

INEOS Industrial Investments Limited
(previously ICI Industrial Investments Limited)
Annual report
for the 16 month period ended 31 December 2005

Registered Number 4588429



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for the period ended 31 December 2005
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INEOS Industrial Investments Limited **(previously ICI Industrial Investments Limited)**

Directors' report for the period ended 31 December 2005

The directors present their report and the audited financial statements for the 16 month period ended 31 December 2005

Principal activities

The principal activity of the Company continues to be the provision of funding to INEOS Chlor Limited. No change is envisaged in the foreseeable future.

Review of the business

The Company continued to meet its obligations under a series of agreements originally entered into during 2003 under which it had provided and continued to provide funding to INEOS Chlor Limited to support the investment by INEOS Chlor Limited in a new chlorine plant at its Runcorn site.

On 25 October 2004 the Company was party with INEOS and ICI to the restructuring of the financial and shareholding relationships in respect of INEOS Chlor Limited. This included the acquisition of the entire issued share capital of the Company by INEOS Holdings Limited. Further details are shown in Note 1.

On 25 October 2004 the Company transferred its shareholding of Ordinary shares in INEOS Chlor Enterprises Limited (renamed on 30 June 2005 as INEOS Enterprises Limited) to INEOS Chlor Group Limited (renamed on 25 October 2006 as INEOS Enterprises Group Limited), a related party.

On 16 November 2004 the name of the Company was changed from ICI Industrial Investments Limited to INEOS Industrial Investments Limited.

On 9 January 2006 the Company transferred its shareholding of Ordinary and Non Convertible Deferred shares in INEOS Chlor Limited to INEOS Chlor Newco 2 Limited, a related party, with beneficial effect from 29 December 2005.

Change of accounting reference date

On 25 October 2004 the accounting reference date was changed from 31st August to 31st December and the accounting period was accordingly lengthened to 16 months ending on 31st December 2005.

Results and dividends

The results of the Company are set out in the profit and loss account on page 4 which shows a loss on ordinary activities after taxation for the financial period of £112,471,000 (2004 Nil).

The Directors do not recommend the payment of a dividend.

Directors and their interests

The directors who held office during the year were as follows

A Traynor	(appointed 25 October 2004)	(resigned 28 February 2007)
C E Tane	(appointed 25 October 2004)	
T P Crotty	(appointed 25 October 2004)	(resigned 3 February 2006)
L H Heemskerk	(appointed 25 October 2004)	(resigned 3 February 2006)
P J Gillet	(resigned 25 October 2004)	
S R Roberts	(resigned 25 October 2004)	
D S Whitewood	(resigned 25 October 2004)	

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M J Maher and A J Reed were appointed as directors on the 3 February 2006

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

TP Crotty has an interest in the shares of the ultimate parent company, INEOS Group Limited, and his interest in the shares of that company is disclosed in the directors report of INEOS Investment Holdings (Fluor & Silicas) Limited

Financial risk management

The Company's operations expose it to a variety of financial risks which include the effects of credit risk and liquidity risk. All of the Company's operations involve related parties and therefore none of these risks are considered to be significant

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 2005 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. As a result of the Company passing a written resolution, there is no longer a requirement for the Auditors to be appointed on an annual basis.

On behalf of the Board



M J Maher
Director

28 September 2007

INEOS Industrial Investments Limited

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Independent auditors' report to the members of INEOS Industrial Investments Limited

We have audited the financial statements of INEOS Industrial Investments Limited for the period ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the period 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Liverpool
28 September 2007

PricewaterhouseCoopers LLP

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Profit and loss account for the period ended 31 December 2005

	Note	Period ended 31 December 2005 £'000	Period ended 31 August 2004 £'000
Operating loss	2	(115,021)	-
Interest receivable and similar income	5	2,550	-
Loss on ordinary activities before taxation		(112,471)	-
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities for the financial period	12	(112,471)	-

All 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 loss for the period stated above and their historical cost equivalents

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Balance sheet as at 31 December 2005

	Note	As at 31 December 2005 £'000	As at 31 August 2004 £'000
Fixed assets			
Investments	7	57,533	500
		57,533	500
Creditors: amounts falling due within one year	8	(4)	-
Net current liabilities		(4)	-
Total assets less current liabilities		57,529	500
Creditors: amounts falling due after more than one year	9	(54,983)	(500)
Net Assets		2,546	-
Capital and reserves			
Called up share capital	10	1	-
Share premium account	11	115,016	-
Profit and loss account	12	(112,471)	-
Total shareholders' funds	13	2,546	-

The financial statements on pages 4 to 12 were approved by the board of directors on 28 September 2007 and were signed on its behalf by



M J Maher
Director

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Accounting policies

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. 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 financial statements.

Basis of preparation

These financial statements reflect a 16 month period from 1 September 2004 to 31 December 2005. The comparative period reflects an eight month period to 31 August 2004.

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

Fixed asset investments

Fixed asset investments are carried at cost less any impairment. Impairment losses are charged to the profit and loss account as and when 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. Deferred tax assets and liabilities which have been recognised have not been discounted.

Cash flow statement

The company is a wholly owned subsidiary of INEOS Holdings 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).

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Notes to the accounts for the period ended 31 December 2005

1 Group Restructuring at 25 October 2004

On 25 October 2004 the Company, INEOS, ICI and INEOS Chlor Limited agreed to restructure the financial and shareholding relationships in respect of INEOS Chlor Limited. The main features of the agreed refinancing and restructuring were

a) Capitalisation of loans owed by INEOS Chlor Limited to the Company

On 25 October 2004 INEOS Chlor Limited issued deferred shares to the Company credited as fully paid by capitalisation of the outstanding indebtedness towards the Company. The loan facilities used to subscribe for these deferred shares were a Revolving Loan Facility (£71.6M, including accrued interest) and 8% Loan Notes 2015 (£15.0M).

b) Capitalisation of loans owed by INEOS Chlor Newco 2 Limited to the Company

On 25 October 2004 INEOS Chlor Newco 2 Limited issued deferred shares to the Company credited as fully paid by capitalisation of the outstanding indebtedness towards the Company. The loan facility used to subscribe for these deferred shares was a Revolving Loan Facility (£31.2M, including accrued interest).

c) Capitalisation of loans owed by the Company to ICI Chemicals & Polymers Limited

On 25 October 2004 the Company issued deferred shares to ICI Chemicals & Polymers Limited credited as fully paid by capitalisation of the outstanding indebtedness by the Company towards ICI Chemicals & Polymers Limited. The loan facility used to subscribe for these deferred shares was a non interest bearing limited recourse loan facility (£11.5M).

All but £0.5M of the creditor balance payable to ICI Chemicals & Polymers Limited had been fully written down in the opening balance sheet as had all but £0.5M of the debtor balance receivable from INEOS Chlor Limited and INEOS Chlor Newco 2 Limited. This reflected the fact that the loan facility from ICI was repayable by the Company only and insofar as the Company was itself repaid by INEOS.

d) Transfer of the entire issued share capital of the Company from ICI Chemicals & Polymers Limited to INEOS Holdings Limited

On 25 October 2004, following the above capitalisations, the entire issued share capital of the Company was transferred from ICI Chemicals & Polymers Limited to INEOS Holdings Limited. The name of the Company was subsequently changed from ICI Industrial Investments Limited to INEOS Industrial Investments Limited to reflect the change in ownership.

e) Transfer of ICI's existing funding commitments with respect to INEOS Chlor Limited to INEOS

With effect from the change of ownership of the Company on 25 October 2004, INEOS Holdings Limited took over from ICI Chemicals & Polymers Limited the remaining obligations to provide funding to the

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Company in order that the Company would in turn be able to meet its funding commitments with respect to INEOS Chlor Limited

2 Operating loss

For the current period ended 31st December 2005 the operating loss is stated after charging

- release of the carrying value adjustment of £115,016,999, made in the prior period against the loan payable to ICI Chemicals & Polymers Limited (see note 11)
- audit fee of £4,000

(For the previous period ended 31st August 2004 the audit fee was included in the overall audit fee for ICI Chemicals & Polymers Limited and was not separately recharged to the company)

3 Directors' emoluments

None of the directors received any remuneration for their services provided during the period to 31 December 2005 (period ended 31 August 2004 £Nil)

4 Staff number and costs

There were no employees other than the directors of the company during the period

5 Interest receivable and similar income

	Period ended 31 December 2005 £'000	Period ended 31 August 2004 £'000
Interest receivable on loans to related parties	2,550	-

6 Taxation

	Period ended 31 December 2005 £'000	Period ended 31 August 2004 £'000
Current tax		
UK Corporation Tax at 30%	-	-
Adjustment in respect of previous periods	-	-
Total tax	-	-

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Loss on ordinary activities before taxation	(112,471)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 30%)	(33,741)	-
Effects of		
Group relief available	(764)	-
Expenses not deductible	34,505	-
Current tax charge for the period	-	-

7 Fixed asset investments

	£'000
Cost or valuation	
At 1 September 2004	115,517
Additions	57,533
Settlement	(115,517)
At 31 December 2005	57,533
Provisions	
At 1 September 2004	(115,017)
Carrying value adjustments	115,017
At 31 December 2005	-
Net book value	
At 1 September 2004	500
At 31 December 2005	57,533

The investments are all long term loans to related parties

In addition to the above loans, the Company also held a series of shareholdings at nil carrying value. At the beginning of the period the Company held 15% of the Ordinary share capital of INEOS Chlor Enterprises Limited, which was disposed of on 25th October 2004, and 15% of the Ordinary share capital of INEOS Chlor Limited, which was disposed of on 29th December 2005. On 29th December 2005 the Company also disposed of its shareholding of 2,215 Non Convertible Deferred shares of INEOS Chlor Limited.

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At 31st December 2005 the Company continued to hold 1,000 Deferred shares of INEOS Chlor Newco 2 Limited acquired on 25th October 2004 (For further details on share transactions refer to Note 1 to the Accounts)

8 Creditors: amounts falling due within one year

	As at 31 December 2005 £'000	As at 31 August 2004 £'000
Audit fee payable	4	-
Tax payable	-	-
Total	4	-

9 Creditors: amounts falling due after more than one year

	As at 31 December 2005 £'000	As at 31 August 2004 £'000
Amounts due to group undertakings	54,983	500

The loan payable to INEOS Holdings Limited is non interest bearing, unsecured and not repayable before 2010

10 Equity share capital

	As at 31 December 2005 Number	As at 31 December 2005 £	As at 31 August 2004 Number	As at 31 August 2004 £
Authorised				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Deferred shares of £1 each	1,000	1,000	nil	nil
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1
Deferred shares of £1 each	1,000	1,000	nil	nil

The Deferred shares carry no rights to attend or vote at any general meeting of the Company and only nominal rights to dividends and the Company's assets on winding-up

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11 Share premium account

	£'000
At 1 September 2004	-
Premium on issue of deferred shares	115,016
At 31 December 2005	115,016

The deferred shares were issued in settlement of the loan due to ICI Chemicals & Polymers Limited (see note 1(c))

12 Reserves

	Profit and loss account
	£'000
At 1 September 2004	-
Retained loss for the financial period	(112,471)
At 31 December 2005	(112,471)

13 Reconciliation of movements in shareholders' funds

	As at 31 December 2005 £'000	As at 31 August 2004 £'000
Loss for the period	(112,471)	-
Loss for the financial period	(112,471)	-
Net proceeds of issues of deferred shares (note 10)	115,017	-
Net addition to shareholders' funds	2,546	-
Opening equity shareholders' funds	-	-
Closing equity shareholders' funds	2,546	-

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14 Commitments and contingent liabilities

The Company, together with other related parties, has provided a guarantee to the Secretary of State for Trade and Industry in respect of a Regional Selective Assistance Grant which has been made available to INEOS Chlor Limited. Under certain circumstances the Company could become liable to repay to the Department of Trade and Industry up to 50% of the amount advanced to INEOS Chlor Limited. At 31 December 2005 no Grant payment had been made.

15 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.

16 Parent undertaking and controlling party

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