmbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Canada Ltd.	Canada, 872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario	100%	100%
INEOS Styrolution (China) Investment Co. Ltd	China, Room 2502, 567 Langao Road, Putuo District, Shanghai	100%	100%

INEOS Styrolution do Brasil Polimeros Ltda.	Brazil, Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011	100%	100%
INEOS Styrolution HongKong Company Limited	China, Room 905, 9/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong	100%	100%
INEOS Styrolution Europe GmbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution France SAS	France, rue Albert Duplat, F-62410 Wingles	100%	100%
INEOS Styrolution France Services SAS	France, 95 rue la Boétie, F-75008 Paris	100%	100%
INEOS Styrolution Group GmbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Iberia S.L.	Spain, Ronda General Mitre 28-30, 08017 Barcelona	100%	100%
INEOS Styrolution India Limited	India, 5th Floor, OHM House - II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat	75%	75%
INEOS Styrolution Switzerland SA	Switzerland, Avenue des Uttins 3, CH-1180 Rolle	100%	100%
INEOS Styrolution Italia S.r.L.	Italy, Via Caldera 21, 20153 Milano Cesano Maderno	100%	100%
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi	Turkey, Eski Büyükdere Cad. No. 9/78, Iz Plaza Giz, Zemin Kat Oda no. 9-K, 34398 Maslak Şişli Istanbul	100%	100%
INEOS Styrolution Köln GmbH	Germany, Alte Strasse 201, 50769 Cologne	100%	100%
INEOS Styrolution Korea Ltd.	South Korea, Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan	100%	100%
KR Copolymer Co. Ltd.	South Korea, 434, Sandanjungang-ro, Yeosu-si, Jeollanam-do, 59643 Republic of Korea	100%	100%
INEOS Styrolution Ludwigshafen GmbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution Mexicana, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution Netherlands B.V.	The Netherlands, Strawinskylaan 411, NL-1077 XX Amsterdam	100%	100%
INEOS Styrolution OOO	Russian Federation, Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow	100%	100%
INEOS Styrolution Poland Sp. z o.o.	Poland, ul. Wołoska 9, 02-583 Warszawa	100%	100%
INEOS Styrolution Polymers (Foshan) Co. Ltd.	China, No. 61, Jinben Industry Avenue, Xinan Sub-district, Sanshui District, Foshan, Guangdong Province	100%	100%

INEOS Styrolution Polymers (Ningbo) Co. Ltd.	China, No.2388, Minghai North Road, Ningbo Petrochemical Economy & Technology Development Zone, Ningbo, Zhejiang	100%	100%
INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd	China, Building No. 3 Unit 1-10, 266 Beihai Road, Ningbo Petrochemical Zone, Zhenhai District, Ningbo	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China, Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Polymers (Shanghai) Co. Ltd. – Guangzhou Branch	China, Room 06, 34th Floor, No. 208, Teem Plaza, Tianhe Road, Tianhe District, 510620 Guangzhou	100%	100%
INEOS Styrolution (Shanghai) Management Co. Ltd.	China, Suite 2502, 567 Langao Road, 200333 Shanghai	100%	100%
INEOS Styrolution Schwarzheide GmbH	Germany, Schipkauer Strasse 1, 01987 Schwarzheide	100%	100%
INEOS Styrolution Servicios, S.A. de C.V.	Mexico, Avenida Insurgentes Sur No. 859, Piso 11, Colonia Nápoles, 03810, Mexico City	100%	100%
INEOS Styrolution APAC Pte Ltd.	Singapore, 111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164	100%	100%
INEOS Styrolution UK Limited	United Kingdom, c/o DWF LLP, 1 Scott Place 2 Hardman Street, Manchester M3 3AA	100%	100%
INEOS Styrolution US Holding LLC	USA, 1209 Orange Street, Wilmington DE 19801, Delaware	100%	100%
INEOS Styrolution Verwaltungsgesellschaft mbH	Germany, Mainzer Landstrasse 50, 60325 Frankfurt	100%	100%
INEOS Styrolution (Thailand) Co., Ltd.	Thailand, No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong	100%	100%
INEOS Styrolution Vietnam Co., Ltd.	Vietnam, 11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi	100%	100%
INEOS Styrolution APAC Pte Ltd. – Japan Branch	Japan, 1-25-1 Nishi-Shinjuku, Shinjuku-ku (35F, Shinjyuku Center Building), Tokyo 1630635	100%	100%
Deutsche Bank Mexico F/1787 Styrolution	Mexico, Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City	0%	0%
INEOS Styrolution Receivables Finance Designated Activity Company	Ireland, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1	0%	0%

[1] Company held directly by INEOS Styrolution Holding Limited. All other companies are held indirectly.

5. Share capital

Fully paid

In millions of EUR	**31 December 2019**	**31 December 2018**
200,100 (2018: 200,100) ordinary shares of EUR 1.38 (2018: EUR 1.38) each	0.3	0.3
Total	**0.3**	**0.3**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

6. Dividends

The directors of the Company have proposed and paid a dividend of EUR 582.2 million during the year ended 31 December 2019 (2018: EUR 165.5 million).

7. Contingencies

INEOS Styrolution Holding Limited has provided a letter of comfort to INEOS Styrolution Financing Limited to confirm it will receive adequate financial funding to fill its obligations to creditors at any time.

8. Related Parties

The Company received services for EUR 0.1 million (2018: EUR 0.1 million) from INEOS Industries Property Limited.

9. Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Industries Holdings Limited.

The ultimate parent undertaking at 31 December 2019 was INEOS Limited, a company registered in Isle of Man.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited. Copies of the financial statements can be obtained from the company secretary, INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

10. Subsequent events

On 10 January 2020, the Company announced plans to build a world-scale ABS plant in Ningbo. The investment will be a greenfield ABS plant adjacent to the Ningbo polystyrene site in the Zhejiang Province in Eastern China. The annual capacity of this new world-scale plant will be 600,000 tonnes. The completion is expected in 2023.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the EUR tranche to EUR 450 million while keeping the USD tranche at USD 202 million. In addition, the Group issued a fixed coupon senior secured note with a principal amount of EUR 600 million. The maturity of the instruments is January 2027.

On 4 February 2020, the Company’s shareholder approved an interim dividend of EUR 350 million from INEOS Styrolution Holding Limited to the shareholder INEOS Industries Holdings Limited.

On 11 February 2020, the Group repaid the drawn amount under the securitisation programme in the amount of EUR 190 million.

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Group has its parent companies in the United Kingdom. The Group has trading activities in United Kingdom, but does not have production facilities and no warehouses in the UK. The Group does not expect a significant financial impact on its business from Brexit.

INEOS Styrolution is closely monitoring the evolution of the Coronavirus and is following the World Health Organisation travel advice. With regards to business impact, China has a dominant role as largest producer and consumer of styrenics materials. The Group operates two Polystyrene plants in China which are currently operating at reduced rates and may have to be shut temporarily if circumstances require this. The main reason for reduced production is external logistics constraints as travel restrictions limit freight in the country. The effect the virus will have on the global economy and styrenics industry is difficult to assess at this point in time. INEOS Styrolution is constantly evaluating the situation and monitoring any potential effects on production and deliveries.

No further significant subsequent events occurred for the period between the reporting date of these Consolidated Financial Statements and their authorisation by the Board of Directors on 21 February 2020.