INEOS Technologies (Vinyls) Limited

Annual report

for the year ended 31 December 2011

Registered Number 7085219

INEOS Technologies (Vinyls) Limited

Annual report

for the year ended 31 December 2011

Contents

INEOS Technologies (Vinyls) Limited

Directors and advisers for the year ended 31 December 2011

Directors
P S Wilhams
R N J-C Sanchez
G Leask
D Smeeton

Company secretary
A Goodswen

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Hawkslease
Chapel Lane
Lyndhurst
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SO43 7FG
UK

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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Bankers
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INEOS Technologies (Vinyls) Limited

Directors' report for the year ended 31 December 2011

The Directors present their report and the audited financial statements for the year ended 31 December 2011 for INEOS Technologies (Vinyls) Limited ("the Company").

Principal activities and review of the business
Until 31 March 2011 the Company was engaged in the development and licensing of, and supply of catalysts and additives for, polyvinylchloride (PVC), ethylene dichloride (EDC) and vinyl chloride monomer (VCM) technologies From 1 April 2011 the Company discontinued its development and catalyst and additive supply activities but continued its licensing activities, via a distribution and licensing agreement with INEOS Europe AG, a related company The Company also provides some research and development services to INEOS Europe AG

As a result of the change in business activity turnover for the year was €12 7m (2010 €18 7m) and the profit on ordinary activities before taxation was €0 9m (2010 €1 2m) No dividend payment was made during the year, (2010 £nil m)

Share capital
The company was incorporated with an issued and fully paid share capital of £100

Plant and machinery
There is no material difference between market value and book value of plant and machinery

Review of business and future developments
As noted above the business of the Company changed during 2011 and the Company now focuses its efforts on the sale of licences of PVC and VCM technology The product offering and technology improvements are made available to it by INEOS Europe AG via the distribution and licensing agreement The Company also receives a licence fee from INEOS Europe AG in respect of technology and related intellectual property rights

In 2011 the Company sold a number of major licences into the Asian market and at year end was well positioned in a number of prospective licensing opportunities There are uncertainties in the market over the global economy and some contracts are being put on hold The Company's objective is to consolidate its share of the VCM and PVC licensing market through increased marketing efforts and INEOS Europe AG's continued focus on technology development and product quality and development

Financial risk management
The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and currency fluctuation risk However, given the size of the Company's operations, the cost of managing exposure to such risk exceeds any potential benefits The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties Currency fluctuation is managed through specific caps in customer and supplier contracts where appropriate Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Group Holdings SA

Principal risks and uncertainties
The management of the business and execution of the Company's strategy are subject to a number of risks The key business risks affecting the Company are set out below

- The chemical and PVC industries are cyclical – changing market demands and prices may negatively affect the Company's operating margins and impair its cash flow

- International operations and currency fluctuations – the Company is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability

- Competition – significant competition in the Company's industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations.

- Safety, health and the environment – the Company's facilities are subject to operating risks, including the risk of environmental contamination and safety hazards

Key performance indicators
In conjunction with the management of costs and working capital to improve profit the Company uses a number of key performance indicators ("KPIs") to monitor performance against budget·

- EBITDA – earnings before interest, tax, depreciation and amortisation, and exceptional items
- Sales, variable costs and margins per tonne of product sold
- Licensing contract margins
- Average working capital as a percentage of sales
- Safety, Health and Environment controls

Exceptional Items
An exceptional charge of €1 3m in relation to the recovery of Italian VAT has been made in light of the current economic and fiscal uncertainty in Italy Action is still actively being pursued to recover the outstanding balance

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

P S Williams	
P Q Grant	(resigned 11 January 2011)
R N J-C Sanchez	(appointed 18 April 2011)
G Leask	(appointed 27 May 2011)
D Smeeton	(appointed 27 May 2011)
M S Olavesen	(resigned 24 June 2011)
J P McNally	(resigned 30 June 2011)

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements
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 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 year 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,
- 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 Technologies (Vinyls) Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of disclosure to auditors
Each of the persons who are directors at the date of approval of this report confirms that

- there is no relevant information of which the company's auditors are unaware, and

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

A Goodswen
Secretary

INEOS Technologies (Vinyls) Limited

Registered Number 7085219

13 July 2012

INEOS Technologies (Vinyls) Limited

Independent Auditors' report to the members of INEOS Technologies (Vinyls) Limited

We have audited the financial statements of INEOS Technologies (Vinyls) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, 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 set out on page 3, 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 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 2011 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

Independent Auditors' report to the members of INEOS Technologies (Vinyls) Limited (continued)

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

Paul Christian (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

13 July 2012

INEOS Technologies (Vinyls) Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 €'000	2010 €'000
Turnover	1		
Continuing operations		5,363	3,213
Discontinued operations		7,361	15,518
		12,724	18,731
Cost of sales		(10,731)	(9,716)
Gross profit		1,993	9,015
Selling and distribution costs		(92)	(564)
Administrative expenses		(3,445)	(6,738)
Other operating income		2,654	-
Operating profit	2		
Continuing operations		639	597
Discontinued operations		471	1,116
		1,110	1,713
Net finance costs	4	(230)	(484)
Profit on ordinary activities before taxation		880	1,229
Tax on profit on ordinary activities	5	(763)	(880)
Profit for year	13	117	349

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

INEOS Technologies (Vinyls) Limited

Balance sheet as at 31 December 2011

	Note	2011 €'000	2010 €'000
Fixed assets			
Intangible assets	6	12,943	15,099
Tangible assets	7	121	1
		13,064	15,100
Current assets			
Stocks	8	-	1,895
Debtors due within one year	9	15,133	9,164
Cash at bank and in hand		4,347	3,955
		19,480	15,014
Creditors – amounts falling due within one year	10	(6,579)	(5,201)
Net current assets		12,901	9,813
Total assets less current liabilities		25,965	24,913
Creditors – amounts falling due after more than one year	11	(23,949)	(23,022)
Net Assets excluding pension liability		2,016	1,891
Pension liability	15	(1,336)	(1,146)
Net Assets including pension liability		680	745
Capital and reserves			
Share Capital	12	-	-
Profit and loss account	13	680	745
Total equity shareholders' funds		680	745

The financial statements on pages 7 to 23 were approved by the Board of Directors on 13 July 2012 and are signed on its behalf by

G.W. Leask

G Leask
Director

INEOS Technologies (Vinyls) Limited

Registered Number 7085219

INEOS Technologies (Vinyls) Limited

Statement of total recognised gains and losses for the year ended 31 December 2011

	2011 €'000	2010 €'000
Profit for the financial year	117	349
Actuarial gain recognised in the pension scheme (Note 15)	(160)	542
Movement in deferred tax relating to pension liability	(22)	(146)
Total recognised gains for the financial year	(65)	745

Reconciliation of movements in equity shareholders' funds for the year ended December 2011

	2011 €'000	2010 €'000
Profit for the financial year	117	349
Actuarial gain recognised in the pension scheme (Note 15)	(160)	542
Movement in deferred tax relating to pension liability	(22)	(146)
Net increase in equity shareholders' funds	(65)	745
Equity shareholders' funds at the start of the year	745	-
Equity shareholders' funds at the end of the year	680	745

INEOS Technologies (Vinyls) Limited

Accounting policies

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

The financial statements are expressed in Euros as the company transacts in equal denominations of USD, EUR and GBP, whereas INEOS Group primarily reports financial performance in Euros The exchange rate at 31 December 2011 was €0 8369 to £1 (2010 €0 8517 to £1)

Going concern
The directors have considered the company's projected future cash flows, working capital requirements and are confident that the company has sufficient cash flows to meet its working capital requirements for the next 12 months Accordingly the financial statements have been prepared on the going concern basis

Revenue recognition
Revenue represents the sales value of goods and services supplied to customers during the year Revenue is recognized when the risks and rewards of ownership are transferred to the customer or the service has been provided It excludes VAT and similar sales based taxes

As noted in the directors' report, from 1 April 2011 the Company discontinued its catalyst and additives supply activities but continued to market and license PVC, EDC and VCM technology to customers

Other operating income
A licence agreement was put in place effective 1 April 2011 between the Company and INEOS Europe AG, whereby the Company has made available to INEOS Europe AG intellectual property rights (IPR) and technical information owned by it in the field of EDC, VCM and PVC production processes and associated catalysts, additives and equipment The Company granted INEOS Europe AG the right to use this IPR and technical information to engage in further R&D activities, to develop licensing packages and to make and have made components and supplies such as catalysts and additives and related equipment The Company receives a licence fee based on a percentage of licence and component revenue of the technology The percentage of revenue agreed by the Company with INEOS Europe AG declines until 31 December 2017 when it becomes zero In 2011 and 2012 the percentage is 17 5%

Tangible fixed assets and depreciation
Tangible assets are stated at historical purchase cost less any accumulated depreciation

Depreciation is calculated so as to write off the historic cost of the assets on a straight line basis over their effective lives The typical effective lives of assets are

Plant and machinery

• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware and major software	-	2 to 4 years

Any impairment in the value of fixed assets, calculated by discounting estimated future cash flows, is dealt with in the profit and loss account in the year to which the impairment relates

Intangible assets
When the fair value of the separable net assets is less than the fair value of the consideration for an acquired undertaking the difference is treated as goodwill and is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful life In the case of the Company, the estimated useful life of the intangible asset has been determined as 7 years

Impairment of Assets
Assets are carried at no more than their recoverable amount, which is the higher of the amount to be realised through the asset's use or sale Where the carrying value exceeds the recoverable amount the asset is impaired and the impairment loss is recognised in the P&L.

INEOS Technologies (Vinyls) Limited

Accounting policies (continued)

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 where transactions or events have occurred at the balance sheet date that will result in 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 years 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

Pension costs
The Company participates in a pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company The pension scheme is a multi-employer pension scheme for employees of the Company, INEOS Compounds UK Limited and INEOS Vinyls (UK) Limited INEOS Vinyls (UK) Limited (Ineos ChlorVinyls Limited at the year end) is the principal employer

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included in 'net finance costs' in the profit and loss account Actuarial gains and losses are recognised in the statement of total recognised gains and losses

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The pension scheme surplus, to the extent that it is considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax, if appropriate

The pension liabilities and assets of the Company, INEOS Compounds UK Limited and INEOS Vinyls (UK) Limited (Ineos ChlorVinyls Limited at the year end) form one pension plan In general, a full actuarial valuation of this plan is conducted every three years and as a result in the interim years the FRS 17 pension scheme results need to be split on an approximate basis between the Company, INEOS Compounds UK Limited and INEOS Vinyls (UK) Limited

The method used to allocate the FRS17 liabilities, assets and service cost between entities is as follows

- The liabilities and assets for Vinyls, Compounds and Technologies have been allocated based on the split of the liabilities as at the most recent full actuarial valuation of the plan, and allowing for the establishment in November 2009 of INEOS Technologies (Vinyls) Limited and the transfer of employees from Vinyls at that date
- Other than for recognition of changes due to business acquisitions, disposals or the addition of new participating employers, the same proportionate split following the INEOS Technologies (Vinyls) Limited transfer has been used at all relevant dates
- The expected 2011 service cost has been allocated based on the ratio of the respective active payroll for each entity versus the total active payroll for the Plan as a whole
- Employer contributions for the disclosure year have been allocated between entities based on information provided by the participating employers Employee contributions for 2011 were allocated between entities based on information provided by the Plan's administrators and on active payroll for each entity versus the total payroll for the Plan as a whole Benefit payments were split between entities based on the split of the pensioner liabilities as at the most recent full actuarial valuation of the Plan (with no allowance for benefit payments made to former employees of INEOS Technologies (Vinyls) Limited)

The Directors believe that this approach represents a reasonable basis of accounting for the scheme

The most recent valuation for the Company plan was 31 December 2010 However when setting the preliminary IAS19/FRS17 assumptions in December 2011, the valuation had not been finalised and therefore data from the previous full actuarial valuation of April 2007 has been used in these financial statements The next full actuarial valuation will be undertaken with an effective date of 31 Dec 2013

INEOS Technologies (Vinyls) Limited

Accounting policies (continued)

Cash flow statement
The company ıs a wholly-owned subsıdıary and ıs ıncluded ın the consolıdated financıal statements of INEOS Group Holdıngs SA, whıch are publıcally avaılable Consequently the company has taken advantage of the exemptıon from preparıng a cash flow statement under the terms of FRS1 (revısed 1996)

Research and development
Expendıture on research and development ıs wrıtten off as and when ıncurred

Transactıons in foreign currencıes
Transactıons ın foreıgn currencıes are recorded ın sterlıng at the book rate for the current month of account Monetary assets and lıabılıtıes denomınated ın foreıgn currencıes at the balance sheet date are reported ın sterlıng at the rates of exchange prevaılıng at that date All exchange dıfferences are ıncluded ın the profit and loss account

INEOS Technologies (Vinyls) Limited

Notes to the accounts

1. Segmental reporting

The company's turnover and operating profit relate entirely to its principal activity The geographical analysis of turnover is

	Continuing 2011 €'000	Discontinued 2011 €'000	Total 2011 €'000	Continuing 2010 €'000	Discontinuing 2010 €'000	Total 2010 €'000
United Kingdom	-	539	539	-	475	475
Rest of Europe	-	1,434	1,434	-	4,755	4,755
Rest of the World	5,363	5,388	10,751	3,213	10,288	13,501
	5,363	7,361	12,724	3,213	15,518	18,731

2. Operating profit

Operating profit is stated after charging:

	2011 €'000	2010 €'000
Auditors' remuneration	20	24
Exceptional item – Italian VAT provision	1,322	-
Depreciation	6	1
Amortisation		
Goodwill	2,156	1,835
Research & development costs	1,520	1,433
Operating lease rentals	83	83

The exceptional charge of €1 3m in relation to the recovery of Italian VAT has been made in light of the current economic and fiscal uncertainty in Italy Action is still actively being pursued to recover the outstanding balance

3. Staff numbers and costs

The average number of people employed by the Company (including Directors) during the year was as follows·

Analysis by function	2011 Number	2010 Number
Sales and Technical Service	6	6
Administration	1	1
Research and development	14	15
	21	22

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

3. Staff numbers and costs (continued)

The aggregate payroll costs of these people (including Directors) were as follows

	2011 €'000	2010 €'000
Wages and salaries	1,170	1,215
Social security costs	105	106
Other pension costs (Note 15)	277	196
	1,552	1,517

No directors received emoluments during the year (2010 none)

4. Net Finance costs

	2011 €'000	2010 €'000
Pension Scheme interest less expected return (Note 15)	(112)	(141)
Interest payable on loans from fellow group undertakings	(118)	(343)
	(230)	(484)

5. Tax on profit on ordinary activities

a) **Analysis of the charge for the year**	2011 €'000	2010 €'000
UK Corporation Tax at 26 5% (2010 28%)	763	926
Deferred taxation – current year	-	(46)
	763	880

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

5. Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK at 26 5% (2010 28%) The differences are explained below

	2011 €'000	2010 €'000
Profit on ordinary activities before taxation	880	1,229
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 26 5% (2010 28%)	233	344
Effects of		
Expenses not deductible for tax purposes	571	514
Group relief (claimed) / surrendered not paid	(46)	-
Pension cost relief in excess of net pension cost charge	5	68
Current tax charge for year	763	926

(c) Factors which may affect future tax charges

A number of changes to the UK corporation tax system were announced in Finance (No 3) Bill 2010-11 which received Royal Assent on 5 July 2011 which reduced the main rate from 28% to 25% The income tax expense for the year is therefore based on the effective United Kingdom statutory rate of Corporation Tax for the period of 26 5%

On 26 March 2012, a further reduction to the main rate to 24% was introduced effective 1 April 2012 and further reductions are proposed to reduce the rate by 1% per year to 22% by 1 April 2014 As these changes had not been substantially enacted at the balance sheet date, they have not been reflected in these financial statements

(d) Deferred Taxation

Company	2011 €'000	2010 €'000
Opening balance	424	-
Profit and loss	-	-
Statement of total recognised gains and losses	22	-
Total (note 15)	446	424

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

6. Intangible assets

Cost	Goodwill €'000
At 1 January 2010 and 2011	16,934
Accumulated amortisation	
At 1 January 2011	(1,835)
Charge for year	(2,156)
At 31 December 2011	(3,991)
Net Book Value	
At 31 December 2010	15,099
At 31 December 2011	**12,943**

Goodwill arose on the acquisition of the business from INEOS Vinyls (UK) Limited on 4 December 2009 Assets and liabilities were revalued to fair value and the resulting goodwill is being amortised over seven years

7. Tangible fixed assets

	Plant and machinery €'000
Cost	
At 1 January 2011	2
Additions	126
At 31 December 2011	128
Accumulated depreciation	
At 1 January 2011	(1)
Charge for year	(6)
At 31 December 2011	(7)
Net book value	
At 31 December 2010	1
At 31 December 2011	**121**

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

8. Stocks

	2011 €'000	2010 €'000
Finished goods	-	1,895
	-	1,895

All stock holding was sold to INEOS Europe AG as at 1 April 2011 on discontinuance of the company's catalyst and additive supply activities

9. Debtors

Amounts falling due within one year	2011 €'000	2010 €'000
Trade debtors	2,750	2,808
Amounts owed by related parties	10,300	5,379
Other debtors	2,083	977
	15,133	9,164

Amounts owed by related parties are in the form of current account agreements, in a base denomination of Euros

10. Creditors – amounts falling due within one year

Amounts falling due within one year	2011 €'000	2010 €'000
Trade creditors	15	1,429
Amounts owed to related parties	3,038	934
Group relief payable	1,706	926
Other creditors	1,186	648
Accruals and deferred income	634	1,264
	6,579	5,201

Amounts owed to related parties are in the form of current account agreements, in a base denomination of Euros

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

11. Creditors – amounts falling due after more than one year

Amounts falling due after more than one year	2011 €'000	2010 €'000
Amount due to fellow group undertaking	23,949	23,022
	23,949	23,022

Interest rates are provided by INEOS Group Treasury on a monthly basis, agreed and applied to current balances

12. Called up share capital

	2011 €	2010 €
Allotted and fully paid		
100 ordinary shares of £1 each	110	110

The allotted and fully paid share capital at 31 December 2011 and 2010 was GBP 100 The shares were issued at incorporation on 24 November 2009 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

13. Reserves

	2011 Profit and loss account €'000	2010 Profit and loss account €'000
At 1 January	745	-
Profit for the year	117	349
Actuarial gain in pension scheme	(160)	542
Movement in deferred tax relating to pension liability	(22)	(146)
At 31 December	680	745

14. Commitments and contingent liabilities

Guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss

The company has entered into an operating lease with a related party which runs for 20 years from December 2009 at €70,000 per annum

Notes to the accounts (continued)

15. Retirement benefits

The majority of the UK employees participate in the EVC Pension Fund ("The Fund") The Fund is administered by a group of trustees with assets being held separately from the Company Members receive defined benefit pensions that are based on their length of service and final remuneration with the Company

The most recent valuation for the company plan was 31 December 2010 However when setting the preliminary FRS17 assumptions in December 2011, the valuation had not been finalised Therefore the active liability for the company has been obtained by rolling forward from 31 December 2007 (the date of the last full signed valuation) and adjusting for the assumptions as at 31 December 2011 We have also allowed for any special events that have occurred between 31 December 2007 and 31 December 2011

The next full valuations are expected effective 31 December 2013 The valuation of the scheme used the projected unit method and was carried out by TowersWatson LLP, professionally qualified actuaries This valuation has been updated to 31 December 2011 using the following principal assumptions

	31 December 2011 % pa	**31 December 2010 % pa**
Price inflation	3 1	3 6
Discount rate for scheme liabilities	5 0	5 5
Rate of increases in salaries	4 1	4 6
Rate of increase of pensions in payment	2 9	3 5
Rate of increase for deferred pensioners	2 1	2 9

Material demographic assumptions

	2011	**2010**
Expected future lifetime at age 65 for a male currently aged 65	20 7	20 7

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

15. Retirement benefits (continued)

The assets ın the scheme and the expected rates of return were

	31 December 2011		31 December 2010	
	Expected rate of return % pa	Fair Value €'000	Expected rate of return % pa	Fair Value €'000
Equitıes	7 2	3,139	8 1	3,713
Bonds	3 8	1,307	4 8	1,119
Property	6 7	152	7 5	148
Other	7 2	1,325	8 1	989
Total faır value of assets		5,923		5,969
Actuarıal value of scheme lıabılıtıes		(7,705)		(7,539)
Deficıt ın the scheme		(1,782)		(1,570)
Related deferred tax asset		446		424
Net pensıon lıabılıty		(1,336)		(1,146)

Reconciliation of present value of scheme liabilities	**2011 €'000**	**2010 €'000**
At 1 January 2011 and 4 December 2009	(7,539)	(6,711)
Interest cost	(405)	(409)
Current servıce cost	(277)	(196)
Actual member contrıbutıons	(60)	(56)
Exchange losses	(134)	(451)
Gaın / (loss) on change of assumptıons	123	(128)
Experıence gaın	587	412
At 31 December 2011 and 2010	(7,705)	(7,539)

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

15. Retirement benefits (continued)

Reconciliation of fair value of scheme assets	**2011 €'000**	**2010 €'000**
At 1 January 2011 and 4 December 2009	5,969	4,840
Actual Company contributions	371	221
Actual member contributions	60	56
Exchange gains	100	326
Expected return on plan assets	293	268
Actuarial (loss) / gain	(870)	258
At 31 December 2011 and 2010	5,923	5,969

Analysis of the amount charged to operating profit	**2011 €'000**	**2010 €'000**
Current service cost	277	196

Analysis of the amount charged to other finance costs	**2011 €'000**	**2010 €'000**
Expected return on pension scheme assets	(293)	(268)
Interest on pension scheme liabilities	405	409
Net charge	112	141

Analysis of amounts recognised in the statement of total recognised gains and losses	**2011 €'000**	**2010 €'000**
Actual return less expected return on pension fund assets	(870)	258
Experience gains arising on fund liabilities	587	412
Gain / (loss) on change of financial and demographic assumptions	123	(128)
Actuarial (loss) / gain recognised in the statement of total recognised gains and losses	(160)	542

INEOS Technologies (Vinyls) Limited

Notes to the accounts (continued)

15. Retirement benefits (continued)

Movement in deficit during the year	2011 €'000	2010 €'000
Deficit in the fund at 1 January 2011 and 4 December 2009	(1,570)	(1,870)
Contributions paid	371	221
Current service cost	(277)	(196)
Other finance costs	(112)	(141)
Exchange losses	(34)	(126)
Actuarial (loss) / gain	(160)	542
Deficit in the fund at 31 December 2011 and 2010, before allowance for deferred tax	(1,782)	(1,570)

History of experience gains and losses	2011	2010
Difference between the actual and expected return on fund assets		
Amount	(€870k)	€258k
% of fund assets at 31 December 2011 and 2010	14 7%	4 3%
Experience gains on fund liabilities		
Amount	€587k	€412k
% of fund liabilities at 31 December 2011 and 2010	7 6%	5 5%
Total actuarial loss recognised in the statement of total recognised gains and losses		
Amount	(€160k)	€542k
% of fund liabilities at 31 December 2011 and 2010	2 1%	7 2%

Notes to the accounts (continued)

16. Related party transactions

The Company ıs related to other companıes wıthın the INEOS Group Holdıngs SA group by vırtue of common control The Company ıs exempt under the terms of Fınancıal Reportıng Standard Number 8 "Related Party Transactıons" from dısclosıng related party transactıons wıth entıtıes whıch are part of the INEOS Group Holdıngs SA group

Materıal tradıng transactıons wıth related partıes durıng the year were as follows

Related party	Sales	Purchases	Balance owed to/(by) the Company at 31 December €m
INEOS ChlorVınyls Lımıted	-	€0 2m (2010 €nıl)	(€0 1m) (2010 €nıl)

17. Parent Company and Ultimate Controlling Party

The ımmedıate parent company ıs INEOS Vınyls Lımıted

As at 31 December 2011, the ultımate parent undertakıng was INEOS AG, a Swıss Corporatıon

INEOS Group Holdıngs SA, an ıntermedıate parent undertakıng, was the parent undertakıng of the smallest and largest group of undertakıngs to consolıdate these fınancıal statements at 31 December 2011 INEOS Group Holdıngs SA ıs a company regıstered ın Luxembourg Copıes of the fınancıal statements of INEOS Group Holdıngs SA can be obtaıned from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg

The ultımate controllıng party ıs Mr J A Ratclıffe, dırector and majorıty shareholder of the ultımate parent company