

INEOS Investments International Limited  
Annual report and financial statements  
for the year ended 31 December 2010

Registered Number 3938607



INEOS Investments International Limited

Annual report and financial statements

for the year ended 31 December 2010

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# **INEOS Investments International Limited**

## **Directors' report for the year ended 31 December 2010**

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

### **Principal activities**

The principal activity of the company is that of a holding company. The company has a branch located in France.

### **Review of the business**

The company has continued to act as a holding company throughout the year.

### **Results and dividends**

During the year to 31 December 2010 the company made a loss before taxation of €16,871,000 (2009 €2,740,000 profit). The directors do not recommend the payment of a dividend (2009 €Nil).

### **Key performance indicators**

Given the close involvement of the shareholders in the running of the business, the directors believe that the current level of disclosures within the Directors' Report is sufficient to give an understanding of the development, performance and position of the business. The development, performance and position of Ineos Group Holdings PLC is discussed in the group's annual report which does not form part of this report.

### **Directors**

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

G Leask

D Smeeton

JF Ginns (appointed 30 March 2011)

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company where appropriate. The company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The company is funded internally by the INEOS group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of Ineos Group Holdings PLC.

### **Going concern**

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

# INEOS Investments International Limited

## Directors' report for the year ended 31 December 2010 (continued)

### 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 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

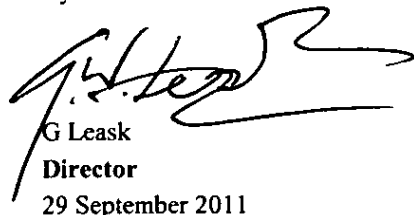
### Disclosure of information to auditors

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

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting

By order of the Board



G Leask  
Director  
29 September 2011

# **INEOS Investments International Limited**

## **Independent auditors' report to the members of INEOS Investment International Limited**

We have audited the financial statements of INEOS Investments International Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the 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 Directors' Responsibilities Statement 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,
- 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 Investments International Limited**

## **Independent auditors' report to the members of INEOS Investment International Limited (continued)**

### **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



Michael Jeffrey (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle Upon Tyne  
29 September 2011

# INEOS Investments International Limited

## Profit and loss account for the year ended 31 December 2010

		2010	2009
	Note	€'000	€'000
Administrative expenses		14	(5)
<b>Operating profit/(loss)</b>	2	14	(5)
Loss on disposal of investment	7	(12,784)	-
Income from fixed asset investments		626	1,098
Interest receivable and similar income	4	58,031	57,303
Interest payable and similar charges	5	(62,758)	(55,656)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(16,871)</b>	<b>2,740</b>
Tax on (loss)/profit on ordinary activities	6	3,175	23,957
<b>Retained (loss)/profit for the financial year</b>	12	<b>(13,696)</b>	<b>26,697</b>

All results derive from continuing operations

The company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented

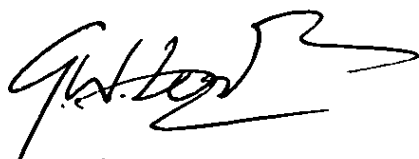
There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

# INEOS Investments International Limited

## Balance sheet as at 31 December 2010

		2010	2009
	Note	€'000	€'000
<b>Fixed assets</b>			
Investments	7	608,250	621,034
<b>Current assets</b>			
Debtors due within one year	8	158,043	104,101
Debtors due after more than one year	8	239,929	230,263
		397,972	334,364
Cash at bank and in hand		53	51
		398,025	334,415
<b>Creditors: amounts falling due within one year</b>	9	(140,654)	(109,208)
<b>Net current assets</b>		257,371	225,207
<b>Total assets less current liabilities</b>		865,621	846,241
Creditors amounts falling due after more than one year	10	(1,049,051)	(1,017,120)
Provisions for liabilities and charges		(1,145)	-
<b>Net liabilities</b>		(184,575)	(170,879)
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	(184,575)	(170,879)
<b>Total shareholders' deficit</b>	13	(184,575)	(170,879)

The financial statements on pages 5 to 13 were approved by the board of directors on 29 September 2011 and were signed on its behalf by



G Leask  
Director



# **INEOS Investments International Limited**

## **Statement of accounting policies**

### **Basis of accounting**

The financial statements are prepared on a 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 going concern assumption is based on confirmation that the company will be supported by its parent company to finance its activities for twelve months following the date of approval of these accounts. The principal accounting policies, which have been consistently applied are set out below.

### **Basis of preparation**

The financial statements contain information about INEOS Investments International Limited 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 consolidation in the consolidated financial statements of its ultimate parent, INEOS Limited, a company incorporated in England and Wales.

### **Investments**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors, when there has been an indication of potential impairment.

### **Cash flow statement**

The company is a wholly owned subsidiary of INEOS Holdings Limited and is included in the consolidated financial statements of INEOS Limited. Consequently, the company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (Revised 1996).

### **Foreign currency**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account in the period in which they occur.

### **Deferred taxation**

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. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. 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.

# INEOS Investments International 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 primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in Euros

The exchange rate as at 31 December 2010 was €1 17412/£1 (2009 €1 09577/£1)

### 2 Operating profit/(loss)

The audit fee has been included in the overall audit fee for INEOS Limited in the current and prior year and is not separately recharged to the company

### 3 Employees and directors

Neither the directors nor the secretary received any emoluments during the year (2009 €Nil) in respect of their services to the company

Employment costs for other persons employed during the year and in the previous year were recharged to INEOS Manufacturing France SAS, a subsidiary undertaking

### 4 Interest receivable and similar income

	2010	2009
	€'000	€'000
Loans with group undertakings	43,377	24,808
Exchange gains	14,654	32,495
	58,031	57,303

### 5 Interest payable and similar charges

	2010	2009
	€'000	€'000
Loans with group undertakings	62,758	55,656
Exchange losses	-	-
	62,758	55,656

# INEOS Investments International Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 6 Tax on loss on ordinary activities

Analysis of tax charge/(credit)

	2010	2009
	€'000	€'000
<b>Current tax</b>		
Group relief payable to group company at 28% (2009 28%)		
- current year	(1,347)	767
- adjustments in respect of previous years	(2,973)	(24,728)
<b>Foreign tax</b>		
- corporation tax	-	4
<b>Total current tax</b>	<b>(4,320)</b>	<b>(23,957)</b>
<b>Deferred tax</b>		
Adjustments in respect of previous periods	1,145	-
<b>Total deferred tax</b>	<b>1,145</b>	<b>-</b>
<b>Tax credit on ordinary activities</b>	<b>(3,175)</b>	<b>(23,957)</b>

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK (28%)

	2010	2009
	€'000	€'000
(Loss)/profit on ordinary activities before taxation	(16,871)	2,740
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(4,724)	767
<b>Effects of</b>		
Expenses not deductible for tax purposes	3,377	-
Adjustment in respect of previous years	(2,973)	(24,728)
Adjustment in respect of foreign taxes	-	4
<b>Current tax credit for the year</b>	<b>(4,320)</b>	<b>(23,957)</b>

There are no factors which are expected to affect the future tax charge materially

# INEOS Investments International Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 7 Investments

	Subsidiary shares €'000	JV shares €'000	Total €'000
<b>Cost and net book value</b>			
At 1 January 2010	502,008	119,026	621,034
Disposal	(12,784)	-	(12,784)
At 31 December 2010	489,224	119,026	608,250

A loss on investment resulted during 2010, with the disposal of the fluorochemicals business to Mexichem Fluor S A de C V , a subsidiary of Mexichem S A B de C V

The directors believe that the book value of the investments is more than the value of the underlying assets

#### Interests in subsidiary undertakings and joint ventures

The subsidiary and joint ventures of the company at 31 December 2010 and the percentage of equity share capital held are set out below

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Percentage of shares held
INEOS Fluor Holdings Limited	England	Holding Company	100%
INEOS Silicas Holdings Limited	England	Holding Company	100%
INEOS Manufacturing France SAS	France	Chemicals	100%
INEOS France SAS	France	Chemicals	100%
INEOS Investissements SARL	France	Investment	100%
INEOS Refining France SAS	France	Chemicals	100%

All investments are held directly by the company

Joint Ventures	Country of registration or incorporation	Principal activity	Percentage of shares held
Oxochimie SAS	France	Toll manufacturer	50%
Naphtachimie SAS	France	Toll manufacturer	50%
Appryl SNC	France	Toll manufacturer	50%

# INEOS Investments International Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 8 Debtors

	2010	2009
	€'000	€'000
<b>Amounts falling due within one year</b>		
Amounts due from group undertakings	158,043	104,101
<b>Amounts falling due more than one year</b>		
Amounts due from group undertakings	239,929	230,263

### 9 Creditors – amounts falling due within one year

	2010	2009
	€'000	€'000
Amounts due to group undertakings	139,826	108,756
Other creditors	828	452
	140,654	109,208

### 10 Creditors – amounts falling due after more than one year

	2010	2009
	€'000	€'000
Amounts due to group undertakings	1,049,051	1,017,120

### 11 Called up share capital

	2010	2009
	€	€
<b>Allotted, issued and fully paid</b>		
1 ordinary share of £1	1	1

# INEOS Investments International Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 12 Reserves

	Profit and loss account €'000
At 1 January 2010	(170,879)
Loss for the financial year	(13,696)
<b>At 31 December 2010</b>	<b>(184,575)</b>

### 13 Reconciliation of movements in total shareholders' deficit

	2010 €'000	2009 €'000
(Loss)/profit for the financial year	(13,696)	26,697
Net addition/(reduction) to total shareholders' deficit	(13,696)	26,697
Opening total shareholders' deficit	(170,879)	(197,576)
<b>Closing total shareholders' deficit</b>	<b>(184,575)</b>	<b>(170,879)</b>

### 14 Commitments

The company's annual commitments under non-cancellable operating leases are as follows

	2010 Land and buildings €'000	2009 Land and buildings €'000
<b>Operating leases which expire:</b>		
After more than five years	60	60

# **INEOS Investments International Limited**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **15 Contingent liabilities**

The company is party to a Senior Facilities Agreement dated 12 May 2010 (as amended). The Senior Facilities Agreement comprises of term loans (Term Loan A, Term Loan B, Term Loan C and Term Loan D) and a Revolving Credit Facility. The total outstanding indebtedness under the Senior Facilities Agreement at 31 December 2010 was €3,907.0 million (2009: €5,003.7 million). The company is a guarantor under the Senior Facilities Agreement. These obligations are secured by fixed and floating charges over the assets of the company.

The company is party to the Senior Secured Notes Indenture dated 12 May 2010 (as amended). The Senior Secured Notes comprise the €300 million 9.25% Senior Secured Notes Due 2015 and the \$570 million 9.0% Senior Secured Notes Due 2015. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2010 was €733.9 million (2009: € Nil million). The company is a guarantor under the Senior Secured Notes Indenture. These obligations are secured by fixed and floating charges over the assets of the company.

The company is party to the Senior Notes Indenture dated 7 February 2006 (as amended). The Senior Notes comprise the €1,532.1 million 7.875% Senior Notes Due 2016 and the \$677.5 million 8.5% Senior Notes Due 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2010 was €2,047.9 million (2009: €2,005.9 million). The company is a guarantor under the Senior Notes Indenture. These guarantees are on an unsecured senior subordinated basis.

### **16 Related party transactions**

The ultimate parent company and controlling party is INEOS AG and the intermediate holding company is INEOS Investments International Limited. As 100% of the company's voting rights are controlled within the group headed by INEOS AG, the company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No 8.

### **17 Parent undertaking and controlling party**

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

The ultimate parent company at 31 December 2010 was INEOS AG, a Swiss corporation.

INEOS Group Holdings plc is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. INEOS Limited is the largest group to consolidate these financial statements. Copies of the accounts of both INEOS Limited and INEOS Group Holdings Plc can be obtained from the Company Secretary, INEOS Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertakings INEOS AG, INEOS Limited and INEOS Group Holdings Plc.