

INEOS Bio Limited
Annual report
for the year ended 31 December 2010

Registered number 02388655



INEOS Bio Limited
Annual report
for the year ended 31 December 2010
Contents

Directors' report for the year ended 31 December 2010	1
Independent auditors' report to the members of INEOS Bio Limited	3
Profit and loss account for the year ended 31 December 2010	5
Balance sheet as at 31 December 2010	6
Statement of accounting policies	7
Notes to the financial statements for the year ended 31 December 2010	9

INEOS Bio Limited

Directors' report for the year ended 31 December 2010

The directors' present their report and the audited financial statements of the company for the year ended 31 December 2010

Principal activities

The company is engaged in the commercialisation of a highly innovative technology platform for the production of clean biofuel and low-cost chemical intermediates from a wide range of low-cost carbon materials including household waste

Review of business and future developments

The directors are of the firm belief that progress being made in the commercialisation of its product means that the company will be well placed to take advantage of opportunities that are expected to arise in 2011

Results

The loss for the financial year was €9,843k (2009 €8,853k)

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company INEOS Industries Limited. The directors have received confirmation that INEOS Industries Limited intends to support the company for at least one year after these financial statements are signed.

Directors

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

P S Williams
J P McNally (resigned 30 June 2011)
M S Olavesen (resigned 24 June 2011)
G Leask (appointed 27 May 2011)
D Smeeton (appointed 27 May 2011)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INEOS Bio Limited

Disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 relating to small companies

By order of the Board

A handwritten signature in black ink, appearing to be 'A Goodswen', with a long horizontal stroke extending to the right.

A Goodswen
Company Secretary

21 December 2011

INEOS Bio Limited

Independent auditors' report to the members of INEOS Bio Limited

We have audited the financial statements of INEOS Bio Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INEOS Bio Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Steve Denison (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
21 December 2011

INEOS Bio Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 €'000	2009 €'000
Turnover	2	1,483	-
Cost of sales		-	-
Gross profit		1,483	-
Administrative expenses		(11,073)	(8,185)
Operating loss	3	(9,590)	(8,185)
Interest payable and similar charges	4	(253)	(668)
Loss on ordinary activities before taxation		(9,843)	(8,853)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	15	(9,843)	(8,853)

All activities of the company relate to continuing operations

There are no recognised gains or losses attributable to the shareholders of the company other than the loss above therefore no separate statement of total recognised gains and losses has been presented


There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

INEOS Bio Limited

Balance sheet as at 31 December 2010

	Note	2010 €'000	2009 €'000
Fixed assets			
Intangible assets	7	18,051	21,018
Tangible assets	8	4,482	1,553
Investments	9	1,902	1,902
		24,435	24,473
Current assets			
Debtors	10	863	34
Cash at bank and in hand		104	1,476
		967	1,510
Creditors amounts falling due within one year	11	(11,915)	(4,919)
Net current liabilities		(10,948)	(3,409)
Total assets less current liabilities		13,487	21,064
Creditors: amounts falling due after one year	12	(2,523)	(257)
Net assets		10,964	20,807
Capital and reserves			
Called up share capital	13	24,628	24,628
Share premium account	14	11,083	11,083
Profit and loss account	15	(24,747)	(14,904)
Total shareholders' funds	16	10,964	20,807

The financial statements on pages 5 to 15 were approved by the board of directors on 21 December 2011 and were signed on its behalf by


G Leask
Director

INEOS Bio Limited
Registered number 02388655

INEOS Bio Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent INEOS Industries Limited. The directors have received confirmation that INEOS Industries Limited intends to support the company for at least one year after these financial statements are signed.

Consolidation

The financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its intermediate parent INEOS Industries Limited, a company incorporated in England and Wales. INEOS Industries Limited was incorporated on 10 July 2009. The first set of consolidated financial statements for INEOS Industries Limited will be prepared for the eighteen month period ended 31 December 2010.

Cash flow statement

The company is a wholly owned subsidiary of INEOS Bio Holdings Limited and is consolidated within the financial statements of INEOS Industries Limited which are publically available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) "Cash flow statements".

Foreign currency transactions

Foreign currency transactions in currencies other than euros are recorded at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities in currencies other than euros are translated into euros at rates of exchange ruling at the balance sheet date, being £1 1741 €1 and US\$0 7612 €1. All exchange gains and losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the profit and loss account for the year.

Intangible fixed assets

Intangible fixed assets are valued at cost and amortised on a straight line basis over their estimated useful life.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets, other than freehold land and assets under construction, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Assets under construction are not depreciated until they are ready for use, when they are transferred to the relevant asset class and depreciated over their useful economic lives.

INEOS Bio Limited

Investments

Investments are stated at cost less any provision for impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Turnover

Turnover represents the value of licensing fees earned on licensing sales made by the company's US subsidiary. It is stated net of value added tax and trade discounts. Turnover is recognised when the conditions of sale have been fulfilled.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Grants

Grants receivable in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Research and development

Research and development expenditure is written off to the profit and loss account as incurred.

INEOS Bio Limited

Notes to the financial statements for the year ended 31 December 2010

1 Reporting currency

The financial statements are expressed in euros as the company expects to generate income and incur expenditure primarily in euros

2 Turnover

The turnover attributable to each class of business is as follows

By business area	2010	2009
	€'000	€'000
Licensing	1,483	-

An analysis of turnover by geographic destination is as follows

By geographical area	2010	2009
	€'000	€'000
The Americas	1,483	-

€611,384 of the above turnover is accrued revenue and will be invoiced when a project milestone is achieved in 2012

3 Operating loss

Operating loss is stated after charging

	2010	2009
	€'000	€'000
Foreign exchange (gain) / loss	144	139
Amortisation of intangible fixed assets	2,967	2,829
Auditors' remuneration		
- audit fees	5	3

INEOS Bio Limited

4 Interest payable and similar charges

	2010	2009
	€'000	€'000
Interest payable to parent company	253	668

5 Tax on loss on ordinary activities

(a) Analysis of charge in the year

There is no tax charge for the year

	2010	2009
	€'000	€'000
Current tax		
UK corporation tax on loss for the year	-	-
Tax on loss on ordinary activities	-	-

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2010 of 28% (2009 28%) The differences are explained below

	2010	2009
	€'000	€'000
Loss on ordinary activities before taxation	(9,843)	(8,853)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(2,756)	(2,479)
Effects of		
Tax losses not recognised	2,756	2,479
Total current tax charge	-	-

(c) Factors that may affect future tax charge

The potential deferred tax asset of €6,929k consists of tax losses and has not been recognised because it is uncertain when the benefit of the losses will crystallize

INEOS Bio Limited

5 Tax on loss on ordinary activities (continued)

In the 2011 Budget on 23 March 2011, the UK Government announced its intention to reduce the UK corporation tax rate to 26% from 1 April 2011. Further reductions to the UK corporation tax rate have been announced which will reduce the UK corporation tax rate by 1% per annum until this reaches 23% by 1 April 2014. As the company does not recognise its potential deferred tax asset, the change in tax rate has no effect on these financial statements.

There are no other factors expected to materially affect the tax charge in future years.

6 Employees and directors

None of the directors received any emoluments during the financial year (2009: £nil) in respect of their services to the company.

No other persons were employed during the financial year or in the prior year.

7 Intangible fixed assets

	€'000
Cost or valuation	
At 1 January 2010	25,194
Additions	-
At 31 December 2010	25,194
Accumulated amortisation	
At 1 January 2010	(4,176)
Charge for the year	(2,967)
At 31 December 2010	(7,143)
Net book value	
31 December 2010	18,051
31 December 2009	21,018

In 2008 the company acquired intellectual property rights and other knowhow in the field of bioethanol technology and production from third parties. These were valued at cost and are being amortised on a straight line basis over 10 years. The amortisation period represents the directors' estimate of the life of the technology before it is replaced by either competing or new technology.

INEOS Bio Limited

8 Tangible fixed assets

	Assets under construction €'000
Cost	
At 1 January 2010	1,553
Additions	2,929
Disposals	-
At 31 December 2010	4,482
Accumulated depreciation	
At 1 January 2010	-
Charged during the year	-
Disposals	-
At 31 December 2010	-
Net book value	
31 December 2010	4,482
31 December 2009	1,553

9 Investments

	€'000
Cost and net book value	
At 1 January 2010	1,902
Additions	-
At 31 December 2010	1,902

On 31 July 2009 the company made an investment in a subsidiary, INEOS Bio USA LLC, of €1,902k, representing 100% of the ordinary share capital. The principal activity of INEOS Bio USA LLC is the commercialisation of a highly innovative technology platform for the production of clean biofuel and low-cost chemical intermediates from a wide range of low-cost carbon materials including household waste. The country of incorporation and operation is the USA.

On 28 April 2009 the company made an investment in a subsidiary, INEOS Bio Resources Limited, of €100, representing 100% of the ordinary share capital. INEOS Bio Resources Limited is a dormant company incorporated in England.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

INEOS Bio Limited

10 Debtors

	2010	2009
	€'000	€'000
Amounts owed by group undertakings	694	-
Other debtors	169	34
	863	34

Amounts owed by group undertakings are unsecured and interest free. €85k of the balance is payable within 30 days and the remaining €609k is payable on completion of a project milestone currently expected to happen in 2012.

11 Creditors: amounts falling due within one year

	2010	2009
	€'000	€'000
Trade creditors	45	687
Amounts owed to group undertakings	10,718	3,310
Accruals and deferred income	1,152	922
	11,915	4,919

Amounts owed to group undertakings have no fixed repayment terms. Included within amounts owed to group undertakings is a loan of €9,843k (2009: €2,772k) from Ineos Industries Holdings Limited. Interest is applied at the rate of LIBOR thirty day rate +4.00%.

12 Creditors: amounts falling due after one year

	2010	2009
	€'000	€'000
Deferred income	2,523	257

Deferred government grants included within deferred income

	2010	2009
	€'000	€'000
Balance at 1 January	257	-
Received during the year	2,266	257
Balance at 31 December	2,523	257

INEOS Bio Limited

13 Called up share capital

	2010	2009
	€'000	€'000
Authorised		
100,000,000 (2009 100,000,000) ordinary shares of £1 each	117,275	117,275
Allotted and fully paid		
21,000,100 (2009 21,000,100) ordinary shares of £1 each	24,628	24,628

Authorised share capital at 31 December 2010 was GBP 100,000,000 Allotted and fully paid was GBP 21,000,100 Amounts translated to Euros at exchange rate of £1 =1 17275€

14 Share premium account

	2010	2009
	€'000	€'000
At 1 January	11,083	-
Premium on shares issued during the year	-	11,083
At 31 December	11,083	11,083

15 Reserves

	Profit and loss account
	€'000
At 1 January 2010	(14,904)
Loss for the financial year	(9,843)
At 31 December 2010	(24,747)

INEOS Bio Limited

16 Reconciliation of movements of shareholders' funds

	2010	2009
	€'000	€'000
Loss for the financial year	(9,843)	(8,853)
21,000,000 new shares issued during the year	-	24,628
Share premium on new shares issued	-	11,083
Opening shareholders' funds	20,807	(6,051)
Closing shareholders' funds	10,964	20,807

17 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Ineos Industries Limited, whose accounts are publicly available, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

18 Ultimate parent undertaking and controlling party

The directors regard INEOS Bio Holdings Limited, a company incorporated in the United Kingdom, to be the immediate parent undertaking of the company.

As at 31 December 2010, the ultimate parent undertaking was INEOS AG, a Swiss Corporation.

INEOS Industries Limited, an intermediate parent undertaking, was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2010. INEOS Industries Limited is a company registered in England and Wales and was incorporated on 10 July 2009. The first set of consolidated financial statements for INEOS Industries Limited will be prepared for the eighteen month period ended 31 December 2010.

Copies of the financial statements of INEOS Industries Limited can be obtained from the Company Secretary, INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The ultimate controlling party is Mr J A Ratchiffe, director and majority shareholder of the ultimate parent company.