MEGlobal B.V.

Consolidated Financial Statements
Year ended 31 December 2015

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Independent auditors' report

The Board of Directors
MEGlobal B.V.

Report on the Special Purpose Consolidated Financial Statements

We have audited the accompanying special purpose consolidated financial statements of MEGlobal B.V. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the special purpose consolidated financial statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the special purpose consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of preparation and purpose of use

As also explained in note 2(a) of the accompanying special purpose consolidated financial statements, these special purpose consolidated financial statements have been prepared under International Financial Reporting Standards reporting framework for information of the Directors of the Company. In addition to these special purpose consolidated financial statements, the Company also prepares separate Company only financial statements for statutory reporting purposes.

Other matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 were audited by KPMG LLP, Detroit, United States of America who expressed an unmodified opinion on those statements on 27 February 2015.

KPMG

KPMG Lower Gulf Limited
Date:
03 MAY 2016

Signatures and Acknowledgement

The Financial Statements of MEGlobal B.V. for the fiscal year ended December 31, 2015 are hereby signed and acknowledged.

Hoek, May 3, 2016

Luciano Poli
(Director A)

Mohammad Husain
(Director B)

MEGlobal B.V.
Consolidated statement of profit or loss and other comprehensive income

(US$ IN MILLIONS)	Notes	2015	2014
Net Sales		**2,911**	3,431
Cost of sales		**(2,813)**	(3,287)
Selling, general and administrative expenses		**(20)**	(23)
Research expenses		**(1)**	(1)
Other (expenses)/income		**(1)**	1
Operating income		**76**	121
Net loss on foreign currency transactions		**(3)**	(2)
Interest income		**10**	9
Interest expense		**(5)**	(5)
Net finance income		**2**	2
Income before income taxes		**78**	123
Tax expense	*10*	**-**	(24)
Net income for the year		**78**	99
Other comprehensive income			
Exchange differences on translating foreign operations		**(29)**	(38)
Other comprehensive income for the year, net of tax		**(29)**	(38)
Total comprehensive income for the year		**49**	61

The notes on pages 8 to 34 are an integral part of these special purpose consolidated financial statements.

The independent auditors' report is set out on pages 2 and 3.

MEGloba B.V.
Consolidated statement of financial position

(US$ IN MILLIONS) at 31 December 2015 (except information for share capital)	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment (net of accumulated depreciation)	3	**146**	124
Goodwill	4	**64**	90
Intangible assets (net of accumulated amortization)	4	**15**	2
Deferred Income taxes	10	**29**	28
Deferred charges and other assets	5	**82**	2
Total non-current assets		**336**	246
Current assets			
Cash and cash equivalents		**19**	13
Accounts and other receivable			
Trade receivable		**364**	455
Other		**21**	22
Notes receivable	6	**437**	473
Deferred charges and other assets	5	**2**	1
Inventories	7	**94**	119
Total current assets		**937**	1,083
Total assets		**1,273**	1,329
Equity and liabilities			
Stockholder's equity			
Share capital, 1.00€ par per share	8	**-**	-
- authorized, issued and outstanding - 38 shares			
Additional paid in capital		**433**	433
Retained earnings		**219**	141
Foreign currency translation reserve		**(16)**	13
Total stockholders' equity		**636**	587
Non-current liabilities			
Long-term debt – banks	9	**-**	203
Notes payables – Long term	6	**203**	-
Deferred income tax	10	**-**	1
Deferred income	16	**13**	16
Other deferred liabilities		**2**	2
Total non-current liabilities		**218**	222
Current liabilities			
Notes payable	6	**77**	146
Accounts and other payable			
Trade		**325**	347
Other		**6**	15
Income taxes payable		**1**	2
Accrued and other current liabilities		**10**	10
Total current liabilities		**419**	520
Total liabilities		**637**	742
Total equity and liabilities		**1,273**	1,329

The notes on pages 8 to 34 are an integral part of these special purpose consolidated financial statements.

The independent auditors' report is set out on pages 2 and 3.

These consolidated financial statements were authorized for issue on behalf of the Board of Directors on _____ 2016 and signed on their behalf by:

N. Meier

Niklaus Meier - Chief Financial Officer

MEGlobal B.V.
Consolidated statement of cash flows

(US$ IN MILLIONS)	Notes	2015	2014
Cash flows from operating activities			
Net income for the year		**78**	99
Adjustments:			
Depreciation of property, plant and equipment	*3*	**15**	17
Amortization / impairment of intangible assets and goodwill	*4*	**17**	-
Deferred income taxes		**-**	14
Changes in:			
Accounts and other receivable		**92**	99
Inventories		**25**	19
Accounts and other payable		**(31)**	(110)
Other assets and liabilities		**(16)**	(11)
Net cash from operating activities		**180**	127
Cash flows from investing activities			
Acquisition of property, plant and equipment	*3*	**(47)**	(3)
Acquisition of intangible assets	*4*	**(13)**	-
Investment in US Gulf Coast Project		**(81)**	-
Funds received/(transferred) from/to MEGlobal Canada		**82**	(57)
Net cash used in investing activities		**(59)**	(60)
Cash flows from financing activities			
Funds received from Equate Petrochemical B.V.		**203**	-
Payments on revolving facility – Mizuho		**(145)**	(57)
Repayment of bank borrowings – Mizuho		**(203)**	-
Net movement in notes receivables and payables with DIFS		**30**	(11)
Net cash used in financing activities		**(115)**	(68)
Net cash flows during the year		**6**	(1)
Cash and cash equivalents at 1 January		**13**	14
Cash and cash equivalents at 31 December		**19**	13
This comprises of:			
Cash at bank		**15**	11
Short term deposits		**4**	2

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The independent auditors' report is set out on pages 2 and 3.

MEGlobal B.V.
Consolidated statement of changes in equity

(US$ IN MILLIONS)	Share capital	Additional paid in capital	Retained Earnings	Foreign currency translation reserve	Total
Balance at January 1, 2014	-	433	42	51	526
Total comprehensive income					
Profit for the year	-	-	99	-	99
Other comprehensive income for the year	-	-	-	(38)	(38)
Total comprehensive income for the year	-	-	99	(38)	61
Balance at December 31, 2014	-	433	141	13	587
Total comprehensive income					
Profit for the year	-	-	78	-	78
Other comprehensive income for the year	-	-	-	(29)	(29)
Total comprehensive income for the year	-	-	78	(29)	49
Balance at December 31, 2015	**-**	**433**	**219**	**(16)**	**636**

The notes on pages 8 to 34 are an integral part of these special purpose consolidated financial statements.

1. REPORTING ENTITY

MEGlobal B.V. ("the Company") was formed in 2004 and is domiciled in The Netherlands. The Company's registered office is at Amsterdam, the Netherlands. These special purpose consolidated financial statements include the financial performance and financial position of the Company and its 100% owned subsidiaries (together referred to as the "Group"). Details of the Group entities along with their places of incorporation are as under:

- MEGlobal Americas Inc., Midland, MI, United States of America
- MEGlobal Asia Limited, Hong Kong, Peoples Republic of China
- MEGlobal International FZE, Dubai, United Arab Emirates
- MEGlobal Mexico S.A. de C.V., Mexico City, Mexico
- MEGlobal Trading Group Ltd., Shanghai, Peoples Republic of China
- MEGlobal Europe GmbH, Horgen, Switzerland
- MEGlobal Comercio Do Brasil Ltda., Bahia, Brazil
- Equipolymers GmbH, Schkopau, Germany
- Equipolymers S.r.l., Milan, Italy

Nature of Operations: On December 23, 2015, through a series of transactions ("Equate transaction"), MEGlobal B.V. became a wholly owned subsidiary of Equate Petrochemical B.V. ("Holding Company"). Equate Petrochemical B.V. is in turn a wholly owned subsidiary of EQUATE Petrochemical Company K.S.C.C. ("Ultimate Holding Company"). Prior to the change in shareholding, MEGlobal B.V., a Limited Liability Company, was a joint venture between Dow Europe Holding B.V. ("DEH") and Petrochemical Industries Company ("PIC"). Each party held a 50% shareholding interest.

The Company is mainly involved in financing activities for the companies in the Group and managing its investments therein.

The Group has two cash generating units ("CGU"):

- Ethylene Glycol ("EG") – The Group globally markets and distributes monoethylene glycol ("MEG") and diethylene glycol ("DEG"), collectively known as EG through its MEGlobal subsidiaries.
- Polyethylene Terephthalate ("PET") – The Group is a regional manufacturer and marketer of PET in Europe through its Equipolymers subsidiaries. There are two manufacturing facilities located in Schkopau Germany, which utilize MEG and Pure Terephthalic Acid ("PTA") as the primary raw materials.

2. (a) BASIS OF PRESENTATION

These special purpose consolidated financial statements ("consolidated financial statements") have been prepared in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. All amounts in these consolidated financial statements have been rounded to the nearest millions, and presented in U.S. dollars, unless otherwise indicated.

These consolidated financial statements have been prepared under International Financial Reporting Standards reporting framework solely for information of the Directors of the Company. In addition to these special purpose consolidated financial statements, the Company also prepares separate Company only financial statements for statutory reporting purposes in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

2. (b) SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the financial performance and position of the Group and entities controlled by the Group. Upon consolidation, all material interGroup accounts, transactions and profits have been eliminated.

Subsidiaries - Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Business Combinations – The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition –The Group recognizes revenue when the significant risks and rewards of the ownership of goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, returns and sales related taxes.

Financial Instruments – The Group classifies non-derivative financial assets into loans and receivables and non-derivative financial liabilities into other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets comprise loans and receivables.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables comprise trade and other receivables, notes receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and deposits with an original maturity of three months or less.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Group's non-derivative financial liabilities comprise trade and other payables and notes payables.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency rate exposures.

Derivatives are recognized initially at fair value; and any directly attributable transaction costs are recognized in the profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(v) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Inventories – Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out ("FIFO") method. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property – Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Years
Waterway improvements	15-25
Buildings	20-40
Machinery & other equipment	5-25

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

Intangible assets

Goodwill – Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses, if any. Any impairment is recognized immediately in income statement and is not subsequently reversed. Goodwill has infinite useful life and is tested annually for impairment.

Others – Other intangible assets include software that have finite useful lives and are stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized as per management's estimate of their useful life, which is 2 years.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets is recognized in profit or loss as incurred. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

(i) Non-derivative financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment by grouping together with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of the recoverability of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reserved through profit or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment *(continued)*

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. All impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Operating leases - Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Provisions – Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group expects a provision to be reimbursed, the inflow is recognized as an asset only when the reimbursement is certain.

Income Taxes
Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes *(continued)*

Deferred tax

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Government Grants – Government grants related to assets are recognized in the consolidated statement of financial position as deferred income. The grants are presented as deferred income and recognized to income on a systematic and rational basis over a period of 20 years, which is the average life of the assets to which the grant relates.

Retirement Benefit Costs – The Group has various pension plans in accordance with the local conditions and practices in the countries in which they operate. Payments to defined contribution plans are charged to expense as they fall due. Payments made to state-managed retirement benefit plans are charged to expense where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Foreign Currency Translation – The functional currency for the Company as well as its subsidiaries in the United States, Mexico, Brazil, Dubai and Hong Kong is U.S. dollars ("USD"). The subsidiaries in Switzerland, Germany and Italy have the Euro as the functional currency, while the subsidiary in Shanghai has the Renminbi.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Currency Translation *(continued)*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at the average exchange rates for current year. Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests.

Recent Accounting Pronouncements – A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015 and earlier application is permitted. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements:

IFRS 9 – Financial Instruments - IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncements *(continued)*

IFRS 15 – Revenue from Contracts with Customers - IFRS 15 establishes a comprehensive framework for determining whether how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 16 Leases - IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted provided IFRS 15 Revenue from Contract with Customers is also applied by the Company.

The Group is currently in the process of assessing the potential impact on its consolidated financial statements resulting from the application of these new standards.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty – In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition – Sales that are billed to customers based on provisional pricing are subsequently adjusted for the actual settlement prices. As of the end of the reporting period the Group estimates the final settlement price based on the prices observed in the market.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(continued)*

Estimation of useful life for property, plant and equipment and intangible assets with finite useful life and residual value for property, plant and equipment – The Group assesses the carrying values of property, plant, equipment, identifiable intangible assets, and long-lived assets annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include underperformance relative to historical or projected future results, significant changes in the manner of use of the assets or the strategy for the overall business and significant negative industry or economic trends. The most significant variables in determining cash flows used to assess the carrying value are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Amounts estimated could differ materially from what will actually occur in the future.

Allowances against inventory – The Group periodically reviews inventory for any decline in net realizable value below cost, and creates an allowance against the inventory balance for any such decline. These reviews require management to assess the estimated future demand for products. Possible changes in these estimates could result in revisions to the evaluation of inventory in future periods.

Legal contingencies – Legal contingencies cover a wide range of matters threatened in various jurisdictions against the Group. Provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated, after consideration of advice from attorneys. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of the settlement may materially vary from estimates.

Deferred tax assets – The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits and are recorded on the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes reasonable judgments and estimates based on taxable profits and expectations of future income.

2. (b) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(continued)*

Deferred tax assets (continued)

As tax losses do not expire in Germany and Italy, utilization of these tax losses require management to consider taxable profits well into the future. This significant long-term view increases the uncertainty of such projections. As a result of this and certain limits on annual tax loss usage, the Group limits its consideration of German and Italian tax losses to 10 years, which is considered a more foreseeable future, even though the ability to potentially utilize the tax losses extends beyond this period. Projections of future profitability used for the purpose of assessing usage of tax assets is consistent with considerations elsewhere, such as in impairment analysis.

Impairment of goodwill – The impairment test is based on the "value in use" calculation. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Refer note 4 for details of estimates and judgments used for testing of impairment.

Employee benefits – Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is performed. Liabilities are recognized for the amount expected to be paid under the short and long term incentive programs offered by the Group. These obligations can be estimated reliably.

3. PROPERTY, PLANT and EQUIPMENT

Details of the net book value of the property, plant and equipment at December 31 are as follows:

	Land & Waterway Improvements	Buildings	Machinery & Equipment	Construction in Progress	Total
Cost					
As at 1 January 2014	3	49	272	-	324
Additions	-	-	3	-	3
Disposals	-	-	(3)	-	(3)
Foreign currency translation	-	(6)	(30)	-	(36)
As at 1 January 2015	3	43	242	-	288
Additions (refer note (i))	-	-	-	47	47
Foreign currency translation	(1)	(4)	(26)	-	(31)
As at 31 December 2015	2	39	216	47	304
Accumulated Depreciation					
As at 1 January 2014	1	11	156	-	168
Depreciation	-	1	16	-	17
Disposals	-		(3)	-	(3)
Foreign currency translation	-	(1)	(17)	-	(18)
As at 1 January 2015	1	11	152	-	164
Depreciation expense	-	1	14	-	15
Foreign currency translation	-	(1)	(20)	-	(21)
As at 31 December 2015	1	11	146	-	158
Carrying Amounts					
As at 31 December 2014	2	32	90	-	124
As at 31 December 2015	**1**	**28**	**70**	**47**	**146**

(i) The construction in progress in 2015 relates to cost incurred on the development of a new world-scale glycol plant in the Gulf Coast of the United States of America ("USGC project") which is scheduled to come on stream in 2019. The Group purchased from The Dow Chemical Company ("TDCC") $35 in land as part of the Gulf Coast new plant development.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Details of goodwill and other intangible assets at December 31 are as follows:

	Goodwill	Other intangibles (Software)	Total
Cost			
As at 1 January 2014	102	2	104
Foreign currency exchange differences	(12)	-	(12)
As at 1 January 2015	90	2	92
Additions during the year	-	13	13
Foreign currency exchange differences	(9)	-	(9)
As at 31 December 2015	81	15	96
Amortization and impairment			
As at 1 January 2014	-	-	-
Impairment expense	-	-	-
As at 1 January 2015	-	-	-
Amortization charge for the year	-	-	-
Impairment loss recorded during the year	17	-	17
As at 31 December 2015	17	-	17
Carrying Amounts			
As at 31 December 2014	90	2	92
As at 31 December 2015	**64**	**15**	**79**

Goodwill acquired in a business combination is allocated at acquisition to the CGU that is expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the PET CGU.

The Group tests goodwill annually for impairment. The recoverable amounts of the CGU are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rate, margin over raw materials, growth rates of the margin over the period, freight cost and capacity utilization rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts.

Margin over raw materials is based on historic information, industry projections and various other market economic and CGU specific considerations. The utilization rates, which indicate the capacity level at which the plants are expected to operate in the future, are based on the name-plate capacity.

4. GOODWILL AND OTHER INTANGIBLE ASSETS *(continued)*

The Group prepares cash flow forecasts derived from the most recent financial budgets and market updates reviewed by management for the next five years, with adjustments as necessary to better reflect subsequent information, and extrapolates cash flows for the following five years based on an estimated margin growth rate of 1% per annum *(2014: 1% per annum)* which is also the terminal growth rate applied. The terminal growth rate does not exceed the average long-term revenue growth rate for the relevant markets. The rate used to discount the forecast cash flows is 8.7% *(2014: 6.42 %)*. Though a period longer than 5 years is used for cash flow projections, this is not expected to impact the impairment assessment as the expected sales volumes are constant after the fifth year and terminal growth rate of 1% is applied on key variables such as margin over raw materials and other expenses.

As a result of the annual impairment analysis carried out during the current year, the carrying amount of the CGU was determined to be higher than its recoverable amount of $141.7 million and an impairment loss of $17 *(2014: Nil)* has been recorded. The major factors include a delay in launch of two new products and growth not in line with management expectations, which resulted in a higher discount rate. Following the impairment loss recognized in the CGU, the recoverable amount was equal to the carrying amount and therefore, any adverse movement in a key assumption would lead to further impairment.

5. DEFERRED CHARGES AND OTHER ASSETS

	2015		2014	
	Current	**Non - current**	Current	Non -current
License – USGC project	**-**	**11**	-	-
Ethylene subscription – USGC project	**-**	**70**	-	-
Other	**2**	**1**	1	2
	2	**82**	1	2

MEGlobal Americas has entered into agreements with various parties related to the development of a new world scale glycol plant in the Gulf Coast of the United States. The plant is scheduled to come on stream in 2019.

License costs and Ethylene subscription fees will be amortized upon startup:

- License – agreement with a subsidiary of The Dow Chemical Company (“TDCC”) to secure a fully-paid up Ethylene Oxide / Ethylene Glycol license for $16. Installments paid and accrued total $11, with two remaining installment payments to be paid totaling $5 million in the 2018 / 2019 timeframe.
- Ethylene subscription – binding term sheet with TDCC to secure an ethylene supply contract for the Gulf Coast facility being developed. The contract secures the subscription rights to 27.6% of one of Dow’s ethylene crackers under development. Total cost is $700, with future payments being $315 million on 1 August, 2017 and $315 on the earlier of the plants commencement date or 1 February, 2019. The subscription payment is refundable if TDCC does not proceed with its ethylene cracker.

6. NOTES PAYABLE / NOTES RECEIVABLE

	2015		2014	
	Note Receivable	**Note Payable**	Note Receivable	Note Payable
Long-term				
Equate Petrochemical B.V.	**-**	**203**	-	-
	------	**-------**	------	-------
Short term				
Operational facility - DIFS	**126**	**61**	96	1
MEGlobal Canada	**311**	**16**	377	-
Revolving facility - Mizuho (note 9)	**-**	**-**	-	145
	437	**77**	473	146

Equate Petrochemical B.V. Credit Facility – The Group has a term loan agreement in place with Equate Petrochemical B.V. up to a maximum of $300 at an interest rate of 0.20% above LIBOR. As of 31 December 2015, the Group had borrowed $203 at a rate of 1.22 %. The facility does not have a specific tenure and interest is accrued monthly. Interest on the above facility was immaterial. The loan is classified as long-term as the management is of the view that it will not be repayable within twelve months from the reporting date.

Operational Facility – Under the cash management services provided by Dow, the Group also has in place an overnight cash sweeping facility with a subsidiary of Dow, Dow International Finance S.a.r.l. ("DIFS"). Under this arrangement, the Group sweeps all of the bank accounts and either invests or borrows funds on an overnight basis. Under the terms of the agreement, the Group can borrow from DIFS at interest rates ranging from LIBOR plus a positive spread as set by Dow each half year that represents transactions with unrelated parties under similar terms and conditions plus 0.125% and inversely invest with DIFS at LIBOR plus a positive spread as set by Dow each half year that represents transactions with unrelated parties under similar terms and conditions minus 0.125%. Amounts outstanding at 31 December 2015 under these arrangements amongst the Group's subsidiaries were a net deposit of $65 in various currencies at interest rates ranging from 0.62% to 1.46%. The facility does not have a specific tenure and is repayable on demand. Interest is accrued monthly and capitalized.

Intra / Inter- JV Revolving Credit Facilities – The Group has various revolving credit facilities in place for working capital financing with its foreign direct and indirect subsidiaries, as well as with MEGlobal Canada, a related party, for working capital financing up to a maximum of $500. These facilities can also be used to deposit excess funds with the Group. The respective borrowing rate is at 0.25% above funding costs of the Group, and the respective deposit rate is at funding cost. At 31 December 2015, MEGlobal Canada had borrowed a net $295 at interest rates of 1.98% to 2.58%. The facility does not have a specific tenure and is repayable on demand. Interest is accrued monthly.

6. NOTES PAYABLE / NOTES RECEIVABLE *(continued)*

Guarantees – The Group has guaranteed the following facilities:

- $45 import trade facility with Citibank N.A. Dubai on behalf of MEGlobal International FZE.
- $20 import trade facility with National Bank of Kuwait PLC on behalf of MEGlobal International FZE and MEGlobal Europe GmbH.
- $40 import trade facility with Mizuho Corporate Bank Ltd. on behalf of MEGlobal International FZE.
- €35 million PTA supply agreement with Orlen on behalf of Equipolymers GmbH
- Tank car agreement with GATX on behalf of MEGlobal Americas Inc.
- Silver lease agreements with HSBC Bank USA, Sumitomo, Citibank N.A., Standard Chartered, Scotiabank and Toronto Dominion Bank on behalf of MEGlobal International FZE (also refer note 13)
- PTA delivery agreement with BP Aromatics Limited N.V.
- $15 to Hyosung Corporation, South Korea towards purchase of PTA for Equipolymers GmbH
- Guarantee to the Dow Chemical Company towards payments related to USGC project (refer notes 3 and 5)

7. INVENTORIES

Details of inventory at December 31 are as follows:

	2015	2014
Finished Goods	**86**	114
Raw Materials & Supplies	**8**	5
Total inventory	**94**	119

8. SHARE CAPITAL

The Group has one class of common stock. Shares carry a par value of 1 Euro per share.
Authorized: 38 shares
Issued and outstanding: 38 shares
Stockholder: Equate Petrochemical B.V.

9. LONG-TERM DEBT - BANKS

$202.5 Medium Term Syndicated Loan – This five year loan was scheduled to mature on December 19, 2017, with a fixed bullet payment of $202.5. This facility was paid off during December 2015 in concert with the Equate transaction.

$202.5 Medium Term Revolving Credit Facility – This five year revolving facility, inclusive of $50 swing line, was scheduled to mature on December 19, 2017 and allowed the Company to borrow funds and elect an interest setting period of one, two, three or six month LIBOR plus 1.50%. This facility was closed during December 2015, in concert with the Equate transaction.

Interest on the above obligations totaled $4 and $5 for 2015 and 2014, respectively.

10. INCOME TAXES

The provision for income taxes consists of the following:

	2015	**2014**
Current	**5**	10
Deferred	**(5)**	14
Total	**-**	24

Tax Rate Reconciliation:		**2015**		2014
Income before income taxes		**78**		123
Tax at the Netherlands rate	**25.0%**	**20**	25.0%	31
Effect of different tax rates of subsidiaries operating in other jurisdictions		**(23)**		(24)
Tax effect of previous years losses for which deferred tax assets have been unrecognized		**1**		16
Tax effect of expenses that are not deductible in determining taxable profit		**2**		1
Tax expense and effective tax rate for the year	**0%**	**-**	19.7%	24

Net income taxes paid during 2015 were $8 and in 2014 were $11.

10. INCOME TAXES *(continued)*

Significant components of the Group's deferred income tax assets and liabilities are as follows:

	2015	2014
Tax losses carried forward	**62**	69
Property	**(22)**	(28)
Goodwill / Intangibles	**(13)**	(17)
Other	**2**	3
Net Deferred Income Tax Assets	**29**	27

Disclosed as follows in the statement of financial position:

	2015	2014
Deferred income tax assets	**29**	28
Deferred income tax liability	**-**	1
	29	27

At December 31 2015, the Group has unused significant tax losses of $384 available for offset against future profits, with no expiration date as follows:

	Equipolymers S.r.l. (Italy)	Equipolymers GmbH (Germany)	Others
Recognized tax losses	20	191	8
Unrecognized tax losses	116	49	-
Total tax losses	136	240	8

Tax losses in Germany do not expire and can be utilized to offset the first million and 60% of the remaining balance of taxable income in a given year. The Group expects to begin utilizing the German tax losses in 2016. The Group applied a tax rate of 29.125% for 2015.

Tax losses in Italy do not expire and can be utilized to offset 80% of the balance of taxable income in a given year. As this entity does not expect to realize significant earnings, the majority of tax losses remain unrecognized. The Group applied a tax rate of 24% for 2015.

11. RELATED PARTY TRANSACTIONS

The Group has entered into certain commercial arrangements with some of its ultimate stockholders or related parties as part of the formation of the Company. They include:

- Excess EG Marketing Agreement
- General Services Agreement
- Secrecy Agreement
- Long Term Land Lease Agreement
- Site Services Agreement
- Employee Seconding Agreement
- Catalyst License Agreement
- Binding Term sheet – Gulf Coast
- Other Assignment and Assumption Agreements

A summary of the significant transactions and balances with related parties is as follows:

	2015				2014			
	Dow Consolidated Companies	MEGlobal Canada	Equate B.V.	PIC, Equate TKOC	Dow Consolidated Companies	MEGlobal Canada	Equate B.V.	PIC, Equate TKOC
Inventory purchases	235	728	-	975	247	857	-	1,139
Service purchases	61	3	-	-	52	3	-	-
Finance income	1	8	-	-	-	9	-	-
Notes Receivables	126	311	-	-	96	377	-	-
Accounts Payable	20	84	-	134	21	70	-	164
Notes Payable	61	16	203	-	1	-	-	-

- Dow consolidated companies includes: DOW, Union Carbide Corporation, Dow Chemical Canada ULC, DEH, DCOMCO, Dolpa S.a.r.l., DIFS and other TDCC subsidiaries and or related companies to a smaller extent.
- MEGlobal Canada includes: MEGlobal Canada ULC. and Alberta & Orient Glycol Group ULC.
- PIC, Equate, TKOC includes: Petrochemical Industries Company (K.S.C.), Equate Petrochemical Company (Equate), and The Kuwait Olefins Company (TKOC).

All outstanding balances and the transactions with these related parties are at agreed upon rates and are to be settled in accordance with standard terms of the agreements.

Significant related party transactions which are not disclosed elsewhere in these consolidated financial statements are as follows:

The Group is committed to purchase from DOW under the Excess EG Marketing Agreement an annual volume of EG for a term to 2024.

11. RELATED PARTY TRANSACTIONS *(continued)*

The compensation (including long-term employee benefits) to key management personnel during the year amounted to $ 4 *(2014: $4)*. This includes directors' fees, reimbursement of employment costs incurred for key seconded employees from PIC and subsidiaries of DOW and compensation paid to key management personnel directly employed by the Group.

12. EMPLOYEE BENEFIT PROGRAMS

All company benefit programs, including compensation expenses, totaled $14 and $16 in 2015 and 2014, respectively.

Employees in MEGlobal Americas Inc. and MEGlobal Europe GmbH participate in Group sponsored health, welfare and pension programs.

Employees in MEGlobal Asia Limited participate in Group sponsored health and welfare programs, while participating in Dow Chemical Pacific Ltd. sponsored pension plans.

Employees in MEGlobal International FZE participate in Dow Export GmbH sponsored health and welfare programs, with the exception of life insurance, which is in the Group's name. Provisions for employees' end of service indemnity are made in accordance with Dubai Airport Free Zone regulations, and are based on current remuneration and cumulative years of service at the reporting date.

Employees in MEGlobal Trading Group Ltd. participate in Dow China sponsored health, welfare and pension programs.

Employees in Equipolymers Srl participate in legally mandatory and Dow Italy sponsored health, welfare and pension programs.

13. COMMITMENTS AND GUARANTEES

a) Operating leases

The Group has entered into leases for rail cars and terminal storage as shown below:

Minimum lease commitments	2015	2014
2016	**28**	23
2017	**13**	13
2018	**13**	12
2019 and beyond	**52**	53
Total	**106**	101

MEGlobal International FZE has entered into short term leases totaling 6,407,990 troy ounces of silver with a variety of banks, with maturities staggering over various dates in 2016. The facilities are guaranteed by MEGlobal BV (refer note 6) and sub leased to MEGlobal Canada ULC and its wholly owned subsidiary Alberta & Orient Glycol Company ULC for utilization in its manufacturing operations on similar terms. At year end, $101 of silver was being leased at an average rate of 0.37% per annum. The following summarizes the silver lease commitments and amounts outstanding at 31 December 2015.

	2015			2014		
Bank	**Credit Limit MM$**	**Qty (TOZ)**	**Silver Value MM$**	Credit Limit MM$	Qty (TOZ)	Silver Value MM$
HSBC	**115**	**2,998,765**	**47**	115	1,578,484	30
Sumitomo	**50**	**84,385**	**1**	50	84,385	2
Standard Chartered	**85**	**-**	**-**	85	-	-
Toronto Dominion	**9**	**509,976**	**9**	60	1,944,796	34
Citibank	**40**	**-**	**-**	40	-	-
Scotiabank	**60**	**2,814,864**	**44**	60	718,300	14
Total	**359**	**6,407,990**	**101**	410	4,325,965	80

In addition, the Group routinely leases premises for use as offices, warehouses, vehicles, equipment and software under operating leases. At 31 December 2015 and 2014, future minimum rental commitments under these non-cancelable leases were immaterial.

b) Capital commitments

One of the subsidiaries of the Group, MEGlobal Americas has entered into agreements with various parties related to the development of a new world scale glycol plant in the Gulf Coast of the United States, which is scheduled to come on stream in 2019. The capital commitments relating to this project are as follows (also refer note 5):

Ethylene supply contract - $630
Technology and license fee - $5

13. COMMITMENTS AND GUARANTEES *(continued)*

c) GUARNATEES

The Group has issued various guarantees. The details of the guarantees are disclosed in Note 6.

14. DERIVATIVE INSTRUMENTS AND HEDGING

The Group's operations require active participation in foreign exchange markets. The Group enters into foreign exchange forward contracts to hedge various currency exposures. Exposures primarily relate to assets and liabilities denominated in foreign currencies. The primary business objective of the activity is to optimize the U.S. dollar value of the Group's assets and liabilities with respect to exchange rate fluctuations. Assets and liabilities denominated in the same foreign currency are netted, and only the net exposure is hedged. At 31 December 2015, the Group had forward contracts to buy, sell or exchange foreign currencies. These contracts had various expiration dates and are with Dow Financial Services Inc., Banco Itau Sa, The Dow Chemical Group and Dow International Mexicana S.A. de C.V. The Group has not engaged in any cash flow hedges.

	2015		2014	
	Gain	**Loss**	Gain	Loss
Derivatives relating to: Foreign Currency mark to market impact for the period	**1**	**-**	-	(2)

As at 31 December 2015, the Group had the following net notional forward exchange contract

Currency	**2015** (in millions)		**2014** (in millions)	
	Long Position	Short position	Long Position	Short position
CAD	83	123	1	1
EUR	27	28	16	8
HKD	22	9	35	5
AED	6	8	-	-
USD	5	3	10	11
BRL	-	53	42	41
GBP	-	-	1	-

14. DERIVATIVE INSTRUMENTS AND HEDGING *(continued)*

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

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

The net mark to market impact the above currencies as at 31 December 2015 is shown under Level 2 hierarchy.

USD 'million	Level 1	Level 2	Level 3	**Total**
31 December 2015	**-**	**1**	**-**	**1**
31 December 2014	-	(2)	-	(2)

15. RISK MANAGEMENT

Markets

EG - The Group operates its EG business globally in a highly competitive market for commodity petrochemical products. Prices are primarily affected by industry cycles and supply and demand balances. To address these business risks, management aims to diversify its customer base geographically, differentiate its products through consistent quality and service, and maximize its favorable cost position through its own manufacturing and third party supply partners for which the Group acts as a distributor and marketer.

PET - The Group operates its PET business primarily in Europe. Different pricing formulas and quotes are all priced in EUR. Most formulas are based on major raw material prices (PTA and MEG) and unit ratios adding a margin (referred to as MOR).

15. RISK MANAGEMENT *(continued)*

Markets (continued)

The Company's geographic distribution of net sales is shown hereafter:

Sales by region:	**2015**	2014
Asia	**1,125**	1,283
Americas	**686**	791
Europe	**498**	738
Middle East	**602**	619
	2,911	3,431

Set forth below are sales to customers that reached 10% of CGU net sales for the years ended December 31:

	2015	2014
Jiangsu Sanfanxiang Group Co., Ltd	**273**	298

Credit – The Group sells products to customers on open account and secured terms and applies an active and conservative credit management policy, which includes credit insurance, appropriate credit-limits for open account customers, risk categories and order control mechanisms on medium-high risk accounts. Management believes there are no significant past due receivables subject to credit risk. The Group is insuring selective high sovereign risks derived from letters of credit with banks through a major credit insurer in the Middle East.

Accounts Receivable Aging Analysis:

	2015	2014
Current	**361**	452
Past Due 1-30 days	**3**	1
Past Due Over 30 days	**-**	2
Total	**364**	455

Movement in the allowance for doubtful receivables:

Allowance reconciliation	**2015**	2014
As at January 1	**4**	3
Risk analysis reserve changes	**(3)**	1
Amounts written off	**-**	-
As at December 31	**1**	4

15. RISK MANAGEMENT *(continued)*

Credit (continued)

In accordance with management procurement policies, trade payables are settled in accordance with the agreed credit terms. With respect to financial assets, the maximum exposure is equal to the carrying amount of the assets on the consolidated statement of financial position. Temporary surplus cash is placed either with DIFS under the cash management process or invested on an over-night basis with top rated third party banks.

Interest – The Group has floating interest rate debt and deposits, and is exposed to interest rate fluctuations. These are discussed in detail in notes 6 and 9.

The sensitivity analysis shows that an increase of 1% in the interest rate has an insignificant impact on the statement of comprehensive income.

Concentration – The Group participates in the manufacturing and trade industry sector and key balance sheet items can be analyzed by the following geographic regions post inter-group eliminations:

	2015			2014		
	Trade Receivables	Inventory	Notes Receivables	Trade Receivables	Inventory	Notes Receivables
Geographic region:						
Asia	174	16	-	221	20	-
Americas	60	38	311	70	44	377
Europe	57	32	126	66	47	96
Middle East	73	8	-	98	8	-
	364	94	437	455	119	473

Foreign exchange – The Group is exposed to foreign currency translation and translation gains and losses based on the nature and structure of its operations and changes in reporting and transaction currencies. The Group manages these foreign currency risks with foreign exchange contracts. The Group has receivable and payables denominated in EUR and other currencies. Any change in exchange rate would have minimal impact on the statement of comprehensive income.

15. RISK MANAGEMENT *(continued)*

Liquidity –The Group manages its short term obligations by means of its own cash flow and committed revolving facility with Equate Petrochemical B.V. The dividend policy of the Group is driven cash flow and liquidity, and is restricted by certain tax and legal provisions prevailing in the various jurisdictions in which the Group operates.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

	2015				2014			
	0 to 3 months	3 to 12 months	> 1 year	Total	0 to 3 months	3 to 12 months	> 1 year	Total
Long term debt	-	2	203	205	1	3	214	218
Accounts payables and accruals	341	-	-	342	372	-	-	372
Notes payable	77	-	-	77	81	65	-	146
Total Liabilities	418	2	203	624	454	68	214	736

16. DEFERRED INCOME

The Group received a total of $34 in 2005 and 2006 in government grants for the construction of the PET manufacturing facility at its Schkopau site. The German grants are presented as deferred income and recognized to income on a systematic and rational basis over a period of 20 years.

	2015	2014
Deferred Income – Government Grants	**13**	16