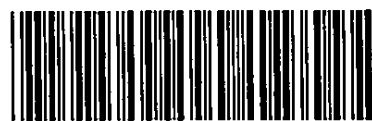


Ineos Paraform Limited

Annual report for the year ended 31 December 2009

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Ineos Paraform Limited

Annual report for the year ended 31 December 2009

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Ineos Paraform Limited

Directors' report for the year ended 31 December 2009

Ineos Paraform Limited – registered number 4482032

The directors present their report and the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the company is to act as an intermediate non-trading parent company to Ineos Paraform GmbH & Co KG

Given the non-trading purpose of this entity we would like to refer to the Director's report of INEOS Paraform Holdings Limited (registered number 5293217), being the sole shareholder of INEOS Paraform Limited. Any other comments and disclosures in the Director's report of INEOS Paraform Holdings Limited also apply to INEOS Paraform Limited

Results and dividends

The results for the financial year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend for the business year 2009 (2008: €nil)

Review of business

The directors are satisfied with the performance of the company during the year and anticipate a similar financial performance in 2010

Principal risks and uncertainties

The directors are confident that the company is structured and positioned in a manner that will enable it to meet the demands of its markets and business environment. The entity acts as a holding company for the German entities and has no other operational business other than holding the loan with the third party bank.

The group is embedded in the risk management system of the global Ineos group. Executive Committee Meetings take place on a regular basis, approximately six times per year, in which all aspects of business performance and all major decisions are discussed and agreed.

Insurances are in place to mitigate financial disadvantages from potential liabilities and damages. The insurance cover is reviewed on an annual basis. The main risks are covered by Ineos group policies (see Ineos Group Holdings plc statutory accounts, Company No 04215862).

To avoid losses from customer insolvencies, exports and overseas sales are secured by prepayments or letters of credit.

The group will comply with the new European chemical legislation REACH by registering all substances effected before the year ended 31 December 2010.

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, 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 exposure of the group to foreign exchange risks is limited. Approximately 90 percent of the group's revenue is realised in Euro denominated regions and all main feedstock purchases are on a Euro basis. Exports to non Euro regions are, on a case by case basis, evaluated with respect to profitability.

Ineos Paraform Limited

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

The directors who served during the year and up to the date of signing the financial statements were as follows

Mr G W Leask

Mr W Haenel

Mr P S Williams (appointed 31 March 2010)

Mr A C Currie (resigned 31 March 2010)

Mr J Reece (resigned 31 March 2010)

Ineos Paraform Limited

Statement of directors' responsibilities

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 prepared 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 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.

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director 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

22 December 2010

Ineos Paraform Limited

Independent auditors' report to the members of Ineos Paraform Limited

We have audited the financial statements of Ineos Paraform Limited for the year ended 31 December 2009 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 set out 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 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 opinion, 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 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.

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 2009 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.

Ineos Paraform Limited

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



Michael Jeffrey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
22 December 2010

Ineos Paraform Limited

Profit and loss account for the year ended 31 December 2009

		2009	2008
	Note	€'000	€'000
Turnover	2	185	241
Other operating charges	3	(216)	(294)
Operating loss	4	(31)	(53)
Income from shares in group undertakings	5	1,488	321
Loss on disposal of shares in subsidiary companies	5	(111)	-
Interest payable and similar charges	6	(340)	(447)
Profit/(loss) on ordinary activities before taxation		1,006	(179)
Tax on profit/(loss) on ordinary activities	7	(159)	226
Profit for the financial year	15	847	47

All results relate to continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

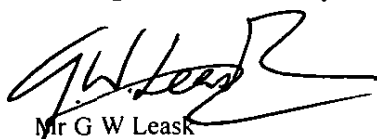
There is no difference between the profit/(loss) on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Ineos Paraform Limited

Balance sheet as at 31 December 2009

	Note	2009 €'000	2008 €'000
Fixed assets			
Investments	5	10,895	11,006
Current assets			
Debtors	9	1,997	1,642
Cash at bank and in hand		161	178
		2,158	1,820
Creditors: amounts falling due within one year	10	(5,888)	(5,954)
Net current liabilities		(3,730)	(4,134)
Total assets less current liabilities		7,165	6,872
Creditors: amounts falling due after more than one year	11	-	(554)
Net assets		7,165	6,318
Capital and reserves			
Called up share capital	13	-	-
Share premium account	14	3,350	3,350
Profit and loss account	15	3,815	2,968
Total shareholders' funds	16	7,165	6,318

The financial statements on pages 6 to 17 were approved by the board of directors on 22 December 2010 and were signed on its behalf by


 Mr G W Leask
 Director

Ineos Paraform Limited

Statement of accounting policies

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. As there are net current liabilities, the parent company Ineos Paraform Holdings Limited has provided written confirmation to the directors of its intent to continue to support the company. The principal accounting policies, which have been applied consistently, are set out below.

These financial statements contain information about Ineos Paraform Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ineos Paraform Holdings Limited, a company incorporated in England and Wales.

Cash flow statement

The company is a wholly owned subsidiary of Ineos Paraform Holdings Limited and its results are included in the consolidated financial statements of its parent company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Ineos Paraform Holdings Limited, whose accounts are publicly available.

Turnover

Turnover represents the invoiced value of services provided to inter-company parties. Revenue is recognised at the point the service is provided.

Fixed asset 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.

Current taxation

Corporation tax is payable on taxable profits at the current rate.

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 or events 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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Ineos Paraform Limited

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary

Foreign currencies

The functional currency of Ineos Paraform Limited is the local currency of its principal operating environment. The primary products of the company's principal subsidiary are sold in international commodities market prices and invoiced primarily in Euros, therefore the Euro is the company's functional currency.

Transactions are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the closing rate of the period. All translation gains and losses on the settlement of monetary assets and liabilities are included in the determination of profit for the financial year.

Debt issue costs

Debt issue costs arising from external financing arrangements are capitalised and amortised over the term of the financing instrument.

Ineos Paraform Limited

Notes to the financial statements for the year ended 31 December 2009

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 2009 was €1,10096 / £1 (2008 €1,02010 /£1)

2 Turnover

Turnover represents management charges to subsidiary companies All turnover relates to activities in the UK

3 Other operating charges

	2009	2008
	€'000	€'000
Materials and inspections	22	15
Inter-company advisory fee	185	241
Other operating expense	6	2
Exchange rate losses	3	36
	216	294

4 Operating loss

Operating loss is stated after charging the following

	2009	2008
	€'000	€'000
Auditors remuneration		
- fees payable to the company's auditors for the audit of the financial statements	13	15

Ineos Paraform Limited

5 Fixed asset investments

	Investments in subsidiary undertakings €'000
Cost	
At 1 January 2009	11,006
Disposal	(111)
At 31 December 2009	10,895
Impairment	
At 1 January 2009	-
Provision for impairment	-
At 31 December 2009	-
Net book value	
At 31 December 2009	10,895
At 31 December 2008	11,006

The following information relates to the subsidiary undertakings of the company

	Country of registration and operation	Principal activity	Percentage holding (ordinary shares)
Ineos Paraform GmbH & Co KG	Germany	Manufacture and sale of chemicals	90%
Ineos Paraform Beteiligungs GmbH & Co KG	Germany	Holding partnership	100%

The remaining 10% of the shares in Ineos Paraform GmbH & Co KG is held by Ineos Paraform Beteiligungs GmbH & Co KG

The unlimited partner of both partnerships mentioned in the above table is INEOS Paraform Verwaltungs GmbH which holds one share in each of the companies at a zero value

The directors believe the book value of investments is supported by their underlying net assets

Ineos Paraform Limited

5 Fixed asset investments (continued)

	2009 €'000	2008 €'000
Income from shares in group undertakings	1,488	321

The reported €1,488,000 income from shares in group undertakings includes dividends in relation to the four years ended 31 December 2005 to 31 December 2008 of €820,000. This catch-up represents the profits of Ineos Beteiligungs GmbH & Co. KG (100% subsidiary of the company) which were not recorded in the company's financial statements for the mentioned years.

6 Interest payable and similar charges

	2009 €'000	2008 €'000
Interest payable on bank loans	63	177
Interest payable to group undertakings	248	241
Amortisation of debt issue costs	29	29
	340	447

7 Tax on profit/(loss) on ordinary activities

The taxation charge for the year comprises

	2009 €'000	2008 €'000
Current tax		
UK corporation tax on profits/(losses) of the year	117	-
Double taxation relief	(60)	
Adjustment in respect of prior years	73	-
Foreign tax		
Foreign tax at 21% (2008: 21%)	29	-
Adjustments in respect of prior years	-	(226)
Total current tax	159	(226)

Ineos Paraform Limited

Deferred tax

Origination and reversal of timing differences	-	-
Tax on profit/(loss) on ordinary activities	159	(226)

The tax for the year is higher (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

7 Tax on profit/(loss) on ordinary activities (continued)

	2009	2008
	€'000	€'000
Profit/(loss) on ordinary activities before taxation	1,006	(179)
Profit/(loss) on ordinary activities before tax multiplied by standard rate of 28% (2008 28.5%)	282	(51)
Expenses not deductible for tax purposes	(215)	140
Higher rate of tax on overseas earnings		-
Adjustments in respect of prior years	73	(226)
Capital allowances in excess of depreciation	50	(89)
Double taxation relief	(31)	-
Tax charge for the year	159	(226)

8 Employees and directors

Ineos Paraform Limited had no employees during 2009 (2008 none) apart from the directors

The directors did not receive any emoluments in respect of their services to the company (2008 €nil)

9 Debtors

	2009	2008
	€'000	€'000
Amounts owed by group undertakings	1,956	1,100
Other debtors	41	542
	1,997	1,642

Ineos Paraform Limited

10 Creditors: amounts falling due within one year

	2009 €'000	2008 €'000
Bank borrowings (note 12)	583	1,200
Trade creditors	43	45
Amounts owed to group undertakings (note 17)	5,187	4,683
Corporation tax	63	9
Accruals and deferred income	12	17
	5,888	5,954

11 Creditors: amounts falling due after more than one year

	2009 €'000	2008 €'000
Bank borrowings (note 12)	-	554

12 Bank borrowings

	2009 €'000	2008 €'000
Gross borrowings	600	1,800
Less unamortised issue costs	(17)	(46)
Net borrowings	583	1,754
Gross borrowings are repayable as follows		
Due within one year	600	1,200
Due between one and five years	-	600
	600	1,800

Ineos Paraform Limited

12 Bank borrowings (continued)

Senior Credit Agreement

The company has outstanding borrowings under a credit agreement (the "Senior Credit Agreement") and a revolving credit facility (the "Revolving Credit Facility"). The senior loan outstanding at 31 December 2009 was €600,000 (2008: €1,800,000) of which €600,000 (2008: €1,200,000) is due within one year.

The outstanding senior loan is repayable in 5 semi-annual instalments of €600,000 between 30 June 2008 until the final repayment in June 2010.

The senior loan bears interest at a rate equal to a margin of 1.25% plus EURIBOR. The margin is based on certain financial tests. The company pays a commitment fee of €8,000 per annum on the undrawn amounts of the revolving credit facility.

Ineos Paraform Limited and all of its material subsidiaries are guarantors of the Senior Credit Agreement. Their obligations are secured by the shares Ineos Paraform Limited holds in Ineos Paraform GmbH & Co. KG.

The senior loan is stated net of unamortised debt issue costs of €17,000 (2008: €46,000) in the balance sheet. These costs are allocated to the profit and loss account in accordance with FRS 4.

13 Called up share capital

	2009 €'000	2008 €'000
Authorised		
100,010 ordinary shares of 1p each	1	1
Allotted and fully paid		
10,010 ordinary shares of 1p each	-	-

Ineos Paraform Limited

14 Share premium account

	€'000
At 1 January 2009 and 31 December 2009	3,350

15 Profit and loss account

	€'000
At 1 January 2009	2,968
Profit for the financial year	847
At 31 December 2009	3,815

16 Reconciliation of movements in shareholders' funds

	2009 €'000	2008 €'000
Profit for the financial year	847	47
Opening shareholders' funds	6,318	6,271
Closing shareholders' funds	7,165	6,318

17 Related party transactions

Included within creditors due in less than one year at 31 December 2009 are amounts owing to Ineos Paraform GmbH & Co KG of €5,187,000 (2008 €4,683,000). The balance has arisen as a result of inter-company trading on an arm's length basis.

Ineos Paraform Limited

18 Ultimate parent undertaking and controlling party

These accounts are consolidated into the Ineos Paraform Holdings Limited accounts, the company's immediate parent undertaking

At 31 December 2009, the ultimate parent controlling party was Mr JA Ratcliffe by virtue of his majority shareholding in Ineos Paraform Holdings Limited. The consolidated group accounts of Ineos Paraform Holdings Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG

On 19 November 2010, Ineos Paraform Holdings Limited was acquired by INEOS AG, a company registered in Switzerland, which therefore became the company's ultimate parent company

Ineos Paraform Holdings Limited and its subsidiary undertakings is the smallest and largest group to consolidate the financial statements of the company

The directors regard Mr JA Ratcliffe to still be the ultimate controlling party by virtue of his majority shareholding in INEOS AG