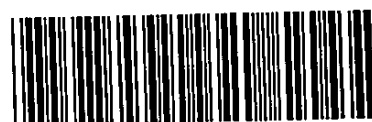


INEOS Vinyls (II) Limited
Annual report
for the year ended 31 December 2010

Registered Number 04241416

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INEOS Vinyls (II) Limited
Annual report
for the year ended 31 December 2010
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INEOS Vinyls (II) Limited

Directors' report for the year ended 31 December 2010

The Directors present their report and the audited financial statements of INEOS Vinyls (II) Limited ("the Company") for the year ended 31 December 2010

Principal activities and review of the business

Following the disposal of the Company's fixed asset investment in 2006, the Company does not trade

The loss on ordinary activities before taxation for the financial year was £0.8million (2009: £1.7million). The Directors do not recommend the payment of a dividend (2009: £nil).

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

Key performance indicators ("KPIs")

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

Directors and their interests

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

CE Tane
MJ Maher
AJ Reed

Statement of Directors' responsibilities

The Directors are responsible for preparing the 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 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 Vinyls (II) Limited

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

Disclosure of information to Auditors

The Directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. As a consequence of the Company passing a written shareholder resolution, there is no longer a requirement to reappoint PricewaterhouseCoopers LLP as auditors of the Company on an annual basis

By order of the Board



MJ Maher
Director
3 August 2011

INEOS Vinyls (II) Limited

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

We have audited the financial statements (the "financial statements") of INEOS Vinyls (II) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the reconciliation of movements in shareholder's funds, 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 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 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.

Opinion on the 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

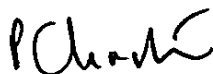
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Christian (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
3 August 2011

INEOS Vinyls (II) Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £m	2009 £m
Administration expenses		(0.8)	(1.7)
Loss on ordinary activities before taxation	1	(0.8)	(1.7)
Tax on loss on ordinary activities	4	(0.2)	0.1
Loss for the financial year	8	(1.0)	(1.6)

All activities of the Company relate to continuing operations

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

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented

Reconciliation of movements in shareholder's funds for the year ended 31 December 2010

	2010 £m	2009 £m
Loss for the financial year	(1.0)	(1.6)
Shareholder's funds at the start of the year	15.4	17.0
Shareholder's funds at the end of the year	14.4	15.4

INEOS Vinyls (II) Limited

Balance sheet as at 31 December 2010

	Note	2010 £m	2009 £m
Current assets			
Debtors – amounts falling due within one year	5	16.5	17.3
Creditors – amounts falling due within one year	6	(2.1)	(1.9)
Net current assets		14.4	15.4
Capital and reserves			
Called up share capital	7	11.1	11.1
Profit and loss account	8	3.3	4.3
Total shareholder's funds		14.4	15.4

The financial statements on pages 4 to 9 were approved by the Board of Directors on 3 August 2011 and are signed on its behalf by



MJ Maher
Director

INEOS Vinyls (II) Limited

Registered Number 04241416

INEOS Vinyls (II) Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the applicable UK accounting standards, the Companies Act 2006, and the accounting policies set out below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company.

Cash flow statement and related party disclosures

The Company is a subsidiary of INEOS Limited and its results are 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 1 (revised 1996) "Cash Flow Statements" the Company is exempt from preparing a cash flow statement.
- Under the terms of Financial Reporting Standard 8 "Related Party Disclosures" the Company is exempt from disclosing related party transactions with entities that form part of the INEOS Limited group.

Foreign currencies

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

INEOS Vinyls (II) Limited

Notes to the financial statements

1 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2010 £m	2009 £m
Exchange loss	0.8	1.7

Auditors' remuneration of £604 (2009 £575) was borne by a fellow group undertaking

2 Directors' emoluments

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

3 Employee information

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

4 Tax on loss on ordinary activities

a) Analysis of the tax charge/(credit) for the year	2010 £m	2009 £m
Group relief surrendered	(0.2)	(0.5)
Adjustment in respect of prior years	0.4	0.4
Current tax charge/(credit)	0.2	(0.1)

(b) Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK. The differences are explained below

	2010 £m	2009 £m
Loss on ordinary activities before taxation	(0.8)	(1.7)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28%	(0.2)	(0.5)
Adjustment in respect of prior years	0.4	0.4
Current tax charge/(credit) for the year	0.2	(0.1)

(c) Factors which may affect future tax charges

During the year, 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

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

INEOS Vinyls (II) Limited

Notes to the financial statements (continued)

5 Debtors – amounts falling due within one year

	2010 £m	2009 £m
Amounts owed by fellow group undertaking	16.5	17.3

The carrying value of the above is denominated in euros

6 Creditors – amounts falling due within one year

	2010 £m	2009 £m
Corporation tax – group relief	2.1	1.9

7 Called up share capital

At 31 December 2009 and 31 December 2010

Allotted and fully paid

	Number	£
Ordinary shares of £1 each	1	1
Ordinary shares of €1 each	17,488,300	11,099,824
	17,488,301	11,099,825

The £1 and €1 ordinary shares have equivalent voting rights and have equal rights to distributions on winding up

8 Reserves

Profit and loss account	£m
At 1 January 2010	4.3
Loss for the financial year	(1.0)
At 31 December 2010	3.3

INEOS Vinyls (II) Limited

Notes to the financial statements (continued)

9 Ultimate parent company and ultimate controlling party

The Company's intermediate parent undertaking is INEOS Vinyls Holdings 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 INEOS Group Holdings Limited. The largest group that consolidates the Company's financial statements is INEOS Limited, a subsidiary of INEOS AG. The consolidated financial statements of both companies 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 Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS AG.