

Vinyls Italia Limited
Annual report
for the year ended 31 December 2009

Registered Number 5870732



Vinyls Italia Limited

Annual report

for the year ended 31 December 2009

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Vinyls Italia Limited

Directors' report for the year ended 31 December 2009

The Directors present their report and the audited financial statements for the period to 31 December 2009

Principal activities and review of the business

The loss on ordinary activities after taxation for the financial period was €2,226,000 (2008 €5,095,000), after taking into account an exceptional loss of €nil (2008 €4,111,000) The Directors do not recommend the payment of a dividend (2008 £nil)

Following the disposal of the Company's fixed asset investment in 2009, the Company does not trade

Future outlook

The Directors intend for the Company to continue in business and will explore opportunities for future investment as and when they arise

Financial risk management

The Company's operations expose it to a variety of financial risks including the effects of credit risk and liquidity risk As most of the Company's operations involve related parties, none of these risks are considered significant

Key performance indicators ("KPIs")

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

Directors and their interests

The Directors who held office during the year and to the date of this report were as follows

CE Tane
MJ Maher
AJ Reed

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 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 estimates that are reasonable and prudent,
- 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

Vinyls Italia Limited

Directors' report for the year ended 31 December 2009 (continued)

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

By order of the Board



MJ Maher

Director

29 September 2010

Vynyls Italia Limited

Independent Auditors' report to the members of Vynyls Italia Limited

We have audited the financial statements of Vynyls Italia Limited for the year ended 31 December 2009 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement 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 Directors' Responsibilities Statement set out on page 1, 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 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.

Qualified opinion arising from disagreement about accounting treatment

Group accounts dealing with the state of affairs and results of Vynyls Italia Limited and its subsidiaries, in the form of consolidated financial statements, have not been prepared in contravention of Financial Reporting Standard No2 and the Companies Act 2006.

Except for the matter referred to in the preceding paragraph, in our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss 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.

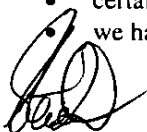
Opinion on other matter prescribed by the Companies Act 2006

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.



Steve Denison (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

29 September 2010

Vinyls Italia Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 €'000	2008 €'000
Administrative expenses		(1,245)	(1,158)
Administrative expenses - exceptional items	2	-	(4,111)
Total administrative expenses	1	(1,245)	(5,269)
Operating loss		(1,245)	(5,269)
Net loss on disposal of subsidiaries	7	(1,000)	-
Interest receivable and similar income	5	19	320
Loss on ordinary activities before taxation		(2,226)	(4,949)
Tax on loss on ordinary activities	6	-	(146)
Loss for the financial year	11	(2,226)	(5,095)

All losses for the financial years arose from continuing operations

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

There were no other gains or losses during the year or the previous year

Reconciliation of movements in shareholders' funds for the year ended 31 December 2009

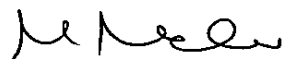
	2009 €'000	2008 €'000
Loss for the financial year	(2,226)	(5,095)
Shareholders' funds at the start of the year	2,139	7,234
Total shareholders' funds at the end of the year	(87)	2,139

Vinyls Italia Limited

Balance sheet as at 31 December 2009

	Note	2009 €'000	2008 €'000
Fixed asset investments	7	-	-
Current assets			
Debtors – amounts falling due within one year	8	1	97
Cash at bank and in hand		8	2,471
		9	2,568
Creditors – amounts falling due within one year	9	(96)	(429)
Net current (liabilities)/assets		(87)	2,139
Total assets less current liabilities		(87)	2,139
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	(89)	2,137
Total shareholders' (deficit)/funds		(87)	2,139

The financial statements on pages 4 to 12 were approved by the Board of Directors on 29 September 2010 and are signed on its behalf by



MJ Maher
Director

Vinyls Italia Limited

Registered number 5870732

Vinyls Italia Limited

Cash flow statement for the year ended 31 December 2009

	Note	2009 €'000	2008 €'000
Operating loss		(1,245)	(5,269)
Exceptional items	2	-	4,111
Decrease / (Increase) in debtors		96	(91)
Decrease / (Increase) in creditors		(334)	331
Net cash outflow from operating activities		(1,483)	(918)
Returns on investment and servicing of finance			
Interest received		20	223
Net cash inflow from returns on investment and servicing of finance		20	223
Taxation		-	(151)
Financial investment			
Capital contribution to subsidiary undertaking	7	(9,500)	(4,000)
Net cash outflow from financial investment		(9,500)	(4,000)
Acquisitions and disposals			
Consideration for disposals	7	8,500	-
Net cash inflow from acquisitions and disposals		8,500	-
(Decrease) / increase in cash		(2,463)	(4,846)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year		(2,463)	(4,846)
Net debt at 1 January 2009		2,471	7,317
Net debt at 31 December 2009		8	2,471

Vinyls Italia Limited

Statement of accounting policies

These financial statements present information about the Company as an individual undertaking and consolidated group accounts have not been prepared. As a result, the financial statements do not comply with either Financial Reporting Standard 2 "Accounting for Subsidiary Undertakings" or the Companies Act 2006.

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom and the accounting policies set out below.

Going concern

The Directors have received confirmation that the present policy of INEOS Vinyls UK Limited is to support the Company to ensure that the Company can continue to meet its financial obligations as and when they fall due. Having received this support, the Directors believe that preparing the accounts on the going concern basis is appropriate.

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value. Where the cost of investments includes long-term loans, these are included within fixed asset investments.

Foreign currencies

The functional currency of Vinyls Italia Limited is the local currency of its principal operating environment. Most of the Company's transactions and assets are denominated in Euros, therefore the Euro is the Company's functional currency.

Results and assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the end of the financial year. Exchange differences on foreign currency loans are also taken directly to reserves where there is an appropriate offset.

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. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. 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.

Vinyls Italia Limited

Notes to the financial statements

1 Operating loss

Operating loss before is stated after charging/(crediting):

	2009 €'000	2008 €'000
Auditors' remuneration – audit services	4	5
Exchange gains	(13)	(15)

2 Exceptional items

	2009 €'000	2008 €'000
Waiver of interest receivable from fixed asset investments	-	111
Impairment of assets in subsidiary undertaking	-	4,000
	-	4,111

3 Directors' emoluments

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

4 Employee information

The Company had no employees, other than the directors, during the current year or previous year

5 Interest receivable and similar income

	2009 €'000	2008 €'000
Bank interest receivable	19	209
Interest receivable from fixed asset investments	-	111
Interest receivable and similar income	19	320

Vinyls Italia Limited

Notes to the financial statements (continued)

6 Tax on loss on ordinary activities

a) Analysis of the charge for the year	2009 €'000	2008 €'000
UK Corporation tax at 28% (2008 28.5%) – current year	-	93
UK Corporation tax at 28% (2008 28.5%) – prior year	-	53
Current tax charge	-	146

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2008 higher) than the standard rate of corporation tax in the UK. The differences are explained below

	2009 €'000	2008 €'000
Loss on ordinary activities before taxation	(2,226)	(4,949)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	(623)	(1,410)
Effects of		
Expenses not deductible for tax purposes	623	1,503
Adjustment in respect of prior years	-	53
Current tax charge for the year	-	146

(c) Factors which may affect future tax charges

The UK Government announced on 22 June 2010 the gradual reduction in the main rate of corporation tax from 28% to 24% over 4 years from 1 April 2011. In addition they announced a slight reduction in the main capital allowance rate from 20% to 18% from 1 April 2012.

Note, the above does not have any implication in respect of current accounting as it has not been substantively enacted.

(d) Deferred Taxation

There is no provided or unprovided deferred taxation.

Vinyls Italia Limited

Notes to the financial statements (continued)

7 Fixed asset investments

Subsidiary undertakings	€'000
At 1 January 2009	-
Additions – capital contribution	9,500
Disposals	(9,500)
At 31 December 2009	-
Provision for diminution in value	
At 1 January 2009	-
Utilised	-
At 31 December 2009	-
Net book value	
At 31 December 2009	-
At 1 January 2009	-

At 31 December 2009, the Company's subsidiary undertakings were as follows

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class/percentage of shares held
Vinyls Italia 2 Limited	England	Dormant	Ordinary 100%

On 22 January 2009 the Company acquired all but one of the issued shares in INEOS Compounds Italia Srl from a related company, INEOS Vinyls Holdings Italia Srl for a consideration of €1. On the same day, these shares were sold to Sartor Holding Srl for €8,500,000.

On 31 March 2009 the Company made a capital contribution of €9,500,000 to INEOS Vinyls Italia SpA.

On 31 March 2009 the Company sold its investment in INEOS Vinyls Italia SpA to Safi Srl for €1, realising a loss of €9,499,999.

8 Debtors

Amounts falling due within one year	2009 €'000	2008 €'000
Other debtors	1	97

Vinyls Italia Limited

Notes to the financial statements (continued)

9 Creditors – amounts falling due within one year

	2009 €'000	2008 €'000
Amounts owed to subsidiary undertakings	-	156
Amounts owed to related parties	-	88
Corporation tax	93	93
Accruals	3	92
	96	429

10 Called up share capital

At 31 December 2009 and 31 December 2008 –
shares of 1p each

	Authorised		Allotted and fully paid	
	Number	€	Number	€
Ordinary shares	97,488	1,453	97,488	1,453
Non-voting ordinary shares	2,512	37	2,512	37
Business Tracker shares	17,500	257	17,500	257
	117,500	1,747	117,500	1,747

The holders of the Ordinary shares and Non-voting ordinary shares shall be entitled to receive dividends as determined by the Company, less the dividends paid to holders of the Business Tracker shares. On a return of capital, the holders of the Ordinary shares and Non-voting ordinary shares shall be entitled to receive the amount remaining after any distribution to holders of the Business Tracker shares. The holders of the Non-voting ordinary shares are not entitled to a vote at general meetings.

The holders of the Business Tracker shares shall be entitled to receive dividends as determined by the Company, up to a maximum of 17.5% of the profits available for distribution. On a return of capital the holders of the Business Tracker shares shall be entitled to receive amounts in aggregate up to a maximum of 17.5% of the distributable assets of the Company above €10m. The holders of the Business Tracker shares are not entitled to a vote at general meetings.

On 9 September 2010, the Company repurchased the Business Tracker and the Non-voting ordinary shares from the shareholders for nil value, subsequently cancelling them.

11 Reserves

Profit and loss account	€'000
At 1 January 2009	2,137
Loss for the financial year	(2,226)
At 31 December 2009	(89)

Vinyls Italia Limited

Notes to the financial statements (continued)

12 Related party transactions

The partners of INEOS Capital Partners own a controlling interest in the share capital of the Company. The partners of INEOS Capital Partners own a controlling interest in the share capital of INEOS Limited, the ultimate parent company of INEOS Chlor Limited, INEOS Vinyls UK Limited and INEOS Vinyls Limited. During the year INEOS Chlor Limited funded administrative expenses of €nil (2008: €183,000), INEOS Vinyls UK Limited funded administrative expenses of €nil (2008: €123,000) and INEOS Vinyls Limited funded administrative expenses of €313,000 (2008: €nil).

At 31 December 2009 the balance owed by the company to INEOS Chlor Limited was €nil (2008: €27,000), the balance owed to INEOS Vinyls UK Limited was €nil (2008: €61,000) and the balance owed to INEOS Vinyls Limited was €nil (2008: €nil).

Up until 31 March 2009 INEOS Vinyls Italia SpA was a subsidiary undertaking of the Company. INEOS Vinyls SpA funded administrative expenses of €nil (2008: €156,000).

13 Ultimate controlling party

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