

INEOS Industrial Investments Limited
Annual report
for the year ended 31 December 2012

Registered Number 04588429



INEOS Industrial Investments Limited

Annual report

for the year ended 31 December 2012

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INEOS Industrial Investments Limited

Directors' report for the year ended 31 December 2012

The Directors present their report and the audited financial statements of INEOS Industrial Investments Limited ("the Company") for the year ended 31 December 2012

Principal activities and review of the business

The Company's principal activity is the provision of funding to a fellow group undertaking

The profit on ordinary activities before taxation was £0.2 million (2011: £0.2 million)

Future outlook

There are no immediate plans for a change in the Company's operations

Post balance sheet event

A shareholder resolution was passed on 28 January 2013 to reduce the issued share capital from £1,001 to £1 by the cancellation of 1,000 £1 Deferred shares and to reduce the share premium to £nil

In accordance with Section 644 of the Companies Act 2006 this resolution, and therefore the reduction in share capital, was effective from 30 January 2013 being the date on which the resolution was registered at Companies House

Subsequent to this resolution the Directors declared a dividend of £20.5 million on 1 February 2013 (2011: nil)

Financial risk management

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

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

Directors

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

C E Tane
M J Maher
GGJ Decadt
K Metcalfe

Directors' indemnities

As permitted by the Articles of Association, the Company, via a policy maintained by its parent undertaking, has maintained cover for its directors and officers under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force

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,

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Directors' report for the year ended 31 December 2012 (continued)

Statement of Directors' responsibilities (continued)

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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. As a consequence of the Company having passed a written shareholder resolution, there is no requirement to reappoint PricewaterhouseCoopers LLP as auditors of the Company on an annual basis.

By order of the Board



M J Maher
Director
25 June 2013

INEOS Industrial Investments Limited

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

We have audited the financial statements of INEOS Industrial Investments Limited for the year ended 31 December 2012 which comprise the profit and loss account, the reconciliation of movements in shareholder's funds, the balance sheet 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 Statement of Directors' Responsibilities set out on pages 1 and 2, 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

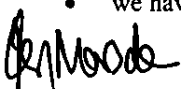
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
25 June 2013

INEOS Industrial Investments Limited

Profit and loss account for the year ended 31 December 2012

| | Note | 2012 £m | 2011 £m |
|--|----------|------------|------------|
| Operating profit | 2 | - | - |
| Interest receivable and similar income | 5 | 0.2 | 0.2 |
| Profit on ordinary activities before taxation | | 0.2 | 0.2 |
| Tax on profit on ordinary activities | 6 | - | - |
| Profit for the financial year | 9 | 0.2 | 0.2 |

All activities of the Company relate to continuing operations

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

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented

Reconciliation of movements in shareholder's funds for the year ended 31 December 2012

| | 2012 £m | 2011 £m |
|---|-------------|-------------|
| Profit for the financial year | 0.2 | 0.2 |
| Shareholder's funds at the start of the year | 20.2 | 20.0 |
| Shareholder's funds at the end of the year | 20.4 | 20.2 |

INEOS Industrial Investments Limited

Balance sheet as at 31 December 2012

| | | 2012 £m | 2011 £m |
|---|---|------------|------------|
| Current assets | | | |
| Debtors – amounts falling due within one year | 7 | 20.4 | 20.2 |
| Net current assets | | 20.4 | 20.2 |
| Total assets less current liabilities | | 20.4 | 20.2 |
| Net assets | | 20.4 | 20.2 |
| Capital and reserves | | | |
| Called up share capital | 8 | - | - |
| Share premium account | 9 | 115.0 | 115.0 |
| Profit and loss account | 9 | (94.6) | (94.8) |
| Total shareholder's funds | | 20.4 | 20.2 |

The financial statements on pages 4 to 9 were approved by the Board of Directors on 25 June 2013 and were signed on its behalf by



MJ Maher
Director

INEOS Industrial Investments Limited

Registered Number 4588429

INEOS Industrial Investments Limited

Notes to the financial statements

1 Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards, the Companies Act 2006 and the accounting policies set out below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company.

Cash flow statement and related party disclosures

The Company is a subsidiary of Kerling plc and its results are included in the consolidated financial statements of Kerling plc, which are available to the public. Consequently, the Company has taken advantage of various exemptions from reporting requirements.

- Under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" the Company is exempt from preparing a cash flow statement.
- Under the terms of Financial Reporting Standard 8 "Related Party Disclosures" the Company is exempt from disclosing related party transactions with entities that form part of the Kerling plc group.

Foreign currencies

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Deferred taxation

Deferred tax is recognised as a liability or asset in respect of all timing differences which have originated but not reversed at the balance sheet date if transactions have occurred at the balance sheet date which give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. A deferred tax asset is recognised to the extent that it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of timing differences can be deducted. Deferred tax is measured at the average tax rates which are expected to apply in the periods during which the timing differences are expected to reverse, based on the tax rates and laws which are in place at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2 Operating profit

Auditors' remuneration of £1,890 (2011: £1,890) was borne by a fellow group undertaking.

3 Directors' emoluments

None of the Directors received any emoluments in respect of services to the Company during the year or the previous year.

4 Employee information

The Company had no employees, other than the Directors, during the year or the previous year.

INEOS Industrial Investments Limited

Notes to the financial statements (continued)

5 Interest receivable and similar income

| | 2012 £m | 2011 £m |
|--|------------|------------|
| Interest receivable on loans to fellow group undertaking | 0.2 | 0.2 |

6 Tax on profit on ordinary activities

(a) Analysis of the tax charge for the year

There is no tax charge for the year (2011 £nil)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK. The differences are explained below

| | 2012 £m | 2011 £m |
|--|------------|------------|
| Profit on ordinary activities before taxation | 0.2 | 0.2 |
| Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) | 0.1 | 0.1 |
| Effects of | | |
| Tax losses utilised | (0.1) | (0.1) |
| Current tax charge for the year | - | - |

(c) Factors affecting future tax charges

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012. A further reduction to 23% from 1 April 2013 was substantively enacted by The Finance Act 2012 on 3 July 2012.

Further reductions to the UK corporation tax rate were announced in the 2013 Budget on 20 March 2013 which proposed to reduce the rate to 21% from 1 April 2014, and to 20% by 1 April 2015. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

(d) Deferred taxation

The amounts provided and not provided in respect of the deferred tax asset are as follows

| | 2012 | | 2011 | |
|------------|----------------|--------------------|----------------|--------------------|
| | Provided £m | Not provided £m | Provided £m | Not provided £m |
| Tax losses | - | 0.1 | - | 0.2 |

The potential deferred tax asset of £0.1 million (2011 £0.2 million) has not been recognised as the benefit of these losses is not expected to crystallise in the foreseeable future.

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Notes to the financial statements (continued)

7 Debtors – amounts falling due within one year

| | 2012 £m | 2011 £m |
|--|------------|------------|
| Amounts due from fellow group undertakings | 20.4 | 20.2 |

8 Called up share capital

At 31 December 2011 and 31 December 2012

| | Allotted, issued and fully paid | |
|-----------------|------------------------------------|-------|
| | Number | £ |
| Ordinary shares | 1 | 1 |
| Deferred shares | 1,000 | 1,000 |
| | 1,001 | 1,001 |

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

9 Reserves

| | Share premium account £m | Profit and loss account £m |
|-------------------------------|-----------------------------------|----------------------------------|
| At 1 January 2012 | 115.0 | (94.8) |
| Profit for the financial year | - | 0.2 |
| At 31 December 2012 | 115.0 | (94.6) |

10 Post balance sheet events

A shareholder resolution was passed on 28 January 2013 to reduce the issued share capital from £1,001 to £1 by the cancellation of 1,000 £1 Deferred shares, and to reduce the share premium to £nil

In accordance with Section 644 of the Companies Act 2006 this resolution, and therefore the reduction in share capital, was effective from 30 January 2013 being the date on which the resolution was registered at Companies House

Subsequent to this resolution the Directors declared a dividend of £20.5 million on 1 February 2013

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Notes to the financial statements (continued)

11 Ultimate parent company and ultimate controlling party

The intermediate parent undertaking is INEOS ChlorVinyls Holdings Limited, a company registered in England and Wales. The ultimate parent company is INEOS AG, a company registered in Switzerland.

The smallest and largest group that consolidate the Company's financial statements is Kerling plc. The consolidated financial statements of Kerling plc are available to the public and may be obtained from the Company Secretary at Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

The Directors regard Mr JA Ratcliffe to be the ultimate controlling party by virtue of his shareholding in INEOS AG.