

Ineos Investment Holdings Limited
Annual report
for the period ended 31 December 2001

Registered Number 4215941



Ineos Investment Holdings Limited

Annual report

for the period ended 31 December 2001

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Ineos Investment 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 to act as a holding company. During the period the company did not trade. The directors do not expect any change in the company's activities during the next financial period.

Review of the business

The company was incorporated on 14 May 2001. The financial statements are for the period from the date of incorporation until 31 December 2001.

During the period 11,500,131 shares were issued to Ineos Group Limited, the immediate parent company.

Results and dividends

During the period to 31 December 2001 the company made a loss of €41,000. The directors do not recommend the payment of a dividend.

Directors interests

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

A Currie	(appointed 18 May 2001)
A Verrijckt	(appointed 18 May 2001)
J Reece	(appointed 14 May 2001)

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 period 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 the group and of the profit or loss of the group 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 the group 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.

Ineos Investment Holdings Limited

Auditors

The auditors, PricewaterhouseCoopers, 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

A handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke.

A Desutter
Secretary

30 April 2002

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.

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 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

30 April 2002

Ineos Investment Holdings Limited

Profit and loss account for the period ended 31 December 2001

	Note	2001 €'000
Interest receivable and similar income	2	3,784
Interest payable and similar charges	3	(3,842)
Loss on ordinary activities before taxation		(58)
Tax on loss on ordinary activities	4	17
Retained loss for the financial period	9	(41)

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 Investment Holdings Limited

Balance sheet as at 31 December 2001

	Note	2001 €'000
Fixed assets		
Investments	5	17,642
Current assets		
Debtors – Amounts falling due after more than one year	6	54,930
Net current assets		54,930
Total assets less current liabilities		72,572
Creditors – Amounts falling due after more than one year	7	(54,971)
Net assets		17,601
Capital and reserves		
Called up share capital	8	17,642
Profit and loss account	9	(41)
Equity shareholders' funds	10	17,601

The financial statements on pages 5 to 11 were approved by the board of directors on 30 April 2002 and were signed on its behalf by:


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.

Basis of preparation

As detailed in the directors' report, Ineos Investment Holdings Limited was incorporated on 14 May 2001 and as such, no comparative information is available for inclusion in the financial statements.

Investments

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

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 2001

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 2001 was 1.634 Euros/£. The exchange rate as at 14 May 2001 was 1.676 Euros/£.

2 Interest receivable and similar income

	2001 €'000
Group interest receivable	3,784

3 Interest payable and similar charges

	2001 €'000
Interest payable on deferred consideration (see note 7)	3,842

4 Taxation

	2001 €'000
Group relief receivable from other group companies at 30%	17

5 Fixed asset investments

	2001 €'000
Investment in subsidiary undertakings	17,642

Ineos Investment Holdings Limited

5 Fixed asset investments (continued)

On 22 May 2001 the company acquired 100% of the ordinary share capital of Ineos Phenol Limited, Ineos Oxide Limited and Ineos Investment Holdings (Fluor and Silicas) Limited from Ineos Group Limited in a share for share exchange.

On the same date the aforementioned investments were transferred to Ineos Intermediate Holding Limited in a share for share exchange.

Interest in subsidiary undertakings

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

Company	Country of incorporation	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 Inc	US	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 OCI Limited	England	100%	Holding Company
Ineos OCII Limited	England	100%	Holding Company
Ineos Partners	US	100%	Holding Company
Ineos US Holding	US	100%	Holding Company
Ineos LLC	US	100%	Chemicals
Ineos Phenol Limited	England	100%	Holding Company
Ineos Phenol Verwaltungsgesellschaft mbH	Germany	100%	Chemicals

Ineos Investment Holdings Limited

5 Fixed asset investments (continued)

Company	Country of incorporation	Percentage held	Principal activity
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 Inc	US	100%	Chemicals
Ineos Investment Holdings (Fluor & Silicas) Limited	England	100%	Holding Company
Ineos Intermediate Holdings (Fluor & Silicas) Limited	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
Ineos Fluor Canada Inc.	Canada	100%	Chemicals
Ineos Fluor Partners Limited	England	100%	Holding Company
Ineos Fluor Delaware Limited	England	100%	Holding Company
Ineos Fluor Delaware Partnership	US	100%	Holding Company
IC (K) DL LLC	US	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 Holdings Netherlands BV	Holland	100%	Holding Company
Ineos Silicas Netherlands BV	Holland	100%	Chemicals
Ineos Silicas Italia Spa	Italy	100%	Chemicals
Ineos Silicas Holdings Asia Pacific	Singapore	100%	Holding Company
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
Ineos Silicas Partners Limited	England	100%	Holding Company

Ineos Investment Holdings Limited

5 Fixed asset investments (continued)

Company	Country of incorporation	Percentage held	Principal activity
Ineos Silicas Delaware Limited	England	100%	Holding Company
Ineos Silicas Delaware Partnership	US	100%	Holding Company
IC (L) DL LLC	US	100%	Holding Company
Ineos Silicas Americas LLC	US	100%	Chemicals

* Held directly by the Company.

6 Debtors – Amounts falling due after more than one year

	2001
	€'000
Amounts due from group undertakings	54,930

7 Creditors – Amounts falling due after one year

	2001
	€'000
Deferred consideration	54,971

The deferred consideration relates to a vendor loan note issued to Degussa AG on 23 May 2001, to fund the purchase of the Phenolchemie Group by Ineos Phenol Limited, a wholly owned subsidiary. This group comprises 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.

Ineos Investment Holdings Limited

8 Share capital

	2001 €'000
Authorised, allotted, issued and fully paid	
Equity	
11,500,131 ordinary shares of £1 each	17,642

On 22 May 2001, 11,500,131 shares were issued at par to Ineos Group Limited, the immediate and ultimate parent company.

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.

9 Profit and loss account

	2001 €'000
Retained loss for the financial period	(41)

10 Reconciliation of movements in equity shareholders' funds

	2001 €'000
Loss for the period	(41)
Shares issued	17,642
Closing equity shareholders' funds	17,601

11 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.