

INEOS Industries Holdings Limited
Annual report
for the 18 month period ended 31 December
2010

Registered Number 6958119



INEOS Industries Holdings Limited

Annual report

for the 18 month period ended 31 December 2010

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INEOS Industries Holdings Limited

Directors' report for the 18 month period ended 31 December 2010

The directors present their report and the audited financial statements for the 18 month period since incorporation to 31 December 2010

Principal activities and business review

The principal activity of the Company is the management activities of a financial holding company

The Company was incorporated on 10 July 2009 as Ineos Capital Ventures Limited. On 20 July the Company changed its name to Ineos Industries Holdings Limited

During 2009 the Company acquired the ABS, Styrenics, Melamines, Films Italia, Healthcare and Bio businesses from Ineos Holdings Limited, a related party. These businesses were transferred from the main Ineos group to provide them with greater flexibility to implement their current strategies and to attract external partners. In connection with the future funding of these businesses, Ineos Holdings Limited subscribed for one share in the Company for a cash consideration of €75 million

Future developments

The Company held its investments in the period and will continue to do for the foreseeable future

Principal risks and uncertainties

The principal risk and uncertainty of the business is the potential impairment of the investment it holds. The directors review the investment for impairment annually or when an indication of impairment is deemed to exist

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

Results

The profit for the 18 month period ended 31 December 2010 after taxation was €2,935,000

Dividends

An interim dividend of €15.0 million was declared and paid during the period. The directors do not recommend the payment of a final dividend

Directors

The directors who held office during the period and up to the date of signing the financial statements are given below

Mr J Reece	(appointed 13 July 2009, resigned 31 March 2010)
Mr G Leask	(appointed 31 March 2010)
Mr J Dawson	(appointed 10 November 2010)
Mr M Mitchell	(appointed 31 March 2010, resigned 10 November 2010)
Mr A Currie	(appointed 13 July 2009, resigned 31 March 2010)

Financial risk management

The Company is funded internally and therefore has no direct exposure to liquidity, interest or debt market risk

INEOS Industries Holdings Limited

Post balance sheet events

On 1 March 2011, the Ineos Nova joint venture between Ineos and Nova Chemicals, became a wholly owned subsidiary of Ineos Industries, and changed its name to Ineos Styrenics

On 11 May 2011, Ineos Industries Holdings Limited acquired a 20% shareholding in Fluxel, a company which manages the Lavera oil terminal in Marseille

On 1 June 2011, the EU commission gave its approval for Ineos Industries and BASF to combine their global Styrenics business into a joint venture called Styrolution. This approval is subject to Ineos Industries selling its ABS production site in Tarragona, Spain

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare 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 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 UK 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 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.

INEOS Industries Holdings Limited

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

By order of the board



M Stokes
Company Secretary
14 September 2011

INEOS Industries Holdings Limited

Independent auditors' report to the members of INEOS Industries Holdings Limited

We have audited the financial statements of INEOS Industries Holdings Ltd for the 18 month period ended 31 December 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies 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 on page 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.

Basis for qualified opinion

As explained in the Statement of Accounting Policies, the financial statements present the financial position and financial performance of the Company standing alone. This is on the basis that

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it is included within the consolidated financial statements of INEOS Industries Limited, the ultimate parent Company at 31 December 2010.

The Company is exempt under Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement as the cash flows of the Company are included in the consolidated cash flow statement of INEOS Industries Limited.

In our opinion, the Company is not entitled to take these exemptions because the accounts of its ultimate parent are not prepared on a consolidated basis and do not contain a consolidated cash flow statement. Therefore we believe consolidated financial statements are necessary for a proper understanding of the consolidated financial position and operations of the Company and its subsidiaries as a group.

INEOS Industries Holdings Limited

Qualified opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraph

- the financial statements give a true and fair view of the company's affairs as at 31 December 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with 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 period 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
Newcastle
14 September 2011

INEOS Industries Holdings Limited

Profit and loss account for the 18 month period ended 31 December 2010

	Note	2010 €'000
Administrative expenses		(7,468)
Operating loss		(7,468)
Income from investments		6,701
Interest receivable and similar income	2	3,716
Interest payable and similar charges	3	(14)
Profit on ordinary activities before taxation		2,935
Tax on profit on ordinary activities	5	-
Profit for the financial period	11	2,935

All results relate to continuing activities

The Company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains or losses has been presented


There are no material differences between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents

INEOS Industries Holdings Limited

Balance sheet as at 31 December 2010

	Note	2010 €'000
Fixed assets		
Investments	7	25
Current assets		
Debtors	8	75,428
Cash at bank and in hand		24,491
		99,919
Creditors: amounts falling due within one year	9	(37,009)
Net current assets		62,910
Total assets less current liabilities		62,935
Capital and reserves		
Called up share capital	10	-
Profit and loss account	11	62,935
Shareholders' funds	12	62,935

The financial statements on pages 5 to 15 were approved by the board of directors on 14 September 2011 and were signed on its behalf by



G Leask
Director

INEOS Industries Holdings Limited

Statement of 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

Basis of preparation

The financial statements present the financial position and financial performance of the Company standing alone only

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below

Exemption from consolidation

The Directors consider that the Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it is included within the consolidated financial statements of INEOS Industries Limited, the ultimate parent Company at 31 December 2010

Cash flow statement

The Directors consider that the Company is exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement because the cash flows of the Company are included in the consolidated cash flow statement of INEOS Industries Limited

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Investments

Investments are included at cost less provision for impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities. Impairment reviews are performed by the directors when there has been an indication of potential impairment

INEOS Industries Holdings Limited

Notes to the financial statements for the 18 month period ended 31 December 2010

1 Reporting currency

The financial statements are expressed in Euros as the Company generates income, incurs expenditure and has the majority of its assets and liabilities denominated in Euros

The exchange rate as at 31 December 2010 was €1 17412/£1

2 Interest receivable and similar income

	2010
	€'000
Interest receivable from group undertakings	1,987
Interest receivable from related parties	1,528
Other interest receivable	25
Exchange gains	176
	3,716

3 Interest payable and similar charges

	2010
	€'000
Interest payable to group undertakings	14

4 Employees and directors

None of the directors received any emoluments during the period in respect of their services to the Company

No other persons were employed during the period

INEOS Industries Holdings Limited

5 Tax on profit on ordinary activities

	2010
	€'000
Total current tax	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2010
	€'000
Profit on ordinary activities before taxation	2,935
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	822
Effects of	
Expenses not chargeable for tax purposes	(1,876)
Deferred tax not provided	1,054
Current tax credit for the period	-

During the period, a change in the UK corporation tax rate from 28% to 27% was substantively enacted and the reduced rate will be effective from 1 April 2011. The relevant deferred tax balances have been re-measured accordingly.

In the 2011 Budget on 23 March 2011, the UK Government announced its intention to reduce the UK corporation tax rate to 26% from 1 April 2011. Further reductions to the UK corporation tax rate have been announced which will reduce the UK corporation tax rate by 1% per annum until this reaches 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

6 Dividends

	2010
	€'000
Interim dividends paid	15,000

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7 Investments

Cost:	€'000
At 10 July 2009	-
Acquisitions	25
At 31 December 2010	25

During 2009 the Company acquired the ABS, Styrenics (including the investment in the Ineos NOVA joint venture), Melamines, Films Italia, Healthcare and Bio businesses from Ineos Holdings Limited, a related party by virtue of common ownership by Mr J A Ratchffe (see note 14)

Details of investments in joint ventures are set out below

Company	Class of shares held	Country of incorporation	Percentage held	Principal activities
Ineos Nova European Holding BV	Class A Ordinary	Netherlands	50%	Chemicals
Ineos Nova International SA	Class A Ordinary	Switzerland	50%	Chemicals
Ineos Nova LLC	Common	USA	50%	Chemicals

The following information relates to the subsidiary undertakings of the Company

Company	Country of registration or incorporation	Percentage held	Principal activities
Ineos ABS (Jersey) Limited*	Jersey	100%	Holding Company
Elix Polymers S L	Spain	100%	Chemicals
Ineos ABS (India) Limited	India	83.3%	Chemicals
Ineos ABS (Deutschland) GmbH	Germany	100%	Chemicals
Ineos (ABS) UK Limited	UK	100%	Business Consultancy
Ineos ABS (USA) Corporation	United States	100%	Chemicals
Ineos ABS Thailand Co Ltd	Thailand	100%	Chemicals
Ineos Bio Holdings Limited*	UK	80%	Holding Company
Ineos Bio Limited	UK	80%	Chemicals
Ineos Bio Resources Limited	UK	80%	Chemicals
Ineos Bio Resources (Seal Sands) Limited	UK	80%	Chemicals
Ineos Bio USA LLC	US	80%	Chemicals
Ineos Bio New Planet BioEnergy	US	80%	Chemicals

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7 Investments (continued)

Company	Country of registration or incorporation	Percentage held	Principal activities
Ineos Healthcare Holdings Limited*	UK	80%	Holding Company
Ineos Healthcare Limited	UK	80%	Healthcare
Ineos Industries US LLC	US	100%	Holding Company
Ineos Melamines GmbH*	Germany	100%	Chemicals
Ineos Melamines LLC	US	100%	Chemicals
Ineos Styrenics Germany GmbH*	Germany	100%	Chemicals
Ineos Vinyls Holdings Italia S r l*	Italy	100%	Holding Company
Ineos Films Italia S r l	Italy	100%	Chemicals

*Held directly by the Company

The Directors believe that the carrying values of the investments are supported by their underlying net assets

8 Debtors

	2010
	€'000
Amounts due from group undertakings	75,268
Other debtors	160
	75,428

9 Creditors: amounts falling due within one year

	2010
	€'000
Amounts due to group undertakings	36,590
Other creditors	419
	37,009

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10 Called up share capital

	2010
Allotted, issued and fully paid	€'000
2 ordinary shares of £1 00 each	-
64,711 business tracker shares of 0 001p each	-
	-

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

On 31 July 2009 the Company issued 1 Ordinary share of £1 00 for a consideration of €75 0 million to Ineos Holdings Limited. On 15 December 2010 the Company issued 64,711 Business Tracker shares of 0 001 penny each at par. A summary of the rights that attach to each class of shares is as follows:

The holders of the Business Tracker shares shall be entitled to receive dividends as determined by the Company out of profits of the Company available for distribution in a financial year up to a maximum of 10% of such profits available for distribution or such higher amount as the Special Committee may determine. On a return of capital, the holders of the Business Tracker shares shall be entitled to receive up to a maximum of 10% of the surplus assets of the Company remaining after the payment of its liabilities, or such higher amount as the Special Committee may determine. Each holder of Business Tracker shares shall receive that portion of the surplus assets for the period over which the Business Tracker shares have been held by them. The holders of the Business Tracker shares are not entitled to vote at any general meeting of the Company.

The holders of the Ordinary shares shall be entitled to receive dividends as determined by the Company out of the profits remaining after the deduction of the proportion of the profits attributed to the holders of the relevant Business Tracker shares. On a return of capital, the holders of the Ordinary shares shall be entitled to receive that portion of the surplus assets remaining after the deduction of the proportion of the surplus assets attributed to the holders of the relevant Business Tracker shares. The holders of the Ordinary shares are entitled to one vote per share at any general meeting of the Company.

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11 Reserves

	Share Premium €'000	Profit and loss account €'000
At 10 July 2009	-	-
Issue of shares	75,000	-
Profit for the period	-	2,935
Transfer from share premium	(75,000)	75,000
Dividends paid (note 6)	-	(15,000)
At 31 December 2010	-	62,935

In connection with the future funding of the Company's acquired businesses, Ineos Holdings Limited subscribed for one share in the Company for a cash consideration of €75.0 million. Ineos Holdings Limited is a related party by virtue of common ownership by Mr J A Ratcliffe (see note 14).

On 19 August 2010 the Company cancelled and extinguished its share premium account and credited the capital to the Company's reserves. The Directors approved a reduction of the Company's capital by cancelling the entire share premium account pursuant to section 641(1)(a) of the Companies Act 2006.

12 Reconciliation of movements in shareholders' funds

	2010 €'000
Profit for the period	2,935
Dividends paid (note 6)	(15,000)
Issue of shares (note 10)	75,000
Increase in total shareholders' funds	62,935
Opening shareholders' funds	-
Closing shareholders' funds	62,935

13 Related party transactions

The Company had a management services agreement with Ineos Capital Partners ("Ineos Capital"). The management services agreement was novated from Ineos Capital Partners to Ineos AG in April 2010. Management fees of €6.4 million were charged in the period. At 31 December 2010 amounts owed to Ineos AG were €7.5m.

INEOS Industries Holdings Limited

14 Parent undertaking and controlling party

The directors regard INEOS Industries Limited, a Company incorporated in the United Kingdom to be the immediate parent undertaking

The ultimate parent company at 31 December 2010 was INEOS AG, a Swiss corporation

INEOS Industries Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the accounts can be obtained from the Company Secretary, INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertaking INEOS AG