

Basell UK Holdings Limited

**Directors' report and financial
statements**

Registered number 3053549

31 December 2006

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The Company is an investment and holding Company

Results and dividends

The loss after taxation for the period was £7,625,000 (2005 £2,842,000) and is set out on page 5

The Directors do not recommend the payment of a dividend (2005 £nil)

Directors and their interests

The Directors of the Company during the year are set out below

A Cookson	(resigned 20 March 2006)
S Barnard	
M Pooley	
F Bos	(appointed 20 March 2006)
P Pyman	(appointed 20 March 2006)

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company or any other group undertaking

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

MJ Pooley
Director



Carrington Site
Manchester
M31 4AJ

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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1 North Fourth Street
Central Milton Keynes
Buckinghamshire
MK9 1NE

Report of the independent auditors to the members of Basell UK Holdings Limited

We have audited the financial statements of Basell UK Holdings Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors to the members of Basell UK Holdings Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG W

*Chartered Accountants
Registered Auditor*

30 October, 2007

Income Statement

for the year ended 31 December 2006

	<i>Note</i>	2006	2005
		£000	£000
Administrative expenses		(24)	(89)
Loss before financing costs and gains on sale of land		(24)	(89)
Financial expenses	5	(8,132)	(2,753)
Gain on sale of land	7	531	-
Loss on ordinary activities before taxation	2	(7,625)	(2,842)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	13	(7,625)	(2,842)

The results above are all derived from continuing operations


There have been no recognised gains or losses for the current or preceding financial year other than as stated in the income statement and therefore a statement of recognised income and expense has not been presented

Balance sheet
at 31 December 2006

	<i>Note</i>	2006 £000	2005 £000
Non current assets			
Property, plant and equipment	7	-	2,425
Investments	8	139,655	139,655
		<hr/>	<hr/>
		139,655	142,080
Current assets			
Trade and other receivables	9	74	74
		<hr/>	<hr/>
		74	74
Total assets		<hr/>	<hr/>
		139,729	142,154
Current liabilities			
Trade and other payables	10	(10,722)	(5,522)
		<hr/>	<hr/>
		(10,722)	(5,522)
Non current liabilities			
Interest bearing loans	11	(105,000)	(105,000)
		<hr/>	<hr/>
Net assets		24,007	31,632
Equity			
Share capital	12	91,828	91,828
Share premium	13	51,902	51,902
Retained earnings	13	(119,723)	(112,098)
		<hr/>	<hr/>
Total equity	13	24,007	31,632
		<hr/>	<hr/>

These financial statements were approved by the board of Directors on 26th 04/07 and were signed on its behalf by

MJ Pooley
Director



Statement of cash flows

for the year ended 31 December 2006

	2006 £000	2005 £000
Cash flows from operating activities		
Loss for the period	(7,625)	(2,842)
Impairment losses	-	100
Financial expenses	8,132	2,753
Gain on sale of land	(531)	-
	<hr/>	<hr/>
Operating (loss)/profit before changes in working capital	(24)	11
Movement in trade and other receivables	-	(74)
Movement in trade and other payables	5,200	2,816
	<hr/>	<hr/>
Net cash flows from operating activities	5,176	2,753
Cash flows from investing activities		
Proceeds from sale of land	2,956	-
	<hr/>	<hr/>
Net cash flows from investing activities	2,956	-
Cash flows from financing activities		
Interest paid	(8,132)	(2,753)
	<hr/>	<hr/>
Cash flows from financing activities	(8,132)	(2,753)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	-	-

Notes

(forming part of the financial statements)

1 Accounting policies

The Company financial statements have been prepared and approved by the directors in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs')

The financial statements are prepared on the historical cost basis

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from these estimates. Revisions to these estimates are made in the period in which they are recognised.

In these financial statements, the following Adopted IFRSs are effective, however they had no material impact on these financial statements:

IFRIC 4 – 'Determining whether an arrangement contains a lease'

IFRIC 5 – 'Right to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'

IFRIC 6 – 'Liabilities Arising from Participating in a specific market - Waste electrical and electronic equipment'

The amendment to IAS 21 in relation to net investments in a foreign operation

The amendments to IAS 39 and IFRS 4 in relation to financial guarantee contracts

The amendments to IAS 39 in relation to the fair value option and the consequential amendments to IAS 32 in relation to disclosures in respect of financial assets and financial liabilities designated as fair value through profit or loss

The amendment to IAS 39 in relation to cash flow hedge accounting of forecast intra-group transactions

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company except for additional disclosures on capital and financial instruments.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

Group accounts

These financial statements present information about the Company as an individual undertaking and not about its group. The results of the companies in the group are included in the audited consolidated accounts of the parent undertaking (see note 14) which is established under the law of a member state of the EU and which complies with the Seventh Directive. The Company is therefore exempt from the requirement to prepare group accounts under s228 of the Companies Act 1985.

Notes

(forming part of the financial statements)

1 Accounting policies (continued)

Taxation, including deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted substantively enacted at the balance sheet date.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than sterling are translated to sterling at the rates of exchange prevailing on the balance sheet date, unless the exchange exposure on such asset or liability has been covered by a forward exchange contract or a currency swap, in which case the asset or liability is translated at the applicable contract rate. Exchange gains and losses are recognised in the profit and loss account.

Interest bearing loans

Interest bearing loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition interest bearing loans are stated at amortised cost.

2 Loss on ordinary activities before taxation

In both 2006 and 2005 the audit fees for Basell UK Holdings Limited were paid by Basell Polyolefins UK Limited.

3 Remuneration of Directors

None of the Directors received any emoluments in respect of services provided to the Company.

4 Staff numbers and costs

There were no employees other than the Directors and no staff costs incurred by the Company.

5 Interest payable and similar charges

	2006 £000	2005 £000
On loans from group undertakings	8,132	2,753

Notes (continued)

6 Taxation

Recognised in the income statement

	2006 £000	2005 £000
Current tax expense	-	-
Deferred tax	-	-
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

The Company has tax losses carried forward of £4,045,000 (2005 £4,496,000). The related deferred tax asset of £1,214,000 (2005 £1,349,000) on the tax losses carried forward has not been recognised as in the opinion of the Directors it is unlikely that these losses will be utilised in the near future.

The current tax charge for the period is higher (2005 higher) than the standard rate of corporation tax in the UK 30% (2005 30%).

Reconciliation of effective tax rate

	2006 £000	2005 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(7,625)	(2,842)
	<hr/>	<hr/>
Current tax at 30% (2005 30%)	(2,288)	(853)
<i>Effects of</i>		
Group relief surrendered	2,288	853
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Notes (continued)

7 Tangible fixed assets

	Land and buildings £000
Cost	
At the beginning of the year	2,425
Disposal	(2,425)
	<hr/>
At end of the year	<hr/> <hr/>

8 Fixed asset investments

	Investment in subsidiary undertaking £000	Total £000
Shares at cost:		
At 1 January 2006 and 31 December 2006	230,396	230,396
	<hr/>	<hr/>
Provisions		
At 1 January 2006 and 31 December 2006	90,741	90,741
	<hr/>	<hr/>
Net book value at 31 December 2006 and 31 December 2005	<hr/> 139,655 <hr/>	<hr/> 139,655 <hr/>

Details of the investments in subsidiary and associate undertakings are as follows

<i>Name of subsidiary</i>	<i>Class of shares</i>	<i>Percentage held</i>	<i>Country of Incorporation</i>	<i>Business</i>
Basell Polyolefins UK Limited	Ordinary	100%	England & Wales	Plastics
Basell UK Ltd	Ordinary	100%	England & Wales	Plastics
Moplefan (UK) Limited	Ordinary	100%	England & Wales	Non-trading

9 Current Assets

	2006 £000	2005 £000
Trade and other receivables	74	74
	<hr/>	<hr/>

10 Current liabilities: amounts falling due within one year

	2006 £000	2005 £000
Trade and other payables	(10,722)	(5,522)
	<hr/>	<hr/>

Notes (continued)

11 Interest bearing loans

	2006 £000	2005 £000
Interest bearing loans	<u>105,000</u>	<u>105 000</u>

Interest bearing loans have a repayment date on 31 October 2010 and bear an interest rate of LIBOR + 2.75%

12 Called up share capital

	2006 £000	2005 £000
<i>Authorised</i>		
91 828 042 Ordinary shares of £1 each	<u>91,828</u>	<u>91,828</u>
<i>Allotted, called up and fully paid</i>		
91,828,042 Ordinary shares of £1 each	<u>91,828</u>	<u>91 828</u>

13 Movements in share capital and reserves

	Retained Earnings £000	Share capital £000	Share premium £000	Total £000
Balance at 1 January 2006	(112 098)	91,828	51,902	31 632
Loss for the year	(7 625)	-	-	(7 625)
Balance at 31 December 2006	<u>(119,723)</u>	<u>91,828</u>	<u>51,902</u>	<u>24,007</u>

14 Commitments

There were no capital commitments at the end of the financial year (2005 £nil)

15 Ultimate parent undertaking

The ultimate parent undertaking is BI S à r l. The ultimate controlling party is Access Industries.

The smallest and largest group in which the Company is consolidated is that headed by BI S à r l. Copies of these consolidated financial statements are available from BI S à r l, PO Box 625, 2130 AP, Hoofddorp, Netherlands.

Notes (continued)

16 Related party transactions

During the year, the Company entered into the following transactions with group undertakings

	2006 £000	2005 £000
Trading transactions		
Trade receivable	74	74
Trade payables	10,722	5 522
Non-trading transactions		
Loans from group undertakings	105,000	105,000
Interest charged	8,132	2 753

The key management personnel of the Company are considered to be its Directors. There are no other transactions with the Directors or their relatives other than those disclosed in note 5.

All transactions with related parties were conducted at arm's length.