

**ICI INDUSTRIAL INVESTMENTS LIMITED**

**Directors' report and financial  
statements**

**Registered number 4588429**

**31 August 2004**



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COMPANIES HOUSE		22/10/04
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COMPANIES HOUSE		13/10/04

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## Directors' report

The directors of ICI Industrial Investments Limited present their annual report and the audited financial statements for the period ended 31 August 2004.

### Principal activities and business review

ICI Industrial Investments Limited has continued to meet its funding obligation with Ineos Chlor. These obligations are contained in a series of agreements, to which the Company was a party, entered into during 2003 relating to a regeneration project at Runcorn, which is being undertaken by Ineos Chlor Limited.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Directors and directors' interests

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

Mr D J Gee (resigned 13.05.04)

Mr P J Gillett

Mr S A Roberts

Mr D S Whitewood

The directors who held office at the end of the financial year had the following interests in the ordinary shares of Imperial Chemical Industries PLC ('ICI'):

Director	Class of Stock/Share/Debenture	Holding at 1 January 2004	Holding at 31 August 2004	ICI Ordinary Shares under option at 1 January 2004	ICI Ordinary Shares under option at 31 August 2004
P J Gillett	ICI Ordinary Shares	nil	nil	352,187	351,653
S A Roberts	ICI Ordinary Shares	nil	nil	131,530	131,530
D S Whitewood	ICI Ordinary Shares	nil	nil	75,892	75,892

**Directors' report** *(continued)*

Options to subscribe for Ordinary Shares granted to and exercised by Directors during the financial year were as follows:

Director	At 1 January 2004	Option granted	Price of options granted during the year	Options exercised	Options lapsed	At 31 August 2004
P J Gillett	352,187	nil	-	nil	534	351,653
S A Roberts	131,530	nil	-	nil	-	131,530
D S Whitewood	75,892	nil	-	nil	-	75,892

	P J Gillett	S A Roberts	D S Whitewood
Weighted average exercise price	£3.09	£2.91	£2.83
Date from which exercisable	07/05/99	18/05/01	18/05/01
Expiry date	16/03/13	16/03/13	16/03/13

The options outstanding are exercisable at prices between £1.34 and £10.08. The market price of the shares at 31 August 2004 was £2.20 and the range during the financial period was £1.93 to £2.47.

**Political and charitable contributions**

The company made no political or charitable contributions during the year.

By order of the board



Mr S A Roberts  
Director

11/10/04

20 Manchester Square  
London  
W1U 3AN

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Report of the independent auditors to the members of ICI INDUSTRIAL INVESTMENTS LIMITED**

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **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 as at 31 August 2004 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*13 October 2004*

**Profit and loss account for the period ended 31 August 2004**

	<i>Note</i>	<b>2004 £000</b>	<b>2003 £000</b>
<b>Operating result</b>		-	-
		<hr/>	<hr/>
Amounts written off investments	2	(35,000)	(80,000)
Impairment of Parent Loan	3	35,000	80,000
		<hr/>	<hr/>
<b>Result for the year</b>		-	-
		<hr/>	<hr/>

**Balance sheet as at 31 August 2004**

	<i>Note</i>	<b>2004 £000</b>	<b>2003 £000</b>
<b>Fixed assets</b>			
Investments	2	500	10,000
 <b>Creditors: amounts falling due after more than one year</b>	3	<b>(499)</b>	<b>(9,999)</b>
 <b>Net Assets</b>		<u><b>1</b></u>	<u><b>1</b></u>
 <b>Financed by:</b>			
<b>Shareholders' funds: equity</b>			
Called up share capital	4	<u><b>1</b></u>	<u><b>1</b></u>
		<u><b>1</b></u>	<u><b>1</b></u>

These financial statements were approved by the board of directors on

and were signed on its behalf by:



Director

11/10/04



**Notes***(forming part of the financial statements)***1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Imperial Chemical Industries PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

**2 Fixed asset investments**

	<b>Loan £000</b>
<b><i>Book Value</i></b>	
At beginning of period	90,000
Additions	25,500
Disposals	-
	<hr/>
At end of period	115,500
	<hr/>
<b><i>Provisions</i></b>	
At beginning of period	(80,000)
Carry Value Adjustments	(35,000)
	<hr/>
At end of year	(115,000)
	<hr/>
<b>Balance sheet value at 31 August 2004</b>	<b>500</b>
	<hr/>
<b>Balance sheet value at end 2003</b>	<b>10,000</b>
	<hr/>

Assets also include a 15% shareholding in Ineos Chlor Ltd and a 15% shareholding in Ineos Chlor Enterprises Ltd.

Notes (*continued*)**3 Creditors: amounts falling due after more than one year**

	2004 £000	2003 £000
Amounts owed to group undertakings	499	9,999

Liabilities comprise £115,499,000 drawn down by the Company under its £170,000,000 loan facility from ICI C&P less a carrying value adjustment of £115,000,000. The loan is on an interest-free, limited recourse basis and is only repayable should the Company receive repayment of its loan to Ineos Chlor.

**4 Called up share capital**

	2004 £000	2003 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1,000 each	1	1
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1,000 each	1	1

**5 Reconciliation of Movements in Shareholders' Funds**

	2004 £000	2003 £000
Profit/(Loss) for the financial period	-	-
Issue of Share Capital	-	1
Net increase/(decrease) to capital and reserves	-	1
Capital and Reserves at beginning of year	1	-
Capital and Reserves at end of year	1	1

**6 Commitments**

As part of the overall refinancing package for Ineos Chlor announced in July 2003, the UK Government committed a £50m Regional Selective Assistance grant. The Company has given a guarantee to the DTI of up to £25m in the event that Ineos Chlor are required to repay the grant to the Government. The grant has not yet been paid by the UK Government to Ineos Chlor.

At the end of August 2004 the outstanding funding commitment from the Company to Ineos Chlor was £54.5m.

Notes (*continued*)

**7 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The Company is a subsidiary undertaking of ICI Chemicals & Polymers Limited, a company registered in England and Wales.

The Company's ultimate holding company is Imperial Chemical Industries PLC, registered in England and Wales

The largest group in which the results of the company are consolidated is that headed by Imperial Chemical Industries PLC, registered in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from 20 Manchester Square, London, W1U 3AN.