INEOS GROUP HOLDINGS S.A.

Three month period ended September 30, 2014

INEOS GROUP HOLDINGS S.A.
INCOME STATEMENT (UNAUDITED)

	Three-Month Period Ended September 30,	
	2014	**2013**
	(€ in millions)	
Revenue	**4,576.6**	**4,049.6**
Cost of sales	(3,965.0)	(3,608.5)
Gross profit	**611.6**	**441.1**
Distribution costs	(50.2)	(48.2)
Administrative expenses	(109.9)	(80.7)
Exceptional administrative expenses	(31.3)	-
Operating profit	**420.2**	**312.2**
Share of profit of associates and jointly controlled entities using the equity accounting method	25.3	15.1
Loss on disposal of business	(324.7)	-
Profit before net finance costs	**120.8**	**327.3**
Finance income	7.6	8.6
Finance costs	(197.6)	(104.0)
(Loss)/profit before tax	**(69.2)**	**231.9**
Tax charge	(118.4)	(108.4)
(Loss)/profit for the period	**(187.6)**	**123.5**

INEOS GROUP HOLDINGS S.A.
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Nine-Month Period Ended September 30,	
	2014	**2013**
	(€ in millions)	
Revenue	**13,206.2**	**12,767.8**
Cost of sales	(11,679.6)	(11,504.0)
Gross profit	**1,526.6**	**1,263.8**
Distribution costs	(153.6)	(167.5)
Administrative expenses	(254.6)	(207.6)
Exceptional administrative expenses	(39.0)	-
Operating profit	**1,079.4**	**888.7**
Share of (loss)/profit of associates and jointly controlled entities using the equity accounting method	(58.0)	2.8
Loss on disposal of business	(331.3)	-
Profit before net finance costs	**690.1**	**891.5**
Finance income	29.6	28.0
Finance costs	(450.6)	(391.3)
Exceptional finance costs	-	(121.1)
Profit before tax	**269.1**	**407.1**
Tax charge	(328.2)	(202.1)
(Loss)/profit for the period	**(59.1)**	**205.0**

INEOS GROUP HOLDINGS S.A.
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Nine-Month Period Ended September 30,	
	2014	**2013**
	(€ in millions)	
(Loss)/profit for the period	(59.1)	205.0
Other comprehensive income:		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations	(7.0)	-
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences net of tax	(204.5)	39.8
Net loss on hedge of net investment in foreign operations net of tax	166.8	(50.8)
Recognised in loss on disposal	(22.9)	-
Other comprehensive income for the period net of tax	**(67.6)**	**(11.0)**
Total comprehensive income for the period	**(126.7)**	**194.0**

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEETS

	September 30, 2014	December 31, 2013
	(Unaudited)	
	(€ in millions)	
Non-current assets		
Property, plant and equipment	2,996.3	3,151.2
Intangible assets	636.6	623.6
Investments in equity-accounted investees	270.2	374.6
Other investments	206.5	181.4
Other financial assets	29.7	52.3
Other receivables	268.6	101.9
Deferred tax assets	219.0	288.2
	4,626.9	4,773.2
Current assets		
Inventories	1,151.7	1,319.8
Trade and other receivables	2,237.6	1,913.4
Other financial assets	-	0.4
Cash and cash equivalents	1,342.8	1,130.0
	4,732.1	4,363.6
Total assets	**9,359.0**	**9,136.8**
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	779.4	779.4
Other reserves	(1,531.7)	(1,464.1)
Retained earnings	(338.4)	(279.3)
Total equity	**(1,089.8)**	**(963.1)**
Non-current liabilities		
Interest-bearing loans and borrowings	7,290.3	7,207.4
Trade and other payables	90.0	95.8
Employee benefits	496.0	635.0
Provisions	18.7	19.9
Deferred tax liabilities	162.9	162.9
	8,057.9	8,121.0
Current liabilities		
Interest-bearing loans and borrowings	322.4	32.1
Trade and other payables	1,829.0	1,798.4
Tax payable	230.0	137.2
Other financial liabilities	-	0.3
Provisions	9.5	10.9
	2,390.9	1,978.9
Total liabilities	**10,448.8**	**10,099.9**
Total equity and liabilities	**9,359.0**	**9,136.8**

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at 31 December 2013.......	**0.9**	**779.4**	**(1,464.1)**	**(279.3)**	**(963.1)**
Profit for the period	-	-	-	(59.1)	(59.1)
Other comprehensive income:					
Remeasurements of post employment benefit obligations......	-	-	(7.0)	-	(7.0)
Foreign exchange translation differences......................................	-	-	(204.5)	-	(204.5)
Net gain on hedge of net investment in foreign operations.....	-	-	166.8	-	166.8
Recognised in loss on disposal........	-	-	(22.9)	-	(22.9)
Balance at 30 September 2014	**0.9**	**779.4**	**(1,531.7)**	**(338.4)**	**(1,089.8)**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at 31 December 2012.......	**0.9**	**779.4**	**(1,427.2)**	**(111.1)**	**(758.0)**
Profit for the period	-	-	-	205.0	205.0
Other comprehensive income:					
Foreign exchange translation differences......................................	-	-	39.8	-	39.8
Net loss on hedge of net investment in foreign operations.....	-	-	(50.8)	-	(50.8)
Balance at 30 September 2013	**0.9**	**779.4**	**(1,438.2)**	**93.9**	**(564.0)**

INEOS GROUP HOLDINGS S.A.
STATEMENT OF CASH FLOWS (UNAUDITED)

	Nine-Month Period Ended September 30,	
	2014	**2013**
	(€ in millions)	
Cash flows from operating activities		
(Loss)/profit for the period	(59.1)	205.0
Adjustments for:		
Depreciation, amortisation and impairment	265.1	301.5
Net finance costs	421.0	484.4
Share of losses/(profit) of equity-accounted investees	58.0	(2.8)
Loss on disposal of business	331.3	-
Tax charge	328.2	202.1
(Increase)/decrease in trade and other receivables	(358.9)	6.9
Increase in inventories	(9.4)	(18.6)
Increase/(decrease) in trade and other payables	72.3	(224.9)
Decrease in provisions and employee benefits	(5.0)	(25.0)
Tax paid	(234.9)	(208.5)
Net cash from operating activities	**808.6**	**720.1**
Cash flows from investing activities		
Interest and other finance income received	1.5	7.8
Dividends received	2.2	2.8
Disposal of businesses, net of cash disposed of	(0.1)	0.1
Acquisition of property, plant and equipment	(264.0)	(378.9)
Acquisition of other investments	(9.2)	(1.0)
Net cash used in investing activities	**(269.6)**	**(369.2)**
Cash flows from financing activities		
Securitisation Facility	-	-
Proceeds from new Senior Notes	1,034.9	1,017.5
Proceeds from new Senior Secured Term Loans	-	838.5
Proceeds from Other Loans	-	14.3
Redemption of Senior Secured Notes	(1,032.1)	(735.1)
Redemption of Senior Notes	-	(1,017.1)
Issue costs	(11.8)	(17.2)
Interest paid	(362.5)	(486.3)
Repayment of loans	(24.7)	(22.0)
Capital element of finance lease payment	(1.3)	(1.6)
Net cash used in generated from financing activities	**(397.5)**	**(409.0)**
Net increase/(decrease) in cash and cash equivalents	141.5	(58.1)
Cash and cash equivalents at 1 January	1,130.0	1,235.4
Effect of exchange rate fluctuations on cash held	71.3	(19.2)
Cash and cash equivalents at September 30	**1,342.8**	**1,158.1**

1. BASIS OF PREPARATION

The consolidated financial statements include all subsidiaries of the Group. Intra-group transactions and balances have been eliminated on consolidation. The financial and operating results for any period less than a year are not necessarily indicative of the results that may be expected for a full year. The Group does not experience any significant seasonality in its operating results.

The accompanying consolidated financial statements of the Group are unaudited.

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective as of December 31, 2013. In compliance with IAS 34, the Company has opted for a condensed scope of reporting in the interim financial statements compared with the consolidated annual financial statements. The accounting policies are set out in the INEOS Group Holdings S.A. annual report for the year ended December 31, 2013.

3. SEGMENTAL INFORMATION

Class of business

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The revenue and operating profit attributable to each different class of business as measured under IFRS is as follows:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2014	2013	2014	2013
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	1,008.4	906.0	2,807.9	2,677.8
O&P Europe	1,861.7	1,754.6	5,670.8	5,731.5
Chemical Intermediates	2,165.4	2,079.6	6,426.1	6,301.1
Eliminations	(458.9)	(690.6)	(1,698.6)	(1,942.6)
	4,576.6	4,049.6	13,206.2	12,767.8
EBITDA before exceptionals				
O&P North America	304.0	241.6	736.2	710.8
O&P Europe	59.9	16.8	193.2	78.8
Chemical Intermediates	171.5	151.7	454.1	400.6
	535.4	410.1	1,383.5	1,190.2

Reconciliation of earnings from continuing operations before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA before exceptionals') to operating profit:

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2014	2013	2014	2013
	(€ in millions)		*(€ in millions)*	
EBITDA before exceptionals	535.4	410.1	1,383.5	1,190.2
Depreciation and amortisation	(83.9)	(97.9)	(265.1)	(301.5)
Exceptional items	(31.3)	-	(39.0)	-
Operating profit	420.2	312.2	1,079.4	888.7

4. DISPOSAL

On July 1, 2014, the Group completed the disposal of the Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South, to a new subsidiary of INEOS AG, the ultimate parent company, for a total consideration of €200 million. As at September 30, 2014 the consideration remained outstanding.

The downstream assets at the Lavera complex will form a separate stand-alone finance group. These arrangements have been put in place as part of a proposed restructuring plan for these businesses, which have under-performed historically. The proposed restructuring plan aims to improve the reliability and cost base of the Lavera site going forward.

Effect of the aggregated disposals on individual assets and liabilities

	2014
	(€ in millions)
Property, plant and equipment	226.5
Intangibles	0.1
Investments	58.9
Inventories	208.5
Trade and other receivables	304.6
Cash	0.1
Employee benefits	(159.7)
Deferred tax asset on employee benefits	54.9
Trade and other payables	(157.8)
Deferred tax asset	18.0
Provisions	(29.4)
Net assets disposed of	524.7
Proceeds	200.0
Loss on disposal of business	**324.7**

5. FINANCE COSTS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2014	2013	2014	2013
	(€ in millions)		*(€ in millions)*	
Interest payable on senior notes	66.9	73.1	200.0	247.2
Interest payable on bank loans and overdrafts	28.9	31.7	85.7	108.3
Interest payable on securitisation	3.0	4.7	9.3	14.0
Amortisation of issue costs	3.2	3.8	17.4	17.0
Other finance charges	9.0	8.6	27.1	26.3
Net fair value loss/(gain) on derivatives	-	5.2	(0.3)	4.5
Finance costs before exchange movements	111.0	127.1	339.2	417.3
Exchange movements	86.6	(23.1)	111.4	(26.0)
Total finance costs	197.6	104.0	450.6	391.3

6. TAXATION

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

After adjusting for the losses from the share of associates and jointly controlled entities and the loss on disposal, the effective tax rate of approximately 50% for the first nine months of 2014 reflects the anticipated tax rate for the Group for the full year. The effective rate in the same period in 2013 was approximately 50% which reflected the anticipated tax rate for the full year.

7. INVENTORIES

	September 30, 2014	December 31, 2013
	(€ in millions)	
Raw materials and consumables	452.7	451.7
Work in progress	27.5	28.4
Finished products	671.5	839.7
	1,151.7	1,319.8

8. BORROWINGS

Borrowing obligations as of September 30, 2014 and December 31, 2013 are as follows:

	September 30, 2014	December 31, 2013
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loans	2,827.1	2,951.2
Senior Secured Notes due 2019	1,266.3	1,198.0
Senior Secured Notes due 2020	602.9	551.9
Senior Notes due 2016	-	1,025.9
Senior Notes due 2018	1,028.1	983.2
Senior Notes due 2019	1,056.8	-
Securitisation Facility	498.5	481.8
Finance lease liabilities	0.8	2.0
Other loans	9.8	13.4
	7,290.3	7,207.4

8. BORROWINGS (Continued)

	September 30, 2014	December 31, 2013
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	316.2	28.5
Other loans	3.6	0.9
Current portion of finance lease liabilities	2.6	2.7
	322.4	32.1

	September 30, 2014		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	3,149.8	(6.5)	3,143.3
Senior Secured Notes due 2019	1,288.2	(21.9)	1,266.3
Senior Secured Notes due 2020	610.9	(8.0)	602.9
Senior Notes due 2018	1,034.4	(6.3)	1,028.1
Senior Notes due 2019	1,065.0	(8.2)	1,056.8
Securitisation Facility	499.9	(1.4)	498.5
Other	16.8	-	16.8
	7,665.0	(52.3)	7,612.7

	December 31, 2013		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	2,987.5	(7.8)	2,979.7
Senior Secured Notes due 2019	1,223.8	(25.8)	1,198.0
Senior Secured Notes due 2020	560.9	(9.0)	551.9
Senior Notes due 2016	1,032.1	(6.2)	1,025.9
Senior Notes due 2018	990.8	(7.6)	983.2
Securitisation Facility	483.3	(1.5)	481.8
Other	19.0	-	19.0
	7,297.4	(57.9)	7,239.5

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loans	$/€	LIBOR plus 2.00%-3.00%	2015-2018
Senior Secured Notes	$/€	7.50%-8.375%	2019-2020
Floating Rate Senior Secured Notes	€	EURIBOR plus 6%	2019
Senior Notes	$/€	5.75%-6.5%	2018-2019
Securitisation Facility	$/€/£	Variable	2016
Other	€/$	3.75% – 9.0%	2014-2018

Senior Secured Term Loans

The Company had original borrowings under a senior facilities agreement (the "Senior Secured Term Loans") which consisted of Term Loans comprising of $375 million of short-dated term loans (the ''Short-Dated Dollar Term Loans''), €500 million of term loans (the ''Euro Term Loans'') and $2.0 billion of term loans (the ''Dollar Term Loans''). In May 2013 the Group completed the re-pricing and up-sizing of the Senior Secured Term Loan facility. The refinancing comprised of a $640 million and a

8. BORROWINGS (Continued)

€350 million, five-year add-on term loans. In February 2014 the Group completed a further re-pricing of its Euro Term Loans and Dollar Term Loans. The margins on the Euro Term Loans and the Dollar Term Loans both maturing in May 2018 were reduced by 25bps. In addition the Dollar Term Loans were reduced by $84.1 million and the Euro Term Loans were increased by €61.4 million. The Senior Secured Term Loans outstanding at September 30, 2014 before issue costs were €3,149.8 million, of which €318.0 million is due within one year. The total amounts outstanding on the Short-Dated Dollar Term Loans were €288.2 million, Euro Term Loans were €893.3 million and Dollar Term Loans were €1,968.3 million.

The Term Loans are to be repaid in equal quarterly instalments, in aggregate annual amounts equal to 1% of the original principal amount of the Term Loans. The respective balances of the Euro Term Loans and Dollar Term Loans are payable, subject to certain exceptions, on the date that is six years after the original Issue Date. The balances of the Short-Dated Dollar Term Loans are payable, subject to certain exceptions, on the date that is three years after the original Issue Date. The Short-Dated Dollar Term Loans mature in May 2015. The Euro Term Loans and the Dollar Term Loans mature in May 2018.

The outstanding Euro Term Loans bear interest at a rate per annum equal to LIBOR (subject to a floor of 1.00% per annum) plus the Applicable Margin and the outstanding Short-Dated Dollar Term Loans and Dollar Term Loans will bear interest a rate per annum equal to LIBOR (subject to a floor of 1.00% per annum on the Dollar Term Loans) plus the Applicable Margin. The floor was reduced from 1.25% to 1.00% in May 2013.

As at September 30, 2014 the Applicable Margin for the Euro Term Loans is 3.00%, the Short-Dated Dollar Term Loans is 2.00% and the Dollar Term Loans is 2.75%. The Applicable Margins were reduced as a result of the re-pricing in February 2014.

The Senior Secured Term Loans rank pari passu with the Senior Secured Notes due 2019 and the Senior Secured Notes due 2020 and are structurally senior to the Senior Notes due 2018 and Senior Notes due 2019. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The Term Loans and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited’s obligations under the senior secured notes.

The Term Loans have numerous customary operating and financial incurrence covenants including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loans have no financial maintenance covenants.

The Senior Secured Term Loans are stated net of debt issue costs of €6.5 million (December 31, 2013: €7.8 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Term Loans in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

8. BORROWINGS (Continued)

Senior Secured Notes due 2019

The Senior Secured Notes due 2019 are listed on the Luxembourg Stock Exchange and comprise €500.0 million Floating Rate Senior Secured Notes due 2019 (the "2019 Euro Floating Rate Notes") and $1,000.0 million Senior Secured Notes due 2019 (the "2019 Dollar Fixed Rate Notes"). The 2019 Euro Floating Rate Notes bear interest at a rate per annum, reset quarterly, equal to the sum of (i) the greater of (x) three-month EURIBOR and (y) 1.25% per annum plus (ii) 6.0%. Interest on the 2019 Euro Floating Rate Notes is payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2012. The 2019 Dollar Fixed Rate Notes bear interest at a rate of 8.375% per annum. Interest on the 2019 Dollar Fixed Rate Notes is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2012. Unless previously redeemed as noted below, the Senior Secured Notes will be redeemed by the Group at their principal amount on February 15, 2019.

The 2019 Euro Floating Rate Notes will be subject to redemption at any time on or after February 15, 2015, at the option of the 2019 Notes Issuer, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning on February 15 of the year indicated below:

Year	2019 Euro Floating Rate Notes Redemption Price
2015	102.000%
2016	101.000%
2017 and thereafter	100.000%

The 2019 Dollar Fixed Rate Notes will be subject to redemption at any time on or after February 15, 2015, at the option of the 2019 Notes Issuer, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning on February 15 of the year indicated below:

Year	2019 Dollar Fixed Rate Notes Redemption Price
2015	106.281%
2016	104.188%
2017	102.094%
2018 and thereafter	100.000%

8. BORROWINGS (Continued)

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2019 rank pari passu with the Senior Secured Term Loans and the Senior Secured Notes due 2020 and are structurally senior to the Senior Notes due 2018 and the Senior Notes due 2019. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the senior secured credit facility.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes due 2019 are stated net of debt issue costs of €21.9 million (December 31, 2013: €25.8 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2019 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Secured Notes due 2020
The Senior Secured Notes due 2020 are listed on the Luxembourg Stock Exchange and comprise of $775.0 million Senior Secured Notes. The Senior Secured Notes due 2020 bear interest at 7.5% per annum, payable semi-annually in arrears on May 1 and November 1 of each year. Unless previously redeemed as noted below, the Senior Secured Notes due 2020 will be redeemed by the Group at their principal amount on May 1, 2020.

The Senior Secured Notes due 2020 will be subject to redemption at any time on or after May 1, 2015, at the option of the Issuer, in whole or in part, on not less than 30 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning May 1 of the year indicated below:

Year	2020 Dollar Fixed Rate Notes Redemption Price
2015	105.625%
2016	103.750%
2017	101.875%
2018 and thereafter	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes due 2020 rank pari passu with the Senior Secured Term Loans and the Senior Secured Notes due 2019 and are structurally senior to the Senior Notes due 2018 and the Senior Notes due 2019. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the senior secured term loans.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

8. BORROWINGS (Continued)

The Senior Secured Notes due 2020 are stated net of debt issue costs of €8.0 million (December 31, 2013: €9.0 million). These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2020 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Notes due 2016

The Group used the proceeds from the Senior Notes due 2018 to refinance all of its outstanding U.S. dollar-denominated Senior Notes due 2016 on May 15, 2013 and redeem €500 million aggregate principal amount of its outstanding euro-denominated Senior Notes due 2016 pursuant to a partial redemption (redemption date of June 5, 2013). The remaining Senior Notes due 2016 were fully redeemed by the Group at their principal amount on February 19, 2014 with the proceeds of the Senior Notes due 2019. The Senior Notes due 2016 were listed on the Luxembourg Stock Exchange and before redemptions comprised of €1,532.1 million Senior Notes due 2016 (the “Euro Notes”) and $677.5 million Senior Notes due 2016 (the “Dollar Notes”). The Senior Notes due 2016 beared interest at 7.875% per annum for the Euro Notes payable semi-annually in arrears on 15 February and 15 August of each year.

Following the full redemption of the Senior Notes due 2016 the Group has written-off the associated unamortised debt issue costs. The debt issue costs at December 31, 2013 were €6.2 million.

Senior Notes due 2018

The Senior Notes due 2018 are listed on the Luxembourg Stock Exchange and comprise €500 million Senior Notes due 2018 (the “Euro Notes”) and $678 million Senior Notes due 2018 (the “Dollar Notes”). The Senior Notes due 2018 bear interest at 6.50% per annum for the Euro Notes and 6.125% for the Dollar Notes, payable semi-annually in arrears on 15 February and 15 August of each year. Unless previously redeemed as noted below, the Senior Notes due 2018 will be redeemed by the Group at their principal amount on 15 August 2018.

The Senior Notes due 2018 are subject to redemption at the option of the Group, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning 15 February of the years indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2015	103.250%	103.063%
2016	101.625%	101.531%
2017 and thereafter	100.000%	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Notes due 2018 are secured by junior pledges of all of the shares of INEOS Holdings Limited. The Senior Notes due 2018 are guaranteed by INEOS Holdings Limited and its material operating subsidiaries on an unsecured senior subordinated basis. Such guarantees only become due 179 days after an event of default on the Senior Notes due 2018 has occurred or earlier under certain circumstances.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Notes due 2018 are stated net of debt issue costs of €6.3 million (December 31, 2013: €7.6 million). These costs are allocated to the profit and loss account over the term of the Senior Notes due 2018 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

8. BORROWINGS (Continued)

Senior Notes due 2019

The Senior Notes due 2019 are listed on the Luxembourg Stock Exchange and comprise €600 million Senior Notes due 2019 (the "Euro Notes") and $590 million Senior Notes due 2019 (the "Dollar Notes"). The Senior Notes due 2019 bear interest at 5.75% per annum for the Euro Notes and 5.875% for the Dollar Notes, payable semi-annually in arrears on 15 February and 15 August of each year. Unless previously redeemed as noted below, the Senior Notes due 2019 will be redeemed by the Group at their principal amount on 15 February 2019.

The Senior Notes due 2019 are subject to redemption at the option of the Group, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning 15 February of the years indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2016	102.875%	102.938%
2017	101.438%	101.469%
2018 and thereafter	100.000%	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Notes due 2019 are secured by junior pledges of all of the shares of INEOS Holdings Limited. The Senior Notes due 2019 are guaranteed by INEOS Holdings Limited and its material operating subsidiaries on an unsecured senior subordinated basis. Such guarantees only become due 179 days after an event of default on the Senior Notes due 2019 has occurred or earlier under certain circumstances.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Notes due 2019 are stated net of debt issue costs of €8.2 million. These costs are allocated to the profit and loss account over the term of the Senior Notes due 2019 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Receivables Securitisation Facility

The Company has entered into a €1,000 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures in December 2016. The total amount outstanding at September 30, 2014 was €499.9 million (December 31, 2013: €483.3 million).

The Receivables Securitisation Facility is stated net of debt issue costs of €1.4 million (December 31, 2013: €1.5 million).

9. CONTINGENCIES

The Company is subject to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment. In management's opinion, none of the proceedings is material to the financial condition or results of operation of the Company.

10. RELATED PARTIES

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS AG. INEOS AG provides operational management services to the Group through a management services agreement. INEOS AG management fees of €20.0 million (September 30, 2013: €19.1 million) were charged to the income

10. RELATED PARTIES (Continued)

statement during the three month period ended September 30, 2014. As at September 30, 2014 amounts owed to INEOS AG were €20.1 million (September 30, 2013: €24.1 million). Amounts due from INEOS Holdings AG, a wholly owned subsidiary of INEOS AG, were €38.4 million (September 30, 2013: €12.2 million).

INEOS AG owns and controls a number of operating subsidiaries that are not included in the INEOS Group Holdings S.A. group, including Kerling plc, INEOS Industries Limited, the Grangemouth petrochemical subsidiaries which were divested on October 1, 2013 and the Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South which were divested on July 1, 2014. During the three month period ended September 30, 2014 the Group has made sales to these subsidiaries of €271.1 million (September 30, 2013: €94.2 million), recovered costs of €150.7 million (September 30, 2013: €6.6 million) and made purchases of €79.0 million (September 30, 2013: €18.8 million). As at September 30, 2014, €558.0 million (September 30, 2013: €213.2 million) was owed by and €243.1 million (September 30, 2013: €15.5 million) was owed to these subsidiaries.

Following the divestment of the Grangemouth petrochemical business on October 1, 2013 the Group has put in place a €200 million Shareholder Loan Agreement to fund the ongoing operations and investments required at the site. This facility matures on September 30, 2020 and is secured on a second lien basis on the assets of the Grangemouth petrochemical business. As at September 30, 2014 €106.9 million had been drawn under the facility.

There were a number of transactions with joint ventures, all of which arose in the normal course of business.

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the three month period ended September 30, 2014 the Group has made sales to the Refining joint ventures of €46.3 million (September 30, 2013: €70.1 million), recovered costs of €27.3 million (September 30, 2013: €0.8 million) and made purchases of €215.5 million (September 30, 2013: €265.5 million). As at September 30, 2014, €8.3 million (September 30, 2013: €31.2 million) was owed by the Refining joint ventures and €37.2 million (September 30, 2013: €41.6 million) was owed to the Refining joint ventures.

Styrolution is a joint venture between INEOS Industries Holdings Limited and BASF. During the three month period ended September 30, 2014 the Group has made sales to the Styrolution joint venture of €79.4 million (September 30, 2013: €57.5 million), recovered costs of €1.8 million (September 30, 2013: €2.7 million) and made purchases of €0.0 million (September 30, 2013: €3.8 million). As at September 30, 2014, €27.5 million (September 30, 2013: €39.6 million) was owed by the Styrolution joint venture and €0.0 million (September 30, 2013: €1.4 million) was owed to the Styrolution joint venture.

During the three month period ended September 30, 2014 the Group has recovered costs from other joint ventures of €1.6 million (September 30, 2013: €32.0 million) and made purchases of €4.4 million (September 30, 2013: €51.6 million). As at September 30, 2014, €1.0 million (September 30, 2013: €57.4 million) was owed by other joint ventures and €3.6 million (September 30, 2013: €19.3 million) was owed to other joint ventures.

FORWARD-LOOKING STATEMENTS

The Company includes "forward-looking statements," within the meaning of the US securities laws, based on our current expectations and projections about future events, including:

- the cyclical and highly competitive nature of our businesses;
- our high degree of leverage and significant debt service obligations, as well as our ability to generate sufficient cash flow to service our debt;
- our sales growth across our principal businesses and our strategy for controlling costs, growing margins, increasing manufacturing capacity and production levels, and making capital expenditures;
- our ability to deleverage through strategic disposals of certain assets and non-core businesses;
- raw material costs or supply arrangements;
- our technological and manufacturing assets and our ability to utilize them to further increase sales and the profitability of our businesses;
- impacts of climate change, including regulatory requirements on greenhouse gas emissions, the costs to purchase emissions allowances and the physical risks to our facilities of severe weather conditions;
- current or future health, safety and environmental requirements and the related costs of maintaining compliance with, and addressing liabilities under, those requirements;
- operational hazards, including the risk of accidents that result in injury to persons and environmental contamination;
- our ability to retain existing customers and obtain new customers;
- our ability to develop new products and technologies successfully;
- our ability to successfully integrate acquired businesses with our historical business and realize anticipated synergies and cost savings, including with respect to businesses acquired;
- currency fluctuations;
- our ability to attract and retain members of management and key employees; and
- our relationship with our shareholders.

All statements other than statements of historical facts included in this report including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business and the notes, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties. Words such as "believe," "expect," "anticipate," "may," "intend," "will," "should," "estimate" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following discussion is based upon the unaudited consolidated historical financial statements of INEOS prepared in accordance with IFRS. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements.

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue. Our business has highly integrated, world class chemical facilities and production technologies. We have leading global market positions for a majority of our key products, a strong and stable customer base and a highly experienced management team. We currently operate 24 manufacturing sites in 6 countries throughout the world, following the transfer of our Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South out of the Group on July 1, 2014. As of December 31, 2013, our total chemical production capacity was approximately 22,000 kta, of which 65% was in Europe and 35% was in North America.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, our revenue and expenses and such amounts as a percentage of revenue.

	Three-Month Period Ended September 30,			
	2014		2013	
	€m	%	€m	%
Revenue	**4,576.6**	**100.0**	**4,049.6**	**100.0**
Cost of sales	(3,965.0)	(86.6)	(3,608.5)	(89.1)
Gross profit	**611.6**	**13.4**	**441.1**	**10.9**
Distribution costs	(50.2)	(1.1)	(48.2)	(1.2)
Administrative expenses	(109.9)	(2.4)	(80.7)	(2.0)
Exceptional administrative expenses	(31.3)	(0.7)	-	-
Operating profit	**420.2**	**9.2**	**312.2**	**7.7**
Share of profit of associates and jointly controlled entities	25.3	**0.6**	15.1	0.4
Loss on disposal of business	(324.7)	(7.1)	-	-
Profit before net finance costs	**120.8**	**2.6**	**327.3**	**8.1**
Finance income	7.6	0.2	8.6	0.2
Finance costs	(197.6)	(4.3)	(104.0)	(2.6)
(Loss)/profit before tax	**(69.2)**	**(1.5)**	**231.9**	**5.7**
Tax charge	(118.4)	(2.6)	(108.4)	(2.7)
(Loss)/profit for the period	**(187.6)**	**(4.1)**	**123.5**	**3.0**

Three-Month Period Ended September 30, 2014, Compared to Three-Month Period Ended September 30, 2013

Revenue. Revenue increased by €527.0 million, approximately 13.0%, to €4,576.6 million in the three month period ended September 30, 2014 as compared to €4,049.6 million for the same period in 2013. The increase in revenues was largely due to an increase in volumes, together with some increases in prices. The Group divested the O&P UK business on October 1, 2013 and the O&P South business on July 1, 2014. Both the O&P UK and O&P South businesses still continue to utilise some of the Group's distribution companies in Europe after their divestitures, which has partially offset the reduction in revenues following their respective disposals. Underlying sales volumes for the Group increased in the three month period ended September 30, 2014 as compared to the same period in 2013 as a result of robust demand and increased production capacity available at O&P North America, together with improved market demand for the O&P Europe and Phenol businesses. The tighter markets were also impacted by a number of competitor outages, particulary in the US, which allowed prices to be maintained or increased despite a fall in crude oil prices, which decreased to an average of $102/bbl for the three month period ended September 30, 2014 as compared to $110/bbl in the same period in 2013. Revenues were favourably impacted by the appreciation of the US dollar by approximately 2% against the euro in the three month period ended September 30, 2014, as compared to the same period in 2013.

Cost of sales. Cost of sales increased by €356.5 million, approximately 9.9%, to €3,965.0 million in the three month period ended September 30, 2014 as compared to €3,608.5 million for the same period in 2013. The increase in cost of sales is largely due to an increase in sales volumes in the three month period ended September 30, 2014 as compared to the same period in 2013. In addition this increase has been partially offset by the fall in crude oil prices, which has meant lower feedstock prices across most of the Group in the three month period ended September 30, 2014, as compared to same period in 2013.

Gross profit. Gross profit increased by €170.5 million, approximately 38.7%, to €611.6 million in the three month period ended September 30, 2014 as compared to €441.1 million for the same period in 2013. The increase is partly due to higher sales volumes from continuing businesses across the Group in the three month period ended September 30, 2014 as compared to the same period in 2013 as well as improved margins as a number of competitor outages allowed the Group to maintain selling prices despite lower feedstock costs. In addition the appreciation of the US dollar by approximately 2% against the euro in the three month period ended September 30, 2014 as compared to the same period in 2013, has favourably impacted the euro reported results of our US businesses.

Distribution costs. Distribution costs increased by €2.0 million, approximately 4.1%, to €50.2 million in the three month period ended September 30, 2014 as compared to €48.2 million for the same period in 2013. The increase in distribution costs is primarily due to higher sales volumes from continuing businesses in the Group in the three month period ended September 30, 2014 as compared to the same period in 2013.

Administrative expenses. Administrative expenses increased by €29.2 million, approximately 36.2%, to €109.9 million in the three month period ended September 30, 2014 as compared to €80.7 million for the same period in 2013. The increase in administrative expenses is primarily due to additional research and development expenditure and higher bonus accruals in the three month period ended September 30, 2014 as compared to the same period in 2013 following the strong performances across all of the businesses within the Group.

Exceptional administrative expenses. Exceptional administrative expenses of €31.3 million in the three month period ended September 30, 2014 relates to further costs associated with the closure of our VAM business in Saltend, England which was closed in the fourth quarter of 2013.

Operating profit. Operating profit increased by €108.0 million, approximately 34.6%, to €420.2 million for the three month period ended September 30, 2014 as compared to €312.2 million for the same period in 2013.

Share of profit of associates and jointly controlled entities. Share of profit of associates and jointly controlled entities was a profit of €25.3 million for the three month period ended September 30, 2014 as compared to a profit of €15.1 million for the same period in 2013. The share of profit primarily reflects our share of the results of the Refining joint venture with PetroChina.

Loss on disposal of business. Loss on disposal of business of €324.7 million in the three month period ended September 30, 2014 relates to the divestment of the Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South out of the Group on July 1, 2014 to a new subsidiary of Ineos AG, the ultimate parent company. Total consideration for the disposal was €200 million.

Profit before net finance costs. Profit before net finance costs decreased by €206.5 million, approximately 63.1%, to €120.8 million for the three month period ended September 30, 2014 as compared to €327.3 million for the same period in 2013.

Finance income. Finance income decreased by €1.0 million to €7.6 million for the three month period ended September 30, 2014 as compared to €8.6 million for the same period in 2013. The income in the three month period ended September 30, 2014 primarily relates to interest income on the Group's investment in INEOS Investments Partnership, together with interest income from related parties.

Finance costs. Finance costs increased by €93.6 million to €197.6 million for the three month period ended September 30, 2014 as compared to €104.0 million for the same period in 2013. The increase in finance costs for the three month period ended September 30, 2014 reflects an increase in foreign exchange losses associated with short term intra group funding, which was a loss of €86.6 million in the third quarter of 2014 as compared to a gain of €23.1 million in the same period in 2013. Partially offsetting this increase are lower interest rates on the Group's debt following the refinancing transactions in May 2013 and February 2014. The weighted average interest rate of the Group is now 5.3%.

(Loss)/profit before tax. (Loss)/profit before tax decreased by €301.1 million, to a loss of €69.2 million for the three month period ended September 30, 2014 as compared to a profit of €231.9 million for the same period in 2013.

Tax charge. Tax charge increased by €10.0 million to a charge of €118.4 million for the three month period ended September 30, 2014 as compared to a charge of €108.4 million for the same period in 2013. Profits have generally been made in regions with significantly higher rates than the standard rate in Luxembourg of 29.2% (such as Canada and USA), whilst losses have been made in regions with lower rates than the standard rate (such as Switzerland). After adjusting for the results from the share of associates and jointly controlled entities and the loss on disposal of businesses, the effective tax rate of approximately 50% for the three month period ended September 30, 2014 reflects the anticipated tax rate for the Group for the full year. The effective rate for the three month period ended September 30, 2013 was approximately 50% after adjusting for the losses from the share of associates and jointly controlled entities, which reflected the anticipated tax rate for the full year for 2013.

(Loss)/profit for the period. (Loss)/profit for the period decreased by €311.1 million to a loss of €187.6 million for the three month period ended September 30, 2014 as compared to a profit of €123.5 million for the same period in 2013.

Business segments

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The following table provides an overview of the historical revenue and EBITDA before exceptionals of each of the business segments for the periods indicated:

	Three-Month Period Ended September 30,	
	2014	2013
	(€ in millions)	
Revenue		
O&P North America	1,008.4	906.0
O&P Europe	1,861.7	1,754.6
Chemical Intermediates	2,165.4	2,079.6
Eliminations	(458.9)	(690.6)
	4,576.6	4,049.6
EBITDA before exceptionals		
O&P North America	304.0	241.6
O&P Europe	59.9	16.8
Chemical Intermediates	171.5	151.7
	535.4	410.1

O&P North America

Revenue. Revenue in the O&P North America segment increased by €102.4 million, or 11.3%, to €1,008.4 million for the three month period ended September 30, 2014, as compared to €906.0 million for the same period in 2013. The increase was driven by higher selling prices and volumes in the three month period ended September 30, 2014 as compared to the same period of 2013. The weighted average sales price for the whole business was up approximately 7% in the three month period ended September 30, 2014 as compared to the same period in 2013, driven by higher polyethylene, polypropylene and olefin prices. Prices of finished goods continued to be strong as robust North American demand continued to be constrained by existing capacity limitations, especially in olefins due to a number of competitor outages following various operational issues. Sales volumes increased approximately 7% in three month period ended September 30, 2014 as compared to the same period of 2013 driven mainly by increased sales volumes for olefins and polyethylene. The higher sales volumes in the quarter were underpinned by increased production capabilities at the Chocolate Bayou plant as a result of recent furnace improvements. In addition the appreciation of the US dollar by approximately 2% against the euro in the three month period ended September 30, 2014 as compared to the same period of 2013 has increased reported euro revenues.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment increased by €62.4 million, or 25.8%, to €304.0 million for the three month period ended September 30, 2014 as compared to €241.6 million in the same period in 2013. The business has continued to benefit from its flexibility to be able to utilise cheaper gas feedstock to maintain healthy margins. The US cracker business environment was strong, with top of cycle margins and high operating rates throughout the three month period ended September 30, 2014. The results for the three month period ended September 30, 2014 were higher than the same period in 2013, following higher margins across all product lines as the U.S. continues to see a high margin environment bolstered by robust demand and low feedstock costs. Inventory holding gains were approximately €7 million in the three month period ended September 30, 2014 as compared to inventory holding gains of approximately €10 million in the same period in 2013. In addition the appreciation of the US dollar by approximately 2% against the euro in the three month period ended September 30, 2014 as compared to the same period in 2013, has had a favourable impact on the euro reported results.

O&P Europe

Revenue. Revenue in the O&P Europe segment increased by €107.1 million, or 6.1%, to €1,861.7 million for the three month period ended September 30, 2014 as compared to €1,754.6 million for the same period in 2013. The Group divested the O&P UK business on October 1, 2013 and the O&P South business on July 1, 2014. Both the O&P UK and O&P South businesses still continue to utilise some of the Group's distribution companies in Europe after their divestitures, which has partially offset the reduction in segment volumes following their respective disposals. The increase in revenues within the remaining O&P North business is primarily driven by an increase in sales volumes. Polymer sales increased due to a stronger market and aromatics sold more gasoline blends in the three month period ending September 30, 2014 as compared to the same period in 2013. In addition sales volumes of ethylene and propylene were adversely impacted in the third quarter of 2013 following the commencement of a turnaround at the Koln plant in September 2013. To a lesser extent the increase in revenues in the three month period ended September 30, 2014 as compared to the same period in 2013 was also due to higher prices as favourable market conditions led to higher benzene and butadiene prices. Overall polymer prices were only slightly higher as big increases in polypropylene prices were largely offset by weaker HDPE prices.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment increased by €43.1 million or 256.5% to €59.9 million for the three month period ended September 30, 2014, as compared to €16.8 million in the same period in 2013. The results for the three month period ended September 30, 2014 have increased compared to the same period in 2013, primarily due to increased margins and sales volumes in the O&P North business. Overall olefin margins were up driven by propylene, butadiene and benzene; whilst polymers margins improved driven by LLDPE and polypropylene, partially offset by weaker HDPE margins. In addition higher sales volumes in the three month period ended September 30, 2014 as compared to the same period in 2013 also led to an improved performance in the quarter. Partially offsetting this increase were inventory holding losses of approximately €13 million in the three month period ended September 30, 2014 as compared to inventory holding gains of approximately €17 million in the same period in 2013. The partial closure of the cracker in Lavera during the third quarter of 2013 adversely impacted the results for that quarter. The results for the three month period ended September 30, 2013 were also adversely impacted by the poor performance at O&P UK. The Group disposed of the O&P UK business on October 1, 2013 and the O&P South business on July 1, 2014.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment increased by €85.8 million, or 4.1%, to €2,165.4 million for the three month period ended September 30, 2014 as compared to €2,079.6 million for the same period in 2013. The Phenol business revenues increased in the three month period ended September 30, 2014 as compared to the same period in 2013, driven by both increased sales volumes and higher prices. Total sales volumes increased by approximately 10% in the three month period ended September 30, 2014 as compared to the same period in 2013, driven by higher sales volumes of both phenol and acetone. The higher sales volumes were a result of slightly increased demand in the domestic markets as well as higher levels of export shipments for acetone. The increase in finished good prices moved in line with the underlying raw material prices as benzene prices increased in both regions leading to higher phenol prices. Average acetone prices also increased following higher European propylene prices. The Oligomers business experienced a decrease in revenue in the three month period ended September 30, 2014 as compared to the same period in 2013, largely driven by a decrease in sales volumes which were down by approximately 7%. The decreased volumes were the result of a force majeure at our Feluy, Belgium site after a fire in the quarter and the PIB business at Lavera being divested from the Group on July 1, 2014. The Oxide business revenues decreased in the three month period ended September 30, 2014 as compared to the same period in 2013, primarily due to the divestment of the Lavera business on July 1, 2014. Excluding the divested business, volumes increased by approximately 3% in the three month period ended September 30, 2014 following an improvement in sales volumes helped by a competitor outage in the quarter. Overall prices increased in the three month period ended September 30, 2014 as compared to the same period in 2013, particularly in propylene derivatives, where the price increases in propylene were passed on due to the tight markets as a result of competitor outages in the quarter. Nitriles revenues increased slightly in the three month period ended September 30, 2014 as compared to the same period in 2013, largely driven by higher selling prices offset by lower volumes and a change in product mix. Average acrylonitrile sales prices rose approximately 8% in the three month period ended September 30, 2014 as compared to the same period in 2013 driven by a large number of acrylonitrile asset outages in key markets during the third quarter of 2014 which meant the business was able to pass on increased propylene prices. Partially offsetting this increase was a fall in the acrylonitrile sales volumes, which were down approximately 4% in the three month period ended September 30, 2014 as compared to the same period in 2013, predominately due to a loss of market share in Asia. In addition there has been a change in product mix as co-product sales volumes fell by 22% in the three month period ended September 30, 2014 as compared to the same period in 2013 due to the ongoing impacts of new catalysts and reduced asset utilisation rates.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €19.8 million, or 13.1%, to €171.5 million for the three month period ended September 30, 2014 as compared to €151.7 million for the same period in 2013. The Phenol business performance improved in the three month period ended September 30, 2014 as compared to the same period in 2013, primarily due to higher sales volumes and to a lesser extent improved margins. The higher sales volumes were driven by an increase in demand and sales opportunities in both Europe and North America, as well as higher export opportunities despite a scheduled shutdown at our Gladbeck plant in September 2014. Margins increased in the three month period ended September 30, 2014 as compared to the same period in 2013, as higher volumes have supported a higher proportion of spot price purchases, principally on propylene which has resulted in lower feedstock costs and improved margins. The Oligomers business profitability decreased in the three month period ended September 30, 2014 as compared to the same period in 2013, driven primarily by lower margins and a decrease in sales volumes. A scheduled turnaround at the Joffre site in Canada and a small fire at the Feluy, Belgium site which resulted in a force majeure, adversely impacted the business performance during the three months ended September 30, 2014. In addition the Group divested the PIB business in Lavera on July 1, 2014. The overall demand trend in the Oligomers business was strong in most sectors, with robust demand in the polyethylene co-monomer and drilling segments. The Oxide business results in the three month period ended September 30, 2014 increased as compared to the same period in 2013, largely driven by improved margins. The higher margins were partially as a result of the improved efficiency of the EO units in Antwerp and Koln as the installation of new catalysts in the first half of the year has led to higher margins. In addition the propylene derivatives are performing very well and there has been some improvement in the EtAc business compared to last year due to an improved market and better supply agreements. Partially offsetting this increase was the divestment of the Lavera business on July 1, 2014. The Nitriles business experienced an increase in profitability in the three month period ended September 30, 2014 as compared to the same period in 2013, primarily due to higher margins. Total average acrylonitrile margins rose significantly in the three month period ended September 30, 2014 as compared to the same period in 2013. This increase was a result of 2014 operational improvements which have led to propylene yield savings together with commercial and raw material savings from spot deals and improved sale contracts; which when combined with a slightly improved market due to competitor turnarounds has relieved some of the pressure on margins.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt service requirements, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, and to fund growth in our working capital.

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on our balance sheet and borrowings under the Securitization Program. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

We believe that our operating cash flows, together with the cash resources and future borrowings under the Securitization Program, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case.

Financing Arrangements

In February 2014 the Group issued $590 million and €600 million of Senior Notes due 2019. The proceeds of the refinancing were used to redeem the remaining euro-denominated Senior Notes due 2016. In addition the Group also completed the re-pricing of its Euro Term Loans and Dollar Term Loans. The margins on the Euro Term Loans and the Dollar Term Loans both maturing in May 2018 were reduced by 25bps.

The Group also has a €1,000 million Securitization Program in place, which matures in December 2016.

The Group has a €250.0 million letter of credit facility. Under the terms of the facility the Group undertakes to provide cash collateral to cover any letters of credit, guarantees, bonds or indemnities issued under the facility.

As of September 30, 2014, we had a total of €3,149.8 million Senior Secured Term Loans, €1,034.4 million Senior Notes due 2018, €1,065.0 million Senior Notes due 2019, €1,288.2 million Senior Secured Notes due 2019 and €610.9 million Senior Secured Notes due 2020 outstanding.

Capital Expenditures

As part of our strategy to focus capital investments on improving returns, we have instituted measures to ensure the most efficient uses of capital investment. We intend to manage capital expenditures to maintain our well-invested asset base.

Capital expenditure incurred during the nine months ended September 30, 2014 was €264.0 million (€378.9 million in the nine months ended September 30, 2013) analysed by business segment as follows:

	Nine-month period ended September 30,	
	2014	**2013**
	(€ in millions)	
O&P North America	112.1	180.9
O&P Europe	51.0	109.4
Chemical Intermediates	100.9	88.6
	264.0	378.9

The main capital expenditures in the nine month ended September 30, 2014 were expenditures in the O&P North America segment on feedstock pipelines to Mont Belvieu and a furnace expansion. The majority of the O&P Europe capital expenditures related to cash payments in respect of the Koln cracker turnaround at the end of 2013. In additional there was capital expenditure on scheduled turnarounds at the Oxide site in Antwerp, Belgium, the Nitriles sites in Seal Sands, England and Koln, Germany, the Oligomers site in Joffre, Canada and the Phenol site in Gladbeck, Germany. The remaining capital expenditure related primarily to sustenance expenditure.

The main capital expenditures in the nine months ended September 30, 2013 were the purchase of a feedstock pipeline in Texas, USA for €66.3 million and an expansion of a furnace within the O&P North America segment, additional spend on a project to improve the feedstock flexibility of the KG cracker in Grangemouth, Scotland and turnarounds within the O&P Europe segment at Lillo, Belgium and Koln, Germany. In addition there was some further capital expenditure on the finalisation of the ethylene terminal project in Antwerp, Belgium within the Chemical Intermediates segment. The remaining capital expenditure related primarily to sustenance expenditure.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material costs, which affect inventory and account receivables levels, and sales volumes. Working capital levels typically develop in line with raw material prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under our Receivables Securitization Facility.

Cash Flows

During the nine month period ended September 30, 2014 and 2013, our cash flow was as follows:

	Nine-month period ended September 30,	
	2014	**2013**
	(€ millions)	
Cash flow from operating activities	808.6	720.1
Cash flow from investing activities	(269.6)	(369.2)
Cash flow from financing activities	(397.5)	(409.0)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €808.6 million for the nine month period ended September 30, 2014 (inflow of €720.1 million in the nine month ended September 30, 2013). The inflow was due to the profit generated from operations, partially offset by working capital outflows of €296.0 million in the nine month period (outflow of €236.6 million in the nine month ended September 30, 2013). The working capital outflows reflect the typical seasonal outflow the Group experiences in the first nine months of the year as business picks up after the seasonal lows at the end of the fourth quarter in the prior year. Partially offsetting this outflow all of the businesses have experienced solid working capital inflows in the third quarter of 2014 as a result of a number of scheduled turnarounds in the period together with the positive impact of some lower feedstock prices. The Group provided funding to the Grangemouth petrochemical operations of €86.9 million in the nine month period ended September 30, 2014. The total amount outstanding under the Shareholder Loan Agreement was €106.9 million as at September 30, 2014. On July 1, 2014, the Group completed the disposal of the Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South, to a new subsidiary of INEOS AG, the ultimate parent company, for a total consideration of €200 million. As at September 30, 2014 the consideration remained outstanding.

Taxation payments of €234.9 million were made in the nine month period ended September 30, 2014 (payments of €208.5 million in the nine month period ended September 30, 2013). The payments in the nine month period ended September 30, 2014 primarily reflect payments made to the tax authorities in the US, Belgium, Canada and Germany. The payments in the nine month period ended September 30, 2013 primarily reflect payments on account made to the tax authorities in the US, Canada and Germany.

Cash flows from investing activities

In July 2014 the Group set up a joint venture with Sasol to build and operate a HDPE plant at the Battleground site in Texas, USA. The plant is expected to be operational in 2016. The Group invested €9.2 million in to the joint venture in the nine month period ended September 30, 2014.

There were no other significant cash flows from investing activities in the nine month period ended September 30, 2014 and 2013 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Cash flows from financing activities

Interest payments of €362.5 million were made in the nine month period ended September 30, 2014 (€486.3 million in the nine month period ended September 30, 2013). The interest payments during the first nine months of 2014 relate to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the 2019 Dollar Fixed Rate Notes, Senior Notes due 2018, Senior Secured Notes due 2020 and a final interest payment on the Senior Notes due 2016 which were redeemed in February 2014, together with quarterly interest payments on the 2019 Euro Floating Rate Notes. The interest payments during the first nine months of 2013 relate to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2016, 2019 Dollar Fixed Rate Notes, Senior Secured Notes due 2020 and a final interest payment on the Senior Secured Notes due 2015 which were redeemed in May 2013, quarterly interest payments on the 2019 Euro Floating Rate Notes and €70.2 million of call premia in relation to the May 2013 refinancing.

The Group made no repayment or drawdown on the Securitization Program during the nine month period ended September 30, 2014 (no repayment or drawdown in the nine month period ended September 30, 2013).

The Group made scheduled repayments of €23.8 million on the Senior Secured Term Loans during the nine month period ended September 30, 2014 (scheduled repayments of €22.0 million in the nine month period ended September 30, 2013).

In February 2014 the Group issued new Senior Notes due 2019 of $590 million and €600 million, resulting in a combined cash inflow of €1,034.9 million. The proceeds from the Senior Notes due 2019 were used to redeem the remaining euro-denominated Senior Notes due 2016 of €1,032.1 million. The Group paid associated debt issue costs of €11.8 million in relation to the issue of the Senior Notes due 2019 and the repricing of the Senior Secured Term Loans during the nine month period ended September 30, 2014.

In May 2013 new Senior Secured Term Loans of €350 million and $640 million resulting in a combined cash inflow of €838.5 million were issued to redeem the 2015 Senior Secured Notes due 2015 of €735.1 million and fund the cost of refinancing which included call premia of €70.2 million and debt issue costs of €17.2 million. In addition new Senior Notes due 2018 of €500 million and $678 million were issued resulting in a combined cash inflow of €1,017.5 million. The proceeds from the Dollar Notes were used to redeem in full the Dollar Senior Notes due 2016 of $677.5 million (€517.1 million) whilst the proceeds from the euro Notes were used to partially redeem €500 million of the Euro Senior Notes due 2016.

In July 2013 the Group entered into a bilateral bank loan agreement to fund some specific capital expenditure at the Koln, Germany site, resulting in an inflow of €14.3 million in the nine month period ended September 30, 2013. The Group has made scheduled repayments of €0.9 million on the bilateral bank loan agreement during the nine month period ended September 30, 2014.

Net debt

Total net debt as at September 30, 2014 was €6,322.2 million (December 31, 2013: €6,167.4 million). The Group held net cash balances of €1,342.8 million as at September 30, 2014 (December 31, 2013: €1,130.0 million) which included restricted cash of €238.7 million used as collateral against bank guarantees and letters of credit. The Group had availability under undrawn working capital facilities of €285 million as at September 30, 2014.

The Group entered into two interest rate caps in May 2012 to hedge the variable interest rate exposures on the €500.0 million Floating Rate Senior Secured Notes due 2019. The interest rate caps have a strike price of 1.25% per annum, which is in line with the EURIBOR floor on the Floating Rate Notes of 1.25% per annum. These derivative instruments expire in May 2015.