

INEOS Fluor Holdings Limited
Annual report
for the period ended 31 December 2001

Registered Number 4049690



INEOS Fluor Holdings Limited

Annual report

for the period ended 31 December 2001

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INEOS Fluor Holdings Limited

Directors' report for the period ended 31 December 2001

The directors present their report and the audited financial statements for the period ended 31 December 2001.

Principal activities

The principal activity of the company is a holding company.

Review of the business

The company was incorporated on 9 August 2000 as Tillbest. On 9 January 2001 the company and its subsidiaries acquired the business of ICI Klea from Imperial Chemical Industries plc (ICI). The business has been renamed INEOS Fluor. INEOS Fluor Limited is a major producer of industrial fluorocarbons, including HFC 134a, a replacement for CFC refrigerants.

Results and dividends

During the period to 31 December 2001 the group made a loss before taxation of £9,644,000. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who held office during the period were as follows:

Instant Companies Limited	(appointed 9 August 2000, resigned 27 October 2000)
J Ratcliffe	(appointed 27 October 2000, resigned 6 January 2001)
J Reece	(appointed 27 October 2000)
A Currie	(appointed 1 December 2000, resigned 16 May 2001)
R Bell	(appointed 2 April 2001)
T P Crotty	(appointed 2 April 2001)

J Ratcliffe, J Reece and A Currie are also directors of the ultimate parent company, INEOS Group Limited, and their interests in the shares of that company are disclosed in that company's directors report.

R Bell and TP Crotty have an interest in the shares of the ultimate parent company, INEOS Group Limited, and their interests in the shares of that company are disclosed in the directors report of INEOS Holdings (Fluor and Silicas) Limited.

None of the directors had a beneficial interest in the shares of the company.

INEOS Fluor Holdings Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

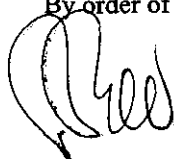
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2001 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

During the period the directors appointed PricewaterhouseCoopers as auditors. The auditors, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



R Bell
Secretary
29 April 2002

INEOS Fluor Holdings Limited

Independent auditors' report to the members of INEOS Fluor Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
29 April 2002

INEOS Fluor Holdings Limited

Profit and loss account for the period ended 31 December 2001

	Note	2001 £'000
Turnover		-
Cost of sales		138
Gross profit		138
Administration expenses		(12)
Operating profit	1	126
Interest receivable and similar income	4	7,074
Interest payable and similar charges	5	(16,844)
Loss on ordinary activities before taxation		(9,644)
Tax on loss on ordinary activities	6	2,312
Retained loss for the financial period	13	(7,332)

All acquired activities of the company relate to continuing operations.

The company has no recognised gains and losses other than the loss above and 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 retained loss for the period stated above and their historical cost equivalents.

INEOS Fluor Holdings Limited

Balance sheet as at 31 December 2001

	Note	2001 £'000
Fixed assets		
Investments	7	48,807
		48,807
Current assets		
Debtors:		
- amounts falling due within one year	8	1,245
- amounts falling due more than one year	8	115,817
		117,062
Creditors: amounts falling due within one year	9	(4,340)
Net current assets		112,722
Total assets less current liabilities		161,529
Creditors: amounts falling due after more than one year	10	(169,463)
Provisions for liabilities and charges	11	602
Net liabilities		(7,332)
Capital and reserves		
Called up share capital	12	-
Profit and loss account	13	(7,332)
Total equity shareholders' deficit		(7,332)

The financial statements on pages 4 to 12 were approved by the board of directors on 29 April 2002 and were signed on its behalf by:



Director

INEOS Fluor Holdings Limited

Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards. The financial statements have been prepared on a going concern basis. 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.

Basis of preparation

The company is included in the consolidated financial statements of INEOS Group Limited, the ultimate parent undertaking.

The company has taken advantage of the Companies Act 1985 (S228) in not preparing consolidated financial statements with these of its subsidiary companies. These financial statements therefore present information about the company as an individual undertaking and not about the group.

Fixed asset investments

Fixed asset investments are carried at cost less any provision for diminution in value.

Deferred taxation

Provision is made for deferred tax only to the extent that it is probable that a liability will crystallise in the foreseeable future.

Investments

Investments held as fixed assets are carried at cost less any provision for permanent diminution in value.

Cash flow statement

The company is a wholly owned subsidiary of INEOS (Fluor and Silicas) Limited and is ultimately consolidated within the financial statements of INEOS Group Limited. 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).

INEOS Fluor Holdings Limited

Notes to the financial statements for the period ended 31 December 2001

1 Operating profit

	2001
	£'000
<hr/>	
Operating profit is stated after charging:	
Auditors remuneration	12
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2 Directors' emoluments

None of the directors received any remuneration for their services provided during the period to 31 December 2001.

3 Staff number and costs

No employees other than directors of the company during the period.

4 Interest receivable and similar income

	2001
	£'000
<hr/>	
Loans with group undertakings	7,074
<hr/>	

INEOS Fluor Holdings Limited

5 Interest payable and similar charges

	2001 £'000
Loans with other group undertakings	16,844

6 Taxation

	2001 £'000
The taxation charge for the period comprises:	
Corporation tax receivable at 30%	
- Current	-
- Deferred	602
Group relief	1,710
	2,312

INEOS Fluor Holdings Limited

7 Fixed asset investments

Effective from 9 January 2001 the company acquired 100% of the ordinary share capital of INEOS Fluor Limited, INEOS Fluor International Limited, INEOS Fluor Japan Limited, INEOS Fluor Canada Inc, INEOS Fluor Partners Limited and INEOS Fluor Delaware Limited.

Interests in subsidiary undertakings

The subsidiaries, all of which are wholly owned, are as follows:

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class/percentage of shares held
INEOS Fluor Limited	England	Manufacture of industrial fluorocarbons and speciality chemicals	Ordinary 100%
INEOS Fluor International Limited	England	Administration company and manufacture of flavour and fragrance extracts	Ordinary 100%
INEOS Fluor Japan Limited	Japan	Manufacture of industrial fluorocarbons and speciality chemicals	Ordinary 100%
INEOS Fluor Canada Inc	Canada	Sales office	Ordinary 100%
INEOS Fluor Partners Limited	England	Holding company	Ordinary 100%
INEOS Fluor Delaware Limited	England	Holding company	Ordinary 100%

8 Debtors

	2001 £'000
Amounts falling due within one year	
Other debtors	102
Amounts due from group undertakings	1,143
Amounts due more than one year	
Amounts due from group undertakings	115,817
	117,062

INEOS Fluor Holdings Limited

9 Creditors: amounts falling due within one year

	2001 £'000
Amounts due to group undertakings	4,328
Accruals and deferred income	12
	4,340

10 Creditors: amounts falling due after more than one year

	2001 £'000
Amounts due to group undertakings	169,463

11 Provisions for liabilities and charges

Deferred tax

The potential deferred tax asset which has been fully provided is as follows:

	2001 £'000
Losses	602

12 Equity share capital

	2001 £
Authorised	
1,000 ordinary shares of £1	1,000
Allotted, called up and fully paid	
1 ordinary shares of £1	1

INEOS Fluor Holdings Limited

13 Reserves

	Profit and loss account
	£'000
On incorporation	-
Retained loss for the financial period	(7,332)
At 31 December 2001	(7,332)

14 Reconciliation of movements in equity shareholders' deficit for the period ended 31 December 2001

	2001
	£'000
On incorporation	-
Issue of ordinary share capital	-
Loss for financial period	(7,332)
Closing equity shareholders' deficit	(7,332)

INEOS Fluor Holdings Limited

15 Contingent liabilities

The company is party to a credit agreement (the "Senior Credit Agreement") dated 23 May 2001. The Senior Credit Agreement comprises of Term Loans ("Term Loan A", "Term Loan B" and "Term Loan C") and a revolving credit facility ("the Revolving Credit Facility"). The total outstanding indebtedness under the Senior Credit Agreement at 31 December 2001 was €740.7 million. The company is a guarantor under the Senior Credit Agreement. These obligations are secured by fixed and floating charges over the assets of the company.

16 Related party transactions

The ultimate parent company and controlling party is INEOS Group Limited. As 100% of the company's voting rights are controlled within the group headed by INEOS Group Limited, 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 (Fluor & Silicas) Limited, a company incorporated in the United Kingdom to be the immediate parent undertaking of the company. The directors regard INEOS Group Limited, a company incorporated in the United Kingdom to be the ultimate parent undertaking of the company. Copies of INEOS Group Limited consolidated financial statements can be obtained from the Company Secretary, INEOS Group Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The directors regard Mr J Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Group Limited.