

INEOS Investments International Limited
Annual report
for the year ended 31 December 2008

Registered Number 3938607

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INEOS Investments International Limited

Annual report

for the year ended 31 December 2008

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INEOS Investments International Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is that of a holding company. The company has a branch located in France.

Review of the business

The company has continued to act as a holding company throughout the year.

Change of company name

On 15 May 2008 the company changed its name from INEOS Holdings (Fluor & Silicas) Limited to INEOS Investments International Limited.

Results and dividends

During the year to 31 December 2008 the company made a loss before taxation of €169,171,000 (2007: loss of €67,576,000). The directors do not recommend the payment of a dividend (2007: €Nil).

Key performance indicators

Given the close involvement of the shareholders in the running of the business, the directors believe that the current level of disclosures within the Directors' Report is sufficient to give an understanding of the development, performance and 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:

G Leask

D Smeeton

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company where appropriate. The company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The company is funded internally by the INEOS group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Limited.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company INEOS Limited. The directors have received confirmation that INEOS Limited intends to support the company for at least one year after these financial statements are signed.

INEOS Investments International Limited

Directors' report for the year ended 31 December 2008 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 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). The financial statements are required by law to 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board



M Stokes
Company Secretary
21 September 2009

INEOS Investments International Limited

Independent auditors' report to the members of INEOS Investment International Limited

We have audited the financial statements of INEOS Investment International Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

INEOS Investments International Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended:
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

21 September 2009

INEOS Investments International Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 €'000	2007 €'000
Administrative expenses		65	(110)
Operating profit / (loss)	2	65	(110)
Loss on sale of investments		(4,698)	-
Income from fixed asset investments		1,079	-
Interest receivable and similar income	4	38,539	49,750
Interest payable and similar charges	5	(204,156)	(117,216)
Loss on ordinary activities before taxation		(169,171)	(67,576)
Tax on loss on ordinary activities	6	11,511	21,505
Retained loss for the financial year	12	(157,660)	(46,071)

All results derive from continuing operations.

The company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

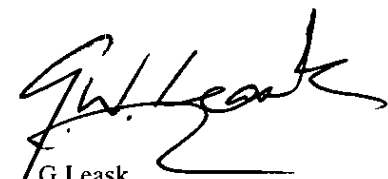
There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

INEOS Investments International Limited

Balance sheet as at 31 December 2008

	Note	2008 €'000	2007 €'000
Fixed assets			
Investments	7	621,034	625,658
Current assets			
Debtors due within one year	8	71,506	120,386
Debtors due after more than one year	8	212,700	415,583
		284,206	535,969
Cash at bank and in hand		69	60
		284,275	536,029
Creditors: amounts falling due within one year	9	(117,897)	(104,494)
Net current assets		166,378	431,535
Total assets less current liabilities		787,412	1,057,193
Creditors: amounts falling due after more than one year	10	(984,988)	(1,097,109)
Net liabilities		(197,576)	(39,916)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(197,576)	(39,916)
Total shareholders' deficit	13	(197,576)	(39,916)

The financial statements on pages 5 to 13 were approved by the board of directors on 21 September 2009 and were signed on its behalf by:


 G Leask
 Director

INEOS Investments International Limited

Statement of accounting policies

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company INEOS Limited. The directors have received confirmation that INEOS Limited intends to support the company for at least one year after these financial statements are signed. The principal accounting policies, which have been consistently applied are set out below.

Basis of preparation

The company is included in the consolidated financial statements of INEOS Limited, the ultimate parent undertaking. The company has taken advantage of the exemption not to prepare consolidated financial statements under S228 Companies Act 1985, as it is included in the consolidated financial statements of the INEOS Limited. These financial statements therefore present information about the company as an individual undertaking and not about the group.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Cash flow statement

The company is a wholly owned subsidiary of INEOS Intermediate Holdings (Fluor & Silicas) Limited and is included in the consolidated financial statements of INEOS Limited. Consequently, the company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (Revised 1996).

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account in the period in which they occur.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

INEOS Investments International Limited

Notes to the financial statements for the year ended 31 December 2008

1 Reporting currency

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

The exchange rate as at 31 December 2008 was €1.02010/£1 (2007: €1.36482/£1).

2 Operating profit

The audit fee has been included in the overall audit fee for INEOS Limited in the current and prior year and is not separately recharged to the company.

3 Employees and directors

Neither the directors nor the secretary received any emoluments during the year (2007: €Nil) in respect of their services to the company.

Employment costs for other persons employed during the year and in the previous year were recharged to INEOS Manufacturing France SAS, a subsidiary undertaking.

4 Interest receivable and similar income

	2008 €'000	2007 €'000
Loans with group undertakings	38,539	49,750
Exchange gains	-	-
	38,539	49,750

INEOS Investments International Limited

5 Interest payable and similar charges

	2008 €'000	2007 €'000
Loans with group undertakings	86,101	78,904
Exchange losses	118,055	38,312
	204,156	117,216

6 Tax on loss on ordinary activities

Analysis of tax charge / (credit):

	2008 €'000	2007 €'000
Current tax		
Group relief payable to group company at 30% (2007: 30%)		
- current year	(14,000)	(20,273)
- adjustments in respect of previous years	1,775	(520)
Foreign tax		
- corporation tax	714	(712)
Total current tax	(11,511)	(21,505)
Total tax	(11,511)	(21,505)

The tax assessed for the year is lower (2007: higher) than the standard rate of corporation tax in the UK (28%)

	2008 €'000	2007 €'000
Loss on ordinary activities before taxation	(169,171)	(67,576)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 30%)	(47,368)	(20,273)
Effects of:		
Expenses not deductible for tax purposes	1,315	-
Tax losses not recognised	32,053	-
Adjustment in respect of previous years	1,775	(520)
Adjustment in respect of foreign taxes	714	(712)
Current tax charge for the year	(11,511)	(21,505)

There are no factors which are expected to affect the future tax charge materially.

INEOS Investments International Limited

7 Investments

	Subsidiary Shares €'000	JV Shares €'000	Total €'000
Cost and net book value			
At 1 January 2008	506,646	119,012	625,658
Additions	60	14	74
Disposals	(4,698)	-	(4,698)
At 31 December 2008	502,008	119,026	621,034

Additions in the year included an investment in subsidiary shares of INEOS Refining France SAS and associated legal fees.

In 2007 the company acquired a 50% share in Oxochimie SAS, Naphtachimie SAS and Appryl SNC from a fellow subsidiary undertaking, INEOS Manufacturing France SAS.

The directors believe that the book value of the investments is more than the value of the underlying assets.

Interests in subsidiary undertakings and joint venture

The subsidiary and joint ventures of the company at 31 December 2008 and the percentage of equity share capital held are set out below.

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Percentage of shares held
INEOS Fluor Holdings Limited	England	Chemicals	100%
INEOS Silicas Holdings Limited	England	Chemicals	100%
INEOS Manufacturing France SAS	France	Chemicals	100%
INEOS France SAS	France	Chemicals	100%
INEOS Investissements SARL	France	Investment	100%
INEOS Refining France SAS	France	Chemicals	100%

All investments are held directly by the company.

Joint Ventures	Country of registration or incorporation	Principal activity	Percentage of shares held
Oxochimie SAS	France	Toll manufacturer	50%
Naphtachimie SAS	France	Toll manufacturer	50%
Appryl SNC	France	Toll manufacturer	50%

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8 Debtors

	2008	2007
	€'000	€'000
Amounts falling due within one year		
Amounts due from group undertakings	70,423	119,666
Other debtors	1,083	8
Corporation tax	-	712
	71,506	120,386
Amounts falling due more than one year		
Amounts due from group undertakings	212,700	415,583

9 Creditors – amounts falling due within one year

	2008	2007
	€'000	€'000
Amounts due to group undertakings	117,170	103,950
Other creditors	727	544
	117,897	104,494

10 Creditors – amounts falling due after more than one year

	2008	2007
	€'000	€'000
Amounts due to group undertakings	984,988	1,097,109

11 Called up share capital

	2008	2007
	€	€
Authorised		
1,000 ordinary shares of £1	1,491	1,491
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

INEOS Investments International Limited

12 Reserves

	Profit and loss account
	€'000
At 1 January 2008	(39,916)
Loss for the financial year	(157,660)
At 31 December 2008	(197,576)

13 Reconciliation of movements in total shareholders' deficit

	2008 €'000	2007 €'000
Loss for the financial year	(157,660)	(46,071)
Net addition to total shareholders' deficit	(157,660)	(46,071)
Opening total shareholders' (deficit)/ funds	(39,916)	6,155
Closing total shareholders' deficit	(197,576)	(39,916)

14 Commitments

The company's annual commitments under non-cancellable operating leases are as follows:

	2008 Land and buildings €'000	2007 Land and buildings €'000
Operating leases which expire:		
After more than five years	60	60

INEOS Investments International Limited

15 Contingent liabilities

The company is party to a Senior Facilities Agreement dated 14 December 2006 (as amended). The Senior Facilities Agreement comprises of term loans (Term Loan A, Term Loan B, Term Loan C and Term Loan D), and a Revolving Credit Facility. The total outstanding indebtedness under the Senior Facilities Agreement at 31 December 2008 was €5,079.8 million (31 December 2007: €5,020.2 million). The company is a guarantor under the Senior Facilities Agreement. These obligations are secured by fixed and floating charges over the assets of the company.

The company was also party to a Bridge Credit Agreement dated 14 December 2006. The company was a guarantor under the Bridge Credit Agreement. The Bridge Credit Agreement was fully repaid on 7 February 2006 with the proceeds of a high yield bond offering (the 'Senior Notes'), together with additional facilities drawn under the Senior Facilities Agreement.

The company is party to the Senior Notes Indenture dated 7 February 2006 (as amended). The Senior Notes comprise the €1,630 million 7.875% Senior Notes Due 2016 and the \$700 million 8.5% Senior Notes Due 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2008 was €2,124.9 million (31 December 2007: €2,110.6 million). The company is a guarantor under the Senior Notes Indenture. These guarantees are on an unsecured senior subordinated basis.

16 Related party transactions

The ultimate parent company and controlling party is INEOS Limited. As 100% of the company's voting rights are controlled within the group headed by INEOS Limited, the company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No. 8.

17 Parent undertaking and controlling party

The directors regard INEOS Intermediate Holdings (Fluor & Silicas) Limited, a company incorporated in the United Kingdom to be the immediate parent undertaking of the company.

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

The ultimate controlling party is Mr J A Ratcliffe, director and majority shareholder in the ultimate parent undertakings INEOS Limited.