

Ineos Investment Holdings Limited
Annual report
for the year ended 31 December 2004

Registered Number 4215941



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for the year ended 31 December 2004
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Ineos Investment Holdings Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company is to act as a holding company. During the year the company did not trade. The directors do not expect any change in the company's activities during the next financial year.

Results and dividends

During the year ended 31 December 2004 the company made a profit before tax of €39,750,000 (2003: €10,600,000). An interim dividend of €39,750,000 was paid during the year. The directors do not recommend the payment of a final dividend.

Directors and their interests

The directors who held office during the year are given below:

A Currie

A Verrijckt

J Reece

None of the directors had any interest in the share capital of the company.

The directors are also directors of Ineos Group Limited, the company's ultimate parent company. Their interests at the year end in the share capital of that company are disclosed in the financial statements of Ineos Group Limited.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss 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 year ended 31 December 2004 and that applicable accounting standards have been followed.

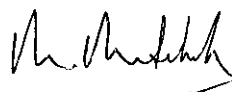
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ineos Investment Holdings Limited

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. In accordance with Section 386 of the Companies Act 1985 the company has elected to dispense with the obligation to appoint auditors annually.

By order of the Board

A handwritten signature in black ink, appearing to read 'M Mitchell', with a horizontal line underneath.

M Mitchell
Company Secretary
1 April 2005

Ineos Investment Holdings Limited

Independent auditors' report to the members of Ineos Investment Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.


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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
1 April 2005

Ineos Investment Holdings Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 €'000	2003 €'000
Income from group undertakings		39,750	10,600
Operating profit		39,750	10,600
Interest receivable and similar income	2	8,749	7,733
Interest payable and similar charges	3	(8,749)	(7,733)
Profit on ordinary activities before taxation		39,750	10,600
Tax on profit on ordinary activities	4	2	-
Profit on ordinary activities after taxation		39,752	10,600
Equity dividends		(39,750)	(10,600)
Retained profit for the financial year	10	2	-

All the activities of the company relate to continuing operations.

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

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

Ineos Investment Holdings Limited

Balance sheet as at 31 December 2004

	Note	2004 €'000	2003 €'000
Fixed assets			
Investments	5	17,642	17,642
Current assets			
Debtors – amounts falling due within one year	6	600	600
Debtors – amounts falling due after more than one year	6	78,344	69,593
		78,944	70,193
Creditors - amounts falling due within one year	7	(600)	(600)
Net current assets		78,344	69,593
Total assets less current liabilities		95,986	87,235
Creditors – amounts falling due after more than one year	8	(78,344)	(69,595)
Net assets		17,642	17,640
Capital and reserves			
Called up share capital	9	17,642	17,642
Profit and loss account	10	-	(2)
Equity shareholders' funds	11	17,642	17,640

The financial statements on pages 4 to 12 were approved by the board of directors on 1 April 2005 and were signed on its behalf by:


J Reece
Director

Ineos Investment 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.

Investments

Investments held as fixed assets are carried at cost less any provision for any impairment.

Foreign currencies

Transactions are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the closing rate for the period. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

Cash flow and related party transactions

The company is a wholly owed subsidiary of Ineos Group Limited and is included in the consolidated financial statements of that company. 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). The company is also exempt under the terms of Financial Reporting Standard Number 8 from disclosing related party transactions with entities that are part of the Ineos Group Limited group.

Ineos Investment Holdings Limited

Notes to the financial statements for the period ended 31 December 2004

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 2004 was €1.40964 to £1 (2003: €1.42086 to £1).

2 Interest receivable and similar income

	2004	2003
	€'000	€'000
Group interest receivable	8,749	7,733

3 Interest payable and similar charges

	2004	2003
	€'000	€'000
Interest payable on deferred consideration (see note 8)	8,749	7,733

Ineos Investment Holdings Limited

4 Taxation

Analysis of tax credit:

	2004	2003
	€'000	€'000
Group relief payable from other group companies at 30%	-	-
Adjustments in respect of previous periods	2	-
	2	-

The tax for the period is lower (2003: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004	2003
	€'000	€'000
Profit on ordinary activities before tax	39,750	10,600
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2003: 30%)	11,925	3,180
Effects of:		
Non taxable credits	(11,925)	(3,180)
Adjustments in respect of previous periods	(2)	-
Tax credit for the year	(2)	-

There are no factors which are expected to affect the future tax charges.

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5 Fixed asset investments

	2004	2003
	€'000	€'000
Investment in subsidiary undertakings	17,642	17,642

Interest in subsidiary undertakings

The following information relates to the principal subsidiary undertakings of the Company:

Company	Country of incorporation and operation	Percentage held	Principal activity
Ineos Intermediate Holdings Limited *	England	100%	Holding Company
Ineos Group Holdings plc	England	100%	Finance
Ineos Holdings Limited	England	100%	Holding Company
Ineos US Finance LLC	US	100%	Finance
Ineos Industrial Investments Limited	England	100%	Finance
Ineos Oxide Limited	England	100%	Chemicals
Ineos UK Holding Finance Company Limited	England	100%	Holding Company
Ineos US Finance Company Limited	England	100%	Holding Company
Ineos Finance BV	Holland	100%	Finance
Ineos NV	Belgium	100%	Chemicals
Ineos Belgium NV	Belgium	100%	Chemicals
Ineos Italia Srl	Italy	100%	Chemicals
Ineos Overseas Company I Limited	England	100%	Holding Company
Ineos Overseas Company II Limited	England	100%	Holding Company
Ineos Partners	US	100%	Holding Company
Ineos Phenol Limited	England	100%	Holding Company
Ineos Phenol Verwaltungsgesellschaft mbH	Germany	100%	Chemicals
Ineos Phenol GmbH & Co KG	Germany	100%	Chemicals
Ineos Phenol Asia Pte Limited	Singapore	100%	Chemicals
Ineos Phenol (Thailand) Limited	Thailand	100%	Chemicals
Ineos Phenol Services (Thailand) Limited	Thailand	100%	Chemicals
Ineos Investment Holdings (Fluor & Silicas)	England	100%	Holding Company

Ineos Investment Holdings Limited

Company	Country of incorporation and operation	Percentage held	Principal activity
Ineos Intermediate Holdings (Fluor & Silicas)	England	100%	Holding Company
Ineos Holdings (Fluor & Silicas) Limited	England	100%	Holding Company
Ineos Fluor Holdings Limited	England	100%	Holding Company
Ineos Fluor Limited	England	100%	Chemicals
Ineos Fluor International Limited	England	100%	Chemicals
Ineos Fluor Japan Limited	Japan	100%	Chemicals
IFJ Korea Limited	Korea	100%	Chemicals
Ineos Fluor Canada Inc.	Canada	100%	Chemicals
Ineos Mexico S de RL de CV	Mexico	100%	Chemicals
Ineos Fluor Mexico S de RL de CV	Mexico	100%	Chemicals
<i>Ineos Fluor Partners Limited</i>	<i>England</i>	<i>100%</i>	<i>Holding Company</i>
Ineos Fluor Delaware Limited	England	100%	Holding Company
Ineos Fluor Americas LLC	US	100%	Chemicals
Ineos Silicas Holding Limited	England	100%	Holding Company
Ineos Silicas Limited	England	100%	Chemicals
Ineos Silicas International Limited	England	100%	Chemicals
Ineos Silicas Netherlands BV	Holland	100%	Chemicals
Ineos Silicas Sales and Distribution BV	Holland	100%	Chemicals
Ineos Silicas Asia Pacific Pte Limited	Singapore	100%	Chemicals
Ineos Silicas South Africa Pty Limited	South Africa	100%	Chemicals
PT Ineos Silicas Indonesia	Indonesia	100%	Chemicals
Ineos Brazil Limitada	Brazil	100%	Chemicals
<i>Ineos Silicas Partners Limited</i>	<i>England</i>	<i>100%</i>	<i>Holding Company</i>
Ineos Silicas Delaware Limited	England	100%	Holding Company
Ineos Silicas Healthcare Limited	England	100%	Healthcare
Ineos US DSS Limited	England	100%	Finance
Ineos US Holding Company II Limited	US	100%	Holding Company
Ineos US Intermediate Holding Company LLC	US	100%	Holding Company
Ineos Americas LLC	US	100%	Chemicals
Ineos US Investment Holding Company LLC	US	100%	Holding Company

* Held directly by the Company.

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6 Debtors

	2004	2003
	€'000	€'000
Amounts due within one year		
Amounts due from group undertakings	600	600
Amounts due after more than one year		
Amounts due from group undertakings	78,344	69,593

7 Creditors – amounts falling due within one year

	2004	2003
	€'000	€'000
Amounts owed by group undertakings	600	600

8 Creditors – amounts falling due after more than one year

	2004	2003
	€'000	€'000
Deferred consideration	78,344	69,595

The deferred consideration relates to a vendor loan note issued to Degussa AG on 23 May 2002, to fund the purchase of the Phenolchemie Group by Ineos Phenol Limited, a wholly owned subsidiary. This group comprised of Phenolchemie GmbH & Co KG, Phenolchemie Verwaltungsgesellschaft mbH, Phenolchemie Asia Pte Limited and Phenolchemie Thailand Limited.

The compound interest on this loan note accrues semi-annually at 12% per annum up to and including 30 June 2006 and at a rate of 14% per annum for any periods thereafter until final maturity or until the date of any prepayment of the loan.

The total loan is due for repayment in full on 30 June 2011, however Ineos Investment Holdings Limited are entitled to repay the loan at any time. The directors confirm that the company has no intention to repay the loan in the next twelve months.

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9 Share capital

	2004	2003
	€'000	€'000
Authorised, allotted, issued and fully paid		
Equity		
11,500,131 ordinary shares of £1 each	17,642	17,642

As the reporting currency of the company is the Euro, share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

10 Profit and loss account

	€'000
At 1 January 2004	(2)
Retained profit for the financial year	2
At 31 December 2004	-

11 Reconciliation of movements in equity shareholders' funds

	2004	2003
	€'000	€'000
Opening equity shareholder's funds	17,640	17,640
Profit for the year	2	-
Closing equity shareholders' funds	17,642	17,640

12 Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Ineos Group Limited, a company registered in England and Wales. Copies of the accounts of Ineos Group Limited can be obtained from The Company Secretary, Ineos Group Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The ultimate controlling party is Mr J A Ratcliffe, director and majority shareholder in the ultimate parent undertaking Ineos Group Limited.