



INEOS GROUP HOLDINGS S.A.

Three month period ended September 30, 2015

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

	Three-Month Period Ended September 30,	
	2015	2014
	<i>(€ in millions)</i>	
Revenue	3,452.6	4,576.6
Cost of sales.....	(2,796.3)	(3,965.0)
Gross profit	656.3	611.6
Distribution costs.....	(51.9)	(50.2)
Administrative expenses.....	(94.0)	(109.9)
Exceptional administrative expenses	-	(31.3)
Operating profit	510.4	420.2
Share of (loss)/profit of associates and jointly controlled entities using the equity accounting method	(25.8)	25.3
Loss on disposal of business.....	-	(324.7)
Profit before net finance costs	484.6	120.8
Finance income	18.2	7.6
Finance costs	(78.7)	(197.6)
Profit/(loss) before tax	424.1	(69.2)
Tax charge	(179.9)	(118.4)
Profit/(loss) for the period	244.2	(187.6)

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

	Nine-Month Period Ended September 30,	
	2015	2014
	<i>(€ in millions)</i>	
Revenue	10,812.2	13,206.2
Cost of sales.....	(8,936.8)	(11,679.6)
Gross profit	1,875.4	1,526.6
Distribution costs.....	(157.0)	(153.6)
Administrative expenses.....	(277.3)	(254.6)
Exceptional administrative expenses	-	(39.0)
Operating profit	1,441.1	1,079.4
Share of profit/(loss) of associates and jointly controlled entities using the equity accounting method	100.4	(58.0)
Loss on disposal of business.....	-	(331.3)
Profit before net finance costs	1,541.5	690.1
Finance income	52.3	29.6
Finance costs	(497.3)	(450.6)
Exceptional finance costs	(131.6)	-
Profit before tax	964.9	269.1
Tax charge	(344.7)	(328.2)
Profit for the period	620.2	(59.1)

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

	Nine-Month Period Ended September 30,	
	2015	2014
	<i>(€ in millions)</i>	
Profit/(loss) for the period	620.2	(59.1)
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	(230.3)	(204.5)
Net gain on hedge of net investment in foreign operations net of tax	126.5	166.8
Recognised in loss on disposal	-	(22.9)
Other comprehensive loss for the period net of tax	(103.8)	(67.6)
Total comprehensive income/(loss) for the period	516.4	(126.7)

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEETS

	September 30, 2015	December 31, 2014
	(Unaudited)	
	<i>(€ in millions)</i>	
Non-current assets		
Property, plant and equipment.....	3,395.2	3,067.5
Intangible assets.....	662.2	648.2
Investments in equity-accounted investees.....	135.4	96.8
Other investments.....	234.4	210.2
Other financial assets.....	29.0	28.7
Other receivables.....	638.0	546.5
Deferred tax assets.....	229.0	229.8
	<u>5,323.2</u>	<u>4,827.7</u>
Current assets		
Inventories.....	930.4	1,008.8
Trade and other receivables.....	1,735.6	1,821.7
Other financial assets.....	-	2.5
Cash and cash equivalents.....	2,130.2	1,434.6
	<u>4,796.2</u>	<u>4,267.6</u>
Total assets.....	<u>10,119.4</u>	<u>9,095.3</u>
Equity attributable to owners of the parent		
Share capital.....	0.9	0.9
Share premium.....	779.4	779.4
Other reserves.....	(1,765.8)	(1,662.0)
Retained earnings.....	153.3	(381.6)
Total shareholders' deficit.....	<u>(832.2)</u>	<u>(1,263.3)</u>
Total equity.....	<u>(832.2)</u>	<u>(1,263.3)</u>
Non-current liabilities		
Interest-bearing loans and borrowings.....	8,162.0	7,672.9
Trade and other payables.....	96.5	89.0
Employee benefits.....	689.5	661.2
Provisions.....	9.4	8.3
Deferred tax liabilities.....	201.8	196.8
	<u>9,159.2</u>	<u>8,628.2</u>
Current liabilities		
Interest-bearing loans and borrowings.....	65.1	34.9
Trade and other payables.....	1,489.7	1,657.3
Tax payable.....	231.4	32.0
Other financial liabilities.....	-	-
Provisions.....	6.2	6.2
	<u>1,792.4</u>	<u>1,730.4</u>
Total liabilities.....	<u>10,951.6</u>	<u>10,358.6</u>
Total equity and liabilities.....	<u>10,119.4</u>	<u>9,095.3</u>

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

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<i>(€ in millions)</i>				
Balance at 31 December 2014.....	0.9	779.4	(1,662.0)	(381.6)	(1,263.3)
Profit for the period	-	-	-	620.2	620.2
Other comprehensive income:					
Foreign exchange translation differences.....	-	-	(230.3)	-	(230.3)
Net gain on hedge of net investment in foreign operations.....	-	-	126.5	-	126.5
Transactions recorded directly in equity:					
Amounts arising on common control transactions	-	-	-	(85.3)	(85.3)
Balance at 30 September 2015	0.9	779.4	(1,765.8)	153.3	(832.2)

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

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

	Nine-Month Period Ended September 30,	
	2015	2014
	<i>(€ in millions)</i>	
Cash flows from operating activities		
Profit/(loss) for the period	620.2	(59.1)
Adjustments for:		
Depreciation, amortisation and impairment.....	283.8	265.1
Net finance costs.....	576.6	421.0
Share of (profit)/ losses of equity-accounted investees	(100.4)	58.0
Loss on disposal of business.....	-	331.3
Tax charge	344.7	328.2
Decrease/(increase) in trade and other receivables.....	219.3	(358.9)
Decrease/(increase) in inventories.....	117.0	(9.4)
(Decrease)/increase in trade and other payables.....	(353.9)	159.2
Increase/(decrease) in provisions and employee benefits.....	0.1	(5.0)
Tax paid.....	(143.1)	(234.9)
Net cash from operating activities.....	1,564.3	895.5
Cash flows from investing activities		
Proceeds from sale of investments	0.7	-
Interest and other finance income received	18.5	1.5
Dividends received	2.7	2.2
Disposal of businesses, net of cash disposed of.....	79.3	(0.1)
Acquisition of businesses, net of cash acquired	(226.6)	-
Loans granted to related parties.....	-	(86.9)
Acquisition of intangible assets.....	(0.7)	-
Acquisition of property, plant and equipment	(268.6)	(264.0)
Acquisition of other investments	(0.3)	(9.2)
Net cash used in investing activities	(395.0)	(356.5)
Cash flows from financing activities		
Securitisation Facility	(59.8)	-
Proceeds from new Senior Notes.....	-	1,034.9
Proceeds from new Senior Secured Notes.....	770.0	-
Proceeds from new Senior Secured Term Loans.....	1,407.3	-
Redemption of Senior Secured Notes.....	(2,086.8)	-
Redemption of Senior Notes.....	-	(1,032.1)
Issue costs.....	(33.9)	(11.8)
Interest paid.....	(468.5)	(362.5)
Repayment of loans	(37.7)	(24.7)
Capital element of finance lease payment	(0.3)	(1.3)
Net cash used in generated from financing activities	(509.7)	(397.5)
Net increase in cash and cash equivalents	659.6	141.5
Cash and cash equivalents at 1 January.....	1,434.6	1,130.0
Effect of exchange rate fluctuations on cash held	36.0	71.3
Cash and cash equivalents at September 30.....	2,130.2	1,342.8

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

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.

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and \$625 million (see note 9). The proceeds of the additional Term Loans were paid to the Trustee for the Senior Secured Notes due 2019 on March 31, 2015. The Senior Secured Notes due 2019 were then redeemed in two tranches on April 1, 2015 and April 7, 2015. As the funds had been irrevocably paid to the Trustee on March 31, 2015, the Group has treated this as in substance defeasance of the Senior Secured Notes due 2019 as of that date.

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, 2014. 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, 2014.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

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,	
	2015	2014	2015	2014
	<i>(€ in millions)</i>		<i>(€ in millions)</i>	
<i>Revenue</i>				
O&P North America	702.4	1,008.4	2,345.1	2,807.9
O&P Europe	1,573.7	1,861.7	4,402.6	5,670.8
Chemical Intermediates	1,755.8	2,165.4	5,458.6	6,426.1
Eliminations	(579.3)	(458.9)	(1,394.1)	(1,698.6)
	<u>3,452.6</u>	<u>4,576.6</u>	<u>10,812.2</u>	<u>13,206.2</u>
<i>EBITDA before exceptionals</i>				
O&P North America	258.6	304.0	808.4	736.2
O&P Europe	211.9	59.9	440.9	193.2
Chemical Intermediates	141.4	171.5	475.6	454.1
	<u>611.9</u>	<u>535.4</u>	<u>1,724.9</u>	<u>1,383.5</u>

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,	
	2015	2014	2015	2014
	<i>(€ in millions)</i>		<i>(€ in millions)</i>	
EBITDA before exceptionals	611.9	535.4	1,724.9	1,383.5
Depreciation and amortisation	(101.5)	(83.9)	(283.8)	(265.1)
Exceptional items	-	(31.3)	-	(39.0)
Operating profit	<u>510.4</u>	<u>420.2</u>	<u>1,441.1</u>	<u>1,079.4</u>

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

4. FINANCE COSTS

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2015	2014	2015	2014
	<i>(€ in millions)</i>		<i>(€ in millions)</i>	
Interest payable on senior notes	41.6	66.9	159.9	200.0
Interest payable on bank loans and overdrafts	48.5	28.9	126.5	85.7
Interest payable on securitisation	3.0	3.0	9.1	9.3
Amortisation of issue costs	2.6	3.2	8.2	17.4
Other finance charges	7.1	9.0	22.5	27.1
Net fair value gain on derivatives	-	-	-	(0.3)
Finance costs before exchange movements	102.8	111.0	326.2	339.2
Exchange movements	(24.1)	86.6	171.1	111.4
Total finance costs	78.7	197.6	497.3	450.6

5. EXCEPTIONAL FINANCE COSTS

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €350 million and \$625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019. As a result of the early redemption of the Senior Secured Notes due 2019 an exceptional finance cost of €85.4 million has been recognised, which includes an early prepayment premium of €66.0 million and the write-off of deferred issue costs associated with the redeemed notes of €19.4 million.

In May 2015, the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the Notes were used to redeem the Senior Secured Notes due 2020. As a result of the early redemption of the Senior Secured Notes due 2020 an exceptional finance cost of €46.2 million has been recognised, which includes an early prepayment premium of €39.1 million and the write-off of deferred issue costs associated with the redeemed notes of €7.1 million.

6. ACQUISITIONS

On July 1, 2015 the Group completed the purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group, a related party, for a gross consideration of €200 million. This represents a business combination between two entities held under common control and therefore the transaction has been accounted for using book values. The difference between the consideration paid and the book value of net assets acquired was €85.3 million and has been recognised directly in retained earnings. The Noretyl cracker provides 570,000 tons per annum of ethylene, as well as propylene to the INEOS system. It supplies the Bamble site in Norway via a dedicated pipeline and is one of only four gas crackers in Europe. This acquisition forms part of the O&P Europe - North segment.

On September 30, 2015 the Group acquired the aromatics business and cumene assets from Axiall Corporation for an initial consideration of \$52.4 million (€46.7 million). Additional consideration of \$10.5 million may become payable after closing, dependent upon the satisfaction of certain conditions. The acquisition includes a cumene plant, based in Pasadena, Texas, producing 900,000 tonnes of product. In addition the phenol, acetone and alpha-methylstyrene business will transfer to the Group's phenol facility at Mobile, Alabama. This acquisition forms part of the Chemical Intermediates segment.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

7. 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 profit from the share of associates and jointly controlled entities, the effective tax rate of approximately 40% for the first nine months of 2015 reflects the anticipated tax rate for the Group for the full year. After adjusting for the losses from the share of associates and jointly controlled entities and the loss on disposal of business, the effective rate in the same period in 2014 was approximately 50%, which reflected the anticipated tax rate for the full year.

8. INVENTORIES

	September 30, 2015	December 31, 2014
<i>(€ in millions)</i>		
Raw materials and consumables	325.9	336.4
Work in progress	17.0	20.6
Finished products	587.5	651.8
	930.4	1,008.8

9. BORROWINGS

Borrowing obligations as of September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015	December 31, 2014
<i>(€ in millions)</i>		
Non-current liabilities		
Senior Secured Term Loans	4,629.8	3,101.4
Senior Secured Notes due 2019	-	1,301.3
Senior Secured Notes due 2020	-	629.5
Senior Secured Notes due 2023	763.4	-
Senior Notes due 2018	1,099.7	1,051.4
Senior Notes due 2019	1,119.6	1,077.3
Securitisation Facility	460.6	501.4
Noretyl Facility	81.3	-
Finance lease liabilities	1.4	1.7
Other loans	6.2	8.9
	8,162.0	7,672.9
	September 30, 2015	December 31, 2014
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	42.5	31.0
Noretyl Facility	18.7	-
Other loans	3.6	3.6
Current portion of finance lease liabilities	0.3	0.3
	65.1	34.9

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9. BORROWINGS (Continued)

	September 30, 2014		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	<i>(€ in millions)</i>		
Senior Secured Term Loans	4,702.4	(30.1)	4,672.3
Senior Secured Notes due 2023	770.0	(6.6)	763.4
Senior Notes due 2018.....	1,104.3	(4.6)	1,099.7
Senior Notes due 2019.....	1,125.9	(6.3)	1,119.6
Securitisation Facility	461.4	(0.8)	460.6
Noretyl Facility.....	100.0	-	100.0
Other.....	11.5	-	11.5
	8,275.5	(48.4)	8,227.1

	December 31, 2014		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
	<i>(€ in millions)</i>		
Senior Secured Term Loans	3,138.4	(6.0)	3,132.4
Senior Secured Notes due 2019.....	1,322.0	(20.7)	1,301.3
Senior Secured Notes due 2020.....	637.1	(7.6)	629.5
Senior Notes due 2018.....	1,057.3	(5.9)	1,051.4
Senior Notes due 2019.....	1,085.0	(7.7)	1,077.3
Securitisation Facility	502.7	(1.3)	501.4
Other.....	14.5	-	14.5
	7,757.0	(49.2)	7,707.8

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
		LIBOR plus 2.50% -	
Senior Secured Term Loans	\$/€	3.25%	2016-2022
Senior Secured Notes	\$	4.0%	2023
Senior Notes	\$/€	5.75% -6.5%	2018-2019
Securitisation Facility	\$/€£	Variable	2016
Noretyl Facility.....	€	EURIBOR plus 2.75%	2019
Other.....	€/\$	3.75% – 9.0%	2015-2019

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 €50 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. In November 2014 the Short-Dated Dollar Term Loans were split resulting in \$122.0 million remaining under the Short-Dated Dollar Term Loans and \$243.7 million under a new tranche of extended term loans (the “Tranche 1 Extended Dollar Term Loans”) maturing December 31, 2016. On December 31, 2014 the outstanding amounts under the Short-Dated Dollar Term Loans were fully redeemed. On

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9. BORROWINGS (Continued)

March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and \$625 million (the “Incremental Term Loans”). The final maturity date for these incremental term loans is March 2022. In June 2015 the Group amended and extended a proportion of the Senior Secured Term Loans due 2018. The maturities of €1,115 million and \$890 million of Term Loans were extended from May 2018 to December 2020 (the “2020 Extended Term Loans”).

The Senior Secured Term Loans outstanding at September 30, 2015 before issue costs were €1,702.4 million of which €47.6 million is due within one year. The total amounts outstanding on Dollar Term Loans were €1,185.7 million, Tranche 1 Extended Dollar Term Loans were €214.7 million, Incremental Term Loans were €1,399.5 million and on the 2020 Extended Term Loans were €1,902.6 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 balance of Dollar Term Loans are payable, subject to certain exceptions, on the date that is six years after the original Issue Date. The Dollar Term Loans mature in May 2018. The Tranche 1 Extended Dollar Term Loans are payable, subject to certain exceptions in December 2016. The Incremental Term Loans are payable, subject to certain exceptions in March 2022. The 2020 Extended Term Loans are payable, subject to certain exceptions in December 2020.

The outstanding Tranche 1 Extended 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 euro-denominated Incremental Term Loans and 2020 Extended Term Loans, bear interest at a rate per annum to LIBOR (subject to a floor of 1.00% per annum) plus the Applicable Margin and in the case of the dollar-denominated Incremental Term Loans and 2020 Extended 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.

As at September 30, 2015 the Applicable Margin for the Dollar Term Loans is 2.75%, the Tranche 1 Extended Dollar Term Loans is 2.50%, the Incremental Term Loans is 3.25%, the euro-denominated 2020 Extended Term Loans is 3.00% and the dollar-denominated 2020 Extended Term Loans is 2.75%.

The Senior Secured Term Loans rank pari passu with the Senior Secured Notes due 2023 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 €30.1 million (December 31, 2014: €6.0 million). These costs are allocated to the profit and loss account over the term of the Term Loans in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Secured Notes due 2019

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and \$625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019. As a result of the early redemption of the Senior Secured Notes due 2019 an exceptional finance cost of €66.0 million has been recognised in respect of an early prepayment premium (see note 5).

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9. BORROWINGS (Continued)

Before redemption the Senior Secured Notes due 2019 were listed on the Luxembourg Stock Exchange and comprised of €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 bore 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 was 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 bore interest at a rate of 8.375% per annum. Interest on the 2019 Dollar Fixed Rate Notes was payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2012.

Following the full redemption of the Senior Secured Notes due 2019 the Group has recognised an exceptional finance cost of €19.4 million in relation to the write-off of the associated unamortised debt issue costs (see note 5). As at December 31, 2014 the Senior Secured Notes due 2019 were stated net of debt issue costs of €20.7 million.

Senior Secured Notes due 2020

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem in full the Senior Secured Notes due 2020. As a result of the early redemption of the Senior Secured Notes due 2020 an exceptional finance cost of €39.1 million has been recognised in respect of an early prepayment premium (see note 5).

Before redemption the Senior Secured Notes due 2020 were listed on the Luxembourg Stock Exchange and comprised of \$775.0 million Senior Secured Notes. The Senior Secured Notes due 2020 bore interest at 7.5% per annum, payable semi-annually in arrears on May 1 and November 1 of each year.

Following the full redemption of the Senior Secured Notes due 2020 unamortised debt issue costs of €7.1 million were charged to exceptional finance costs within the income statement. As at December 31, 2014 the Senior Secured Notes due 2020 were stated net of debt issue costs of €7.6 million.

Senior Secured Notes due 2023

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The Senior Secured Notes due 2023 are listed on the Luxembourg Stock Exchange. The Senior Secured Notes due 2023 bear interest at 4.0% 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 2023 will be redeemed by the Group at their principal amount on May 1, 2023.

The Senior Secured Notes due 2023 will be subject to redemption at any time on or after May 1, 2018, 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	2023 Dollar Fixed Rate Notes Redemption Price
2018.....	102.000%
2019.....	101.000%
2020 and thereafter.....	<u>100.000%</u>

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 2023 rank pari passu with the Senior Secured Term Loans and are structurally senior to the Senior Notes due 2018 and the Senior Notes due 2019. The notes are

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9. BORROWINGS (Continued)

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.

The Senior Secured Notes due 2023 are stated net of debt issue costs of €6.6 million. These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2023 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

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	<u>Euro Notes redemption price</u>	<u>Dollar Notes redemption price</u>
2015.....	103.250%	103.063%
2016.....	101.625%	101.531%
2017 and thereafter	<u>100.000%</u>	<u>100.000%</u>

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 €4.6 million (December 31, 2014: €5.9 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.

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.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9. BORROWINGS (Continued)

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.....	<u>100.000%</u>	<u>100.000%</u>

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 €6.3 million (December 31, 2014: €7.7 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, 2015 was €461.4 million (December 31, 2014: €502.7 million). The facility is secured by pledges over the trade receivables sold in to the programme. Interest is charged on the facility at a rate per annum of either EURIBOR or short term commercial paper rates plus a margin.

The Receivables Securitisation Facility is stated net of debt issue costs of €0.8 million (December 31, 2014: €1.3 million).

Noretyl Facility

As part of the Group’s purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group on July 1, 2015 (see note 6), the Group also assumed the obligations of a €140 million loan facility (“Noretyl Facility”) that Noretyl had in place. The total amount outstanding at September 30, 2015 was €100.0 million, of which €18.7 million is due within one year.

The Noretyl Facility is to be repaid in equal quarterly instalments, in aggregate annual amounts equal to 6.25% of the original principal amount of the facility starting on March 31, 2016. The facility matures in November 2019. The facility is secured by pledges over the property, plant and equipment of Noretyl AS. The outstanding Noretyl Facility will bear interest a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus a margin of 2.75%.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

10. 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.

11. 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 €20.3 million (September 30, 2014: €20.0 million) were charged to the income statement during the three month period ended September 30, 2015. As at September 30, 2015 amounts owed to INEOS AG were €20.5 million (September 30, 2014: €20.1 million). Amounts due from INEOS Holdings AG, a wholly owned subsidiary of INEOS AG, were €50.5 million (September 30, 2014: €38.4 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 (prior to its transfer in to the Inovyn joint venture), 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, 2015 the Group has made sales to these subsidiaries of €21.0 million (September 30, 2014: €71.1 million), recovered costs of €109.3 million (September 30, 2014: €150.7 million) and made purchases of €50.1 million (September 30, 2014: €79.0 million). As at September 30, 2015, €91.7 million (September 30, 2014: €358.0 million) was owed by and €52.1 million (September 30, 2014: €243.1 million) was owed to these subsidiaries (excluding the Grangemouth shareholder loan and the Lavera disposal proceeds receivable).

Following the divestment of the Grangemouth petrochemical business on October 1, 2013 the Group put in place a €200 million Shareholder Loan Agreement to fund the ongoing operations and investments required at the site. This facility matures on July 28, 2021 and is secured on a second lien basis on the assets of the Grangemouth petrochemical business. As at September 30, 2015 €31.0 million (September 30, 2014: €106.9 million) was outstanding under the facility, which included capitalized interest. The total consideration for the sale of the Lavera businesses amounted to €200 million and was initially provided in the form of vendor loans, although all of the outstanding consideration has now been paid (September 30, 2014: €200.0 million remained outstanding).

Styrolution was previously a 50-50 joint venture between Ineos Industries Limited, a related party, and BASF. On November 17, 2014 Ineos Industries Limited completed the acquisition of BASF's 50% share in Styrolution for a purchase price of €1.1 billion. As part of the funding for the acquisition the Group provided Ineos Styrolution Holding GmbH, a related party, with a Second Lien PIK Toggle Loan of €200.0 million. The loan bears interest at a rate per annum of 9.5% for cash interest payments or 10.25% for PIK interest and matures in November 2020. During the three month period ended September 30, 2015 the Group has made sales to Styrolution of €7.1 million (September 30, 2014: €79.4 million) and recovered costs of €3.9 million (September 30, 2014: €1.8 million). As at September 30, 2015, €64.0 million (September 30, 2014: €7.5 million) was owed by Styrolution, which included €200.0 million under the Second Lien PIK Toggle Loan. During the nine month period ended September 30, 2015 Styrolution has paid €7.1 million of interest relating to the Second Lien PIK Toggle Loan.

INEOS AG owns interests in a number of joint ventures that are not included in the INEOS Group Holdings S.A. group, including Inovyn, a 50-50 joint venture with Solvay, and the French joint ventures associated with the Lavera petrochemical assets and businesses which were divested by the Group on July 1, 2014.

During the three month period ended September 30, 2015 the Group has made sales to Inovyn of €7.3 million and made purchases of €2.1 million. As at September 30, 2015, €28.8 million was owed by Inovyn.

INEOS GROUP HOLDINGS S.A.
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

11. RELATED PARTIES (Continued)

During the three month period ended September 30, 2015 the Group has recovered costs from French joint ventures of €nil million (September 30, 2014: €1.6 million) and made purchases of €nil million (September 30, 2014: €4.4 million). As at September 30, 2015, €0.9 million (September 30, 2014: €1.0 million) was owed by the French joint ventures and €nil million (September 30, 2014: €3.6 million) was owed to the French joint ventures.

There were a number of transactions with the Refining 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, 2015 the Group has made sales to the Refining joint ventures of €0.3 million (September 30, 2014: €6.3 million), recovered costs of €0.5 million (September 30, 2014: €7.3 million) and made purchases of €241.0 million (September 30, 2014: €15.5 million). As at September 30, 2015, €1.5 million (September 30, 2014: €3.3 million) was owed by the Refining joint ventures and €16.3 million (September 30, 2014: €37.2 million) was owed to the Refining joint ventures.

12. SUBSEQUENT EVENTS

In October 2015 the Group agreed to make available a loan facility of \$625 million to INEOS Upstream Limited, a related party, in connection with its proposed acquisition of natural gas assets in the North Sea from a UK subsidiary of DEA Deutsche Erdoel AG, which is part of the LetterOne Group. The loan will be unsecured and have a two year maturity, bearing interest at normal commercial rates. The proposed acquisition is subject to approval by the relevant competition authorities and is expected to complete in the fourth quarter of 2015.

INEOS GROUP HOLDINGS S.A.

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.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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, 2014, our total chemical production capacity was approximately 19,300 kta, of which 60% was in Europe and 40% 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,			
	2015		2014	
	€m	%	€m	%
Revenue	3,452.6	100.0	4,576.6	100.0
Cost of sales.....	(2,796.3)	(81.0)	(3,965.0)	(86.6)
Gross profit	656.3	19.0	611.6	13.4
Distribution costs.....	(51.9)	(1.5)	(50.2)	(1.1)
Administrative expenses.....	(94.0)	(2.7)	(109.9)	(2.4)
Exceptional administrative expenses.....	-	-	(31.3)	(0.7)
Operating profit	510.4	14.8	420.2	9.2
Share of (loss)/profit of associates and jointly controlled entities.....	(25.8)	(0.7)	25.3	0.6
Loss on disposal of business.....	-	-	(324.7)	(7.1)
Profit before net finance costs	484.6	14.0	120.8	2.6
Finance income.....	18.2	0.5	7.6	0.2
Finance costs.....	(78.7)	(2.3)	(197.6)	(4.3)
Profit/(loss) before tax	424.1	12.3	(69.2)	(1.5)
Tax charge.....	(179.9)	(5.2)	(118.4)	(2.6)
Profit/(loss) for the period	244.2	7.1	(187.6)	(4.1)

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Three-Month Period Ended September 30, 2015, Compared to Three-Month Period Ended September 30, 2014

Revenue. Revenue decreased by €1,124.0 million, approximately 24.6%, to €3,452.6 million in the three month period ended September 30, 2015 as compared to €4,576.6 million for the same period in 2014. The decrease in revenues was driven primarily by a decrease in selling prices which followed the significant fall in crude oil prices which decreased to an average of \$50/bbl for the three month period ended September 30, 2015 as compared to \$102/bbl in the same period in 2014. Partially offsetting this decrease was an increase in sales volumes for the Group in the three month period ended September 30, 2015 as compared to the same period in 2014. Revenues were also favourably impacted by the appreciation of the US dollar by approximately 17% against the euro in the three month period ended September 30, 2015, as compared to the same period in 2014.

Cost of sales. Cost of sales decreased by €1,168.7 million, approximately 29.5%, to €2,796.3 million in the three month period ended September 30, 2015 as compared to €3,965.0 million for the same period in 2014. The decrease in cost of sales is largely due to the fall in crude oil prices, which has meant lower feedstock prices across the Group in the three month period ended September 30, 2015, as compared to same period in 2014.

Gross profit. Gross profit increased by €44.7 million, approximately 7.3%, to €56.3 million in the three month period ended September 30, 2015 as compared to €11.6 million for the same period in 2014. The North America markets continue to perform strongly taking full benefit from their current feedstock advantage. A number of competitor plants in North America have returned to operation during the three month period ended September 30, 2015 following planned and unplanned outages which has led to some easing of margins in the quarter. In addition the appreciation of the US dollar by approximately 17% against the euro in the three month period ended September 30, 2015 as compared to the same period in 2014, has favourably impacted the euro reported results of our US businesses. The depreciation of the euro in the quarter has also improved market conditions in Europe for both O&P Europe and Chemical Intermediates, by restricting imports and bolstering exports. In addition strong European demand and tight supply due to unplanned competitor outages has led to an improved European market. Partially offsetting these increases were higher inventory holding losses within the O&P segments of approximately €9 million in the three month period ended September 30, 2015 as compared to losses of approximately €6 million for the same period in 2014.

Distribution costs. Distribution costs increased by €1.7 million, approximately 3.4%, to €1.9 million in the three month period ended September 30, 2015 as compared to €0.2 million for the same period in 2014. The small increase in distribution costs in the Group reflects the increase in sales volumes of the Group in the three month period ended September 30, 2015 as compared to the same period in 2014.

Administrative expenses. Administrative expenses decreased by €5.9 million, approximately 14.5%, to €4.0 million in the three month period ended September 30, 2015 as compared to €109.9 million for the same period in 2014. The decrease in administrative expenses is primarily due to a decrease in other operating expenses in the three month period ended September 30, 2015 as compared to the same period in 2014.

Exceptional administrative expenses. Exceptional administrative expenses of €1.3 million in the three month period ended September 30, 2014 related to further costs associated with the closure of the VAM business in Saltend, England which was closed in the fourth quarter of 2013.

Operating profit. Operating profit increased by €90.2 million, approximately 21.5%, to €10.4 million for the three month period ended September 30, 2015 as compared to €420.2 million for the same period in 2014.

Share of (loss)/profit of associates and jointly controlled entities. Share of (loss)/profit of associates and jointly controlled entities was a loss of €25.8 million for the three month period ended September 30, 2015 as compared to a profit of €25.3 million for the same period in 2014. The share of loss primarily reflects our share of the results of the Refining joint venture with PetroChina.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Loss on disposal of business. Loss on disposal of business of €24.7 million in the three month period ended September 30, 2014 related 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 increased by €63.8 million, approximately 301.2%, to €484.6 million for the three month period ended September 30, 2015 as compared to €120.8 million for the same period in 2014.

Finance income. Finance income increased by €10.6 million to €18.2 million for the three month period ended September 30, 2015 as compared to €7.6 million for the same period in 2014. The income in the three month period ended September 30, 2015 primarily relates to interest income on the Group's investment in INEOS Investments Partnership, together with interest income from loans to related parties.

Finance costs. Finance costs decreased by €18.9 million, approximately 60.2%, to €78.7 million for the three month period ended September 30, 2015 as compared to €97.6 million for the same period in 2014. The decrease in finance costs for the three month period ended September 30, 2015 reflects an increase in foreign exchange gains associated with short term intra group funding, which was a gain of €24.1 million in the three month period ended September 30, 2015 as compared to a loss of €6.6 million in the same period in 2014.

Profit/(loss) before tax. Profit/(loss) before tax increased by €93.3 million, to €24.1 million for the three month period ended September 30, 2015 as compared to a loss of €69.2 million for the same period in 2014.

Tax charge. Tax charge increased by €61.5 million to a charge of €179.9 million for the three month period ended September 30, 2015 as compared to a charge of €118.4 million for the same period in 2014. 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 the effective tax rate of approximately 40% for the three month period ended September 30, 2015 reflects the anticipated tax rate for the Group for the full year. The effective rate for the three month period ended September 30, 2014 was approximately 50% after adjusting for the losses from the share of associates and jointly controlled entities and the loss on disposal of businesses, which reflected the anticipated tax rate for the full year for 2014.

Profit/(loss) for the period. Profit/(loss) for the period increased by €431.8 million to a profit of €244.2 million for the three month period ended September 30, 2015 as compared to a loss of €187.6 million for the same period in 2014.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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,		Nine-Month Period Ended September 30,	
	2015	2014	2015	2014
	<i>(€ in millions)</i>		<i>(€ in millions)</i>	
<i>Revenue</i>				
O&P North America	702.4	1,008.4	2,345.1	2,807.9
O&P Europe	1,573.7	1,861.7	4,402.6	5,670.8
Chemical Intermediates	1,755.8	2,165.4	5,458.6	6,426.1
Eliminations	(579.3)	(458.9)	(1,394.1)	(1,698.6)
	<u>3,452.6</u>	<u>4,576.6</u>	<u>10,812.2</u>	<u>13,206.2</u>
<i>EBITDA before exceptionals</i>				
O&P North America	258.6	304.0	808.4	736.2
O&P Europe	211.9	59.9	440.9	193.2
Chemical Intermediates	141.4	171.5	475.6	454.1
	<u>611.9</u>	<u>535.4</u>	<u>1,724.9</u>	<u>1,383.5</u>

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €306.0 million, or 30.3%, to €702.4 million for the three month period ended September 30, 2015, as compared to €1,008.4 million for the same period in 2014. The decrease was driven primarily by lower selling prices and to a lesser extent lower volumes. The weighted average sales price for the whole business was down approximately 37% in the three month period ended September 30, 2015 as compared to the same period in 2014, driven by lower commodity prices. Sales volumes decreased by approximately 7% in the three month period ending September 30, 2015 as compared to the same period in 2014, driven by lower sales volumes of ethylene, polypropylene and polyethylene primarily as a result of a complete power outage at our Chocolate Bayou, Texas site during September 2015. The appreciation of the US dollar by approximately 17% against the euro in the three month period ended September 30, 2015 as compared to the same period of 2014 has increased reported euro revenues, which has partially offset the overall decrease.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment decreased by €45.4 million, or 14.9%, to €258.6 million for the three month period ended September 30, 2015 as compared to €304.0 million in the same period in 2014. 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, 2015. The results for the three month period ended September 30, 2015 were lower than the same period in 2014, due to a combination of lower margins, reduced volumes and increased inventory holding losses. The business experienced lower margins overall, driven primarily by lower ethylene margins, which were partially offset by higher polymer margins in the period. Decreased sales volumes were driven primarily by lower ethylene, polyethylene and polypropylene sale volumes due to the adverse impact of a complete power outage at the Chocolate Bayou, Texas site during September 2015. In addition there were inventory holding losses of approximately €18 million in the three month period ended September 30, 2015, as compared to inventory holding gains of approximately €7 million in the same period in 2014. Partially offsetting this decrease was the appreciation of the US dollar by approximately 17% against the euro in the three month period ended September 30, 2015 as compared to the same period in 2014, which has had a favourable impact on the euro reported results.

INEOS GROUP HOLDINGS S.A.
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

O&P Europe

Revenue. Revenue in the O&P Europe segment decreased by €288.0 million, or 15.5%, to €1,573.7 million for the three month period ended September 30, 2015 as compared to €1,861.7 million for the same period in 2014. The decrease in revenues within the remaining O&P North business is primarily driven by a decrease in prices. The general price environment in the third quarter of 2015 was much lower than the same quarter in 2014 with crude oil prices falling to an average of \$50/bbl for the three month period ended September 30, 2015 as compared to an average of \$102/bbl for the three month period ended September 30, 2014. The decrease in revenues was partially offset by higher sales volumes in the three month period ended September 30, 2015 as compared to the same period in 2014, primarily due higher polymer sales reflecting the strong demand for HDPE and the acquisition of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group in July 2015 which led to higher sales volumes of ethylene during the period.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment increased by €152.0 million or 253.8% to €211.9 million for the three month period ended September 30, 2015, as compared to €59.9 million in the same period in 2014. The results for the three month period ended September 30, 2015 have increased compared to the same period in 2014, primarily due to increased margins together with the acquisition of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway in July 2015. The margin environment was much stronger in the three month period ended September 30, 2015 as compared to same period in 2014 as a result of both strong demand and tight supply conditions due to unplanned competitor plant outages in the period. In addition the acquisition of the remaining 50% of the Noretyl ethylene cracker in July 2015 led to increased volumes in the three month period ended September 30, 2015 as compared to same period in 2014. Partially offsetting this increase were higher inventory holding losses of approximately €41 million in the three month period ended September 30, 2015 as compared to losses of approximately €13 million in the same period in 2014.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €409.6 million, or 18.9%, to €1,755.8 million for the three month period ended September 30, 2015 as compared to €2,165.4 million for the same period in 2014. The Oxide business revenues increased in the three month period ended September 30, 2015 as compared to the same period in 2014, driven by higher volumes, partially offset by a fall in selling prices. Sales volumes increased significantly in the three month period ended September 30, 2015 due to improved market conditions as the European economy experienced the positive effects of lower oil prices and a weaker euro. Export opportunities opened up again due to the weaker euro and this also provided protection against certain imports which were no longer competitive. Overall prices decreased in the three month period ended September 30, 2015 as compared to the same period in 2014, as pricing closely followed the fall in underlying raw material costs of ethylene and propylene, although the global shortage for glycols meant a smaller decrease in price for these products. The Oligomers business revenues were slightly up in the three month period ended September 30, 2015 as compared to the same period in 2014, as higher volumes were only partially offset by lower prices. The higher sales volumes in the three month period ended September 30, 2015 as compared to the same period in 2014 were due to a combination of good market conditions for most products and better product availability at the Feluy, Belgium site compared to the third quarter of 2014 which was impacted by a fire at the site. Partially offsetting this increase were lower sales prices as regional prices moved largely in line with the decrease in underlying raw material prices. Nitriles revenues decreased in the three month period ended September 30, 2015 as compared to the same period in 2014, largely driven by lower selling prices and lower volumes. Average acrylonitrile sales prices fell approximately 22% in the three month period ended September 30, 2015 as compared to the same period in 2014 driven by a fall in feedstock costs which were down on average by approximately 17% in the third quarter of 2015 as compared to the same quarter in 2014. In addition new capacities coming on line in China have continued to put pressure on selling prices. Acrylonitrile sales volumes were down approximately 13% in the three month period ended September 30, 2015 as compared to the same period in 2014, due to a combination of difficult European trading conditions and an unplanned shutdown of the Green Lake plant limiting the opportunities to sell into the healthier Asian market. Revenues of the Phenol business decreased in the three month period ended September 30, 2015 as compared to the same period in 2014, primarily driven by lower prices. The decrease in finished goods prices moved in line with the underlying raw material

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prices which have fallen significantly in the three month period ended September 30, 2015 as compared to the same period in 2014. Benzene prices decreased in both Europe and the US, leading to lower phenol prices of approximately 34% in the three month period ended September 30, 2015 as compared to the same period in 2014. In addition the average acetone price decreased by approximately 28% in the three month period ended September 30, 2015 as compared to the same period in 2014, following lower propylene prices in both Europe and the US. Partially offsetting the decrease were higher sales volumes in the three month period ended September 30, 2015 as compared to the same period in 2014, with higher phenol volumes being driven mainly by the recovering US market with tight supply conditions due to a number of competitor plant outages.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment decreased by €30.1 million, or 17.6%, to €141.4 million for the three month period ended September 30, 2015 as compared to €171.5 million for the same period in 2014. The Oxide business results in the three month period ended September 30, 2015 were largely in line with the same period in 2014, mainly driven by lower margins which were largely offset by higher volumes. Margins have been adversely impacted by the slowdown in Asia and China. Exports markets have been limited since the summer and this has added pressure on margins. The sales volumes of the business were higher as the weaker euro and lower selling prices, as a result of lower raw material costs, have led to an increase in volumes. The Oligomers business profitability increased in the three month period ended September 30, 2015 as compared to the same period in 2014, driven primarily by higher margins, increased volumes and the appreciation of the US dollar. Margins improved across the product portfolio in the third quarter of 2015 as compared to the same period in 2014 as the business successfully held many formula price adders, whilst benefitting from lower raw material prices. Margins were higher in North America and Europe, whilst the Asian market continued to experience some weakness. Increased volumes were a result of good market conditions in most products and better product availability at the Feluy, Belgium site following the adverse impact of the fire at the site in the third quarter of 2014. The appreciation of the US dollar by approximately 17% against the euro in the three month period ended September 30, 2015 as compared to the same period in 2014, has also had a favourable impact on the North American results. The Nitriles business experienced a decrease in profitability in the three month period ended September 30, 2015 as compared to the same period in 2014, primarily due to lower volumes and a decrease in margins. Sales volumes were down due to a combination of difficult European trading conditions and an unplanned shutdown of the Green Lake plant. The shutdown of the Green Lake plant also adversely impacted margins as additional product had to be purchased for resale to fulfil Asian sale contracts resulting in higher costs. The decrease in margins was also driven by an oversupplied market with sales prices falling faster than variable production costs. The Phenol business profitability decreased in the three month period ended September 30, 2015 as compared to the same period in 2014, primarily due to lower margins. The decrease in margins was mainly driven by the adverse impact from the low benzene contract prices. This decrease was partially offset by higher phenol volumes as the US market experienced some recovery in the period.

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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

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €50 million and \$625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019. The new Term Loans mature in March 2022.

In May 2015 the Group issued €70 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem in full the Senior Secured Notes due 2020.

In June 2015 the Group amended and extended a proportion of the Senior Secured Term Loans due 2018. The maturities of €1,115 million and \$890 million of Term Loans were extended from May 2018 to December 2020.

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

The Group has a €300.0 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.

Following the Group's purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group in July 2015 (see note 6) the Group assumed the obligations of a €140 million loan facility of Noretyl AS. The facility matures in November 2019.

As of September 30, 2015, the Group had a total of €4,702.4 million Senior Secured Term Loans, €1,104.3 million Senior Notes due 2018, €1,125.9 million Senior Notes due 2019, and €770.0 million Senior Secured Notes due 2023 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.

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Capital expenditure incurred during the nine months ended September 30, 2015 was €268.6 million (€264.0 million in the nine months ended September 30, 2014) analysed by business segment as follows:

	Nine-month period ended September 30,	
	2015	2014
	<i>(€ in millions)</i>	
O&P North America	101.3	112.1
O&P Europe	62.8	51.0
Chemical Intermediates	104.5	100.9
	268.6	264.0

The main capital expenditures in the nine month period ended September 30, 2015 related to a number of smaller projects within the O&P North America and O&P Europe segments. There was also expenditure on a DIB debottlenecking project at the Oligomers site in Koln, Germany. The remaining capital expenditure related primarily to sustenance expenditure.

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 addition 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.

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, 2015 and 2014, our cash flow was as follows:

	Nine-month period ended September 30,	
	2015	2014
	<i>(€ millions)</i>	
Cash flow from operating activities	1,564.3	895.5
Cash flow from investing activities.....	(395.0)	(356.5)
Cash flow from financing activities	(509.7)	(397.5)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €1,564.3 million for the nine month period ended September 30, 2015 (inflow of €895.5 million in the nine month period ended September 30, 2014). The inflow was due to the profit generated from operations, partially offset by working capital outflows of €17.6 million in the nine month period ended September 30, 2015 (outflow of €209.1 million in the nine month period ended September 30, 2014). The decrease in working capital outflows primarily reflects the lower working capital levels of the Group as a result of lower raw material costs in the nine month period ended September 30, 2015 as compared to the same period in the prior year.

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Taxation payments of €143.1 million were made in the nine month period ended September 30, 2015 (payments of €34.9 million in the six month period ended September 30, 2014). The payments in the nine month period ended September 30, 2015 primarily reflect payments made to the tax authorities in the US, and to a lesser extent Belgium. The payments in the nine month period ended September 30, 2014 primarily payments made to the tax authorities in the US, and to a lesser extent Belgium, Canada and Germany.

Cash flows from investing activities

On July 1, 2014, the Group completed the Lavera Divestiture for a total consideration of €200 million in the form of loan notes. During the nine month period ended September 30, 2015 the Group received €79.3 million of further proceeds on the loan notes. As at September 30, 2015 all of the disposal proceeds had been received.

On July 1, 2015 the Group completed the purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group, a related party, for a gross consideration of €200.0 million. Cash balances acquired with the business were €20.1 million.

On September 30, 2015 the Group acquired the aromatics business and cumene assets from Axiall Corporation for an initial consideration of \$52.4 million (€46.7 million).

During the nine month period ended September 30, 2015 there were no loans granted to related parties (€6.9 million in the nine month period ended September 30, 2014). Following the divestment of the Grangemouth petrochemical business in 2013, the Group put in place a €200 million Shareholder Loan Agreement to fund the ongoing operations and investments required at the site. This facility matures on July 28, 2021 and is secured on a second lien basis on the assets of the Grangemouth petrochemical business. As at September 30, 2015 €31.0 million (September 30, 2014: €106.9 million) was outstanding under the facility (including capitalised interest).

There were no other significant cash flows from investing activities in the nine month period ended September 30, 2015 and 2014 other than the acquisition of property, plant and equipment (refer to the “Capital Expenditure” section).

Cash flows from financing activities

Interest payments of €468.5 million were made in the nine month period ended September 30, 2015 (€362.5 million in the nine month period ended September 30, 2014). The interest payments during the first nine months of 2015 relate primarily to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2018 and Senior Notes due 2019, a final interest payment and early prepayment premium of €6.0 million on the 2019 Senior Secured Notes which were redeemed in March 2015 and a final interest payment and early prepayment premium of €9.1 million on the 2020 Senior Secured Notes which were redeemed in May 2015. The interest payments during the first nine months of 2014 related primarily 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 Group made a repayment of €9.8 million on the Securitization Program during the nine month period ended September 30, 2015 (no repayment or drawdown in the nine month period ended September 30, 2014).

The Group made scheduled repayments (including Excess Cash Flow payments) of €5.0 million on the Senior Secured Term Loans during the nine month period ended September 30, 2015 (scheduled repayments of €3.8 million in the nine month period ended September 30, 2014).

The Group made scheduled repayments of €2.7 million on a bilateral bank loan agreement to fund some specific capital expenditure at the Koln, Germany site, during the nine month period ended

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September 30, 2015 (scheduled repayments of €0.9 million in the nine month period ended September 30, 2014).

In March 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €50 million and \$625 million, resulting in a combined cash inflow of €1,407.3 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019 of €1,391.7 million. The Group paid associated debt issue costs of €18.2 million in relation to the issue of the incremental term loan facility during the nine month period ended September 30, 2015.

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem in full the Senior Secured Notes due 2020 of €695.1 million. The Group paid associated debt issue costs of €8.7 million in relation to the issue of Senior Secured Notes due 2023 during the nine month period ended September 30, 2015.

In June 2015 the Group amended and extended a proportion of the Senior Secured Term Loans due 2018. The maturities of €1,115 million and \$890 million of Term Loans were extended from May 2018 to December 2020. The Group paid associated debt issue costs of €7.0 million in relation to the issue of the extended term loan facility during the nine month period ended September 30, 2015.

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 €1.8 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.

Net debt

Total net debt as at September 30, 2015 was €6,145.3 million (December 31, 2014: €6,322.4 million). The Group held net cash balances of €2,130.2 million as at September 30, 2015 (December 31, 2014: €1,434.6 million) which included restricted cash of €64.6 million used as collateral against bank guarantees and letters of credit. The Group had availability under undrawn working capital facilities of €41.1 million as at September 30, 2015.

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 had a strike price of 1.25% per annum, which was in line with the EURIBOR floor on the Floating Rate Notes of 1.25% per annum. These derivative instruments expired in May 2015.