

INEOS Enterprises II Limited
Annual report
for the year ended 31 December 2010

Registered Number 3965021

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INEOS Enterprises II Limited
Annual report
for the year ended 31 December 2010
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INEOS Enterprises II Limited

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements for the year ended 31 December 2010

Principal activities and review of the business

The Company acts as a holding company

On 28 January 2010, INEOS Limited completed the restructuring of financing and shareholding relationships in respect of several group companies, including INEOS Enterprises II Limited (Note 5 includes further details)

On 26 March 2010 the Company's ultimate Parent Company became INEOS AG, a Company registered in Switzerland

Future outlook

At the end of the year there were no immediate plans for a change in the Company's operations

Financial risk management

The Company is not exposed to any significant financial risks

Key performance indicators ("KPIs")

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

Directors

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

H Deans
GS Corsi
K Metcalfe
GB Stewart

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and 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 UK 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.

INEOS Enterprises II Limited

Directors' report for the year ended 31 December 2010 (continued)

Disclosure of information to Auditors

For each person who is a director at the time of approval of this report

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. As a result of the Company passing a written resolution, there is no longer a requirement for the auditors to be reappointed on an annual basis.

By order of the Board



PF Nichols
Secretary

30 June 2011

INEOS Enterprises II Limited

Independent auditors' report to the members of INEOS Enterprises II Limited

We have audited the financial statements of INEOS Enterprises II Limited for the year ended 31 December 2010 which comprise the Balance Sheet, the Reconciliation of Movements in Equity Shareholders' Funds, the 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 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.

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 2010 and of its result 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.



Paul Christian (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool

30 June 2011

INEOS Enterprises II Limited

Profit and loss account for the year ended 31 December 2010

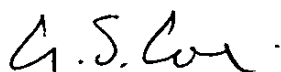
The Company neither traded nor had any employees during the year or the previous year

Neither the directors nor the auditors received any remuneration from the Company during the year (2009 £nil)

Balance sheet as at 31 December 2010

	Note	2010 £	2009 £
Fixed asset investment	1	-	-
Amounts receivable from fellow Group undertakings		201	201
Amounts payable to fellow Group undertakings		(4)	(4)
Net current assets		197	197
Total assets less current liabilities		197	197
Capital and reserves			
Called up share capital	2	100	100
Profit and loss account	3	97	97
Equity shareholders' funds		197	197

The Financial statements on pages 4 to 7 were approved by the Board of Directors on 30 June 2011 and are signed on its behalf by



GS Corsi
Director

INEOS Enterprises II Limited

Registered no 3965021

INEOS Enterprises II Limited

Reconciliation of movements in equity shareholders' funds for the year ended 31 December 2010

	2010 £	2009 £
Result for the financial year	-	-
Other recognised gains and losses	-	-
Net decrease in equity shareholders' funds	-	-
Equity shareholders' funds at the start of the year	197	197
Equity shareholders' funds at the end of the year	197	197

Accounting policies

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

Group consolidation, cash flow statement and related party disclosures

The Company is a subsidiary of INEOS Limited and is included in the consolidated financial statements of INEOS Limited, which are available to the public. Consequently, the Company has taken advantage of various exemptions from reporting requirements

- Under the terms of Financial Reporting Standard 2 and in accordance with Section 400 of the Companies Act 2006, the Company is exempt from preparing Group accounts. The financial statements present information about the Company as an individual undertaking
- Under the terms of FRS 1 (revised 1996) the Company is exempt from preparing a cash flow statement
- Under the terms of Financial Reporting Standard 8 the Company is exempt from disclosing related party transactions with entities which form part of the INEOS Limited group

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value

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

INEOS Enterprises II Limited

Notes to the accounts

1 Fixed asset investments

Shares in subsidiary undertakings

	Net Book Value £
At 1 January 2010 and 31 December 2010	-

The Company's only fixed asset investment at 31 December 2010 was a 100% shareholding in INEOS Enterprises Newco 1 Limited, a dormant company incorporated in England

2 Share capital

	Authorised		Allotted, issued and fully paid	
	2010 Number	2009 Number	2010 £	2009 £
Equity - ordinary shares of 1p each	100,000	100,000	100	100

3 Reserves

	Profit and loss account £
At 1 January 2010 and 31 December 2010	97

4 Commitments and contingent liabilities

In 2003, the Company, together with other related parties, provided a guarantee to the Secretary of State for Trade and Industry in respect of a Regional Selective Assistance Grant that was made available to INEOS Chlor Limited. Under certain circumstances the Company could become liable to repay up to 50% of the amount advanced to INEOS Chlor Limited. At 31 December 2010 grant payments of £31,200,000 (2008: £31,200,000) had been received by INEOS Chlor Limited.

INEOS Enterprises II Limited

Notes to the accounts (continued)

5 Restructuring and refinancing

On 28 January 2010 (the "Refinancing Date"), a major refinancing / restructuring took place affecting several INEOS group companies, including INEOS Enterprises II Limited (the "Company")

Kerling plc, a wholly-owned subsidiary of INEOS Limited on the Refinancing Date and an indirect parent company of the Company, issued senior secured notes due in 2017 in an aggregate principal amount of €785m and used the net proceeds to

- refinance existing indebtedness of the Kerling plc group,
- finance the acquisition of several companies from INEOS Group Limited,
- refinance the existing indebtedness of the acquired companies, and
- make available additional cash to the newly-enlarged Kerling plc group

The Kerling plc group also has the following facilities available in addition to the senior secured notes

- a revolving credit facility of €100m, of which €26.3m had been utilised at 31st December 2010 in the form of bank guarantees, and
- a receivables securitisation facility of €120m, of which €29.8m had been utilised at 31st December 2010

On 26 March 2010, INEOS Limited was acquired by INEOS AG, a company registered in Switzerland, which therefore became, and remains, the ultimate Parent Company of Kerling plc and of the Company

As a result of the refinancing, there are no longer any loans in place between the Kerling plc group companies and other companies in the INEOS AG group. Although Kerling plc remains a wholly-owned subsidiary of INEOS AG, the financing arrangements of the Kerling plc group are now distinct and ring-fenced from those of the remaining INEOS AG group companies

The impact of the refinancing and restructuring on the Company is as follows

- the Company has become a wholly-owned member of the Kerling plc group and is a guarantor of the indebtedness of the group,
- as a guarantor of the indebtedness of the Kerling plc group, the Company has provided security over certain of its assets,

The Directors do not anticipate any change in the day to day operations of the Company as a result of the refinancing

6 Ultimate Parent Company and Ultimate Controlling Party

The Company's immediate parent undertaking is INEOS Enterprises Group Limited, a company registered in England and Wales

At 31 December 2009, the Company's ultimate parent company was INEOS Limited, a company registered in England and Wales. On 26 March 2010, INEOS Limited was acquired by INEOS AG, a company registered in Switzerland. INEOS AG became the Company's ultimate parent company from this date

The smallest group that consolidated the Company's financial statements is Kerling plc. The consolidated financial statements of Kerling plc are available to the public and may be obtained from the Company Secretary at Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The largest group that consolidates the Company's financial statements is INEOS Limited, a subsidiary of INEOS AG. The consolidated financial statements of INEOS Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, United Kingdom

The Directors regard Mr JA Ratchiffe to be the ultimate controlling party by virtue of his shareholding in INEOS AG