

Ineos Paraform Limited

Annual report for the year ended 31 December 2010

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Ineos Paraform Limited

Ineos Paraform Limited

Annual report for the year ended 31 December 2010

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Ineos Paraform Limited

Directors' report for the year ended 31 December 2010

Ineos Paraform Limited – registered number 4482032

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

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 decided on a dividend payout of €925,000 for the business year 2010 in November 2010 and do not recommend the payment of a further dividend for the business year 2010 (2009: €nil)

Review of business

The directors are satisfied with the performance of the company during the year and anticipate a similar financial performance in 2011

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.

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 Number 04215862).

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

The group complied with the new European chemical legislation REACH by registering all substances affected before end of the given deadline in 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.

Ineos Paraform Limited

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.

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

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 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.

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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

19 May 2011

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 2010 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 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 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 2010 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

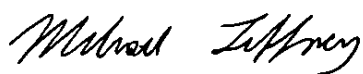
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
19 May 2011

Ineos Paraform Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 €'000	2009 €'000
Turnover	2	248	185
Other operating charges	3	(267)	(216)
Operating loss	4	(19)	(31)
Income from shares in group undertakings	5	1,816	1,488
Loss on disposal of shares in subsidiary companies	5	-	(111)
Interest payable and similar charges	6	(228)	(340)
Profit on ordinary activities before taxation		1,569	1,006
Tax on profit on ordinary activities	7	(349)	(159)
Profit for the financial year	14	1,220	847

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

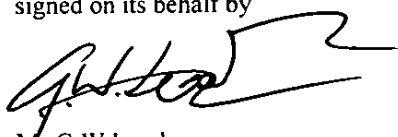
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Ineos Paraform Limited

Balance sheet as at 31 December 2010

	Note	2010 €'000	2009 €'000
Fixed assets			
Investments	5	10,912	10,895
Current assets			
Debtors	9	2,201	1,997
Cash at bank and in hand		172	161
		2,373	2,158
Creditors amounts falling due within one year	10	(5,825)	(5,888)
Net current liabilities		(3,452)	(3,730)
Total assets less current liabilities		7,460	7,165
Net assets		7,460	7,165
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	3,350	3,350
Profit and loss account	14	4,110	3,815
Total shareholders' funds	15	7,460	7,165

The financial statements on pages 6 to 17 were approved by the board of directors on 19 May 2011 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.

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.

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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.

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.

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Notes to the financial statements for the year ended 31 December 2010

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 2010 was €1 174 / £1 (2009 €1 10096 / £1)

2 Turnover

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

3 Other operating charges

	2010	2009
	€'000	€'000
Materials and inspections	23	22
Inter-company advisory fee	248	185
Other operating expense	7	6
Exchange rate losses	(11)	3
	267	216

4 Operating loss

Operating loss is stated after charging the following

	2010	2009
	€'000	€'000
Auditors remuneration		
- fees payable to the company's auditors for the audit of the financial statements	15	13

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5 Fixed asset investments

	Investments in subsidiary undertakings €'000
Cost	
At 1 January 2010	10,895
Addition	17
At 31 December 2010	10,912
Accumulated impairment	
At 1 January 2010	-
Provision for impairment	-
At 31 December 2010	-
Net book value	
At 31 December 2010	10,912
At 31 December 2009	10,895

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

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5 Fixed asset investments (continued)

	2010 €'000	2009 €'000
Income from shares in group undertakings	1,816	1,488

6 Interest payable and similar charges

	2010 €'000	2009 €'000
Interest payable on bank loans	11	63
Interest payable to group undertakings	200	248
Amortisation of debt issue costs	17	29
	228	340

7 Tax on profit on ordinary activities

The taxation charge for the year comprises

	2010 €'000	2009 €'000
Current tax		
UK corporation tax on profits of the year	484	117
Double taxation relief	(484)	(60)
Adjustment in respect of prior years	(86)	73
Foreign tax		
Foreign tax at 21% (2009 21%)	431	29
Adjustments in respect of prior years	4	-
Tax on profit on ordinary activities	349	159

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7 Tax on profit on ordinary activities (continued)

The tax for the year is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	2009
	€'000	€'000
Profit on ordinary activities before taxation	1,569	1,006
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 28% (2009 28 %)	439	282
Expenses not deductible for tax purposes	-	(215)
Adjustments in respect of prior years	(82)	73
Capital allowances in excess of depreciation	45	50
Double taxation relief	(53)	(31)
Tax charge for the year	349	159

Factors affecting future tax charges

No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

A number of changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes enacted by Parliament on 29 March 2011, the changes expected to be enacted in the Finance Act 2011 and the proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 will not create significant movements in the profit and loss account.

8 Employees and directors

Ineos Paraform Limited had no employees during 2010 (2009 none) apart from the directors.

The directors did not receive any emoluments in respect of their services to the company (2009 €nil).

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9 Debtors

	2010 €'000	2009 €'000
Amounts owed by group undertakings	2,134	1,956
Other debtors	67	41
	2,201	1,997

10 Creditors: amounts falling due within one year

	2010 €'000	2009 €'000
Bank borrowings (note 11)	-	583
Trade creditors	43	43
Amounts owed to group undertakings (note 16)	5,280	5,187
Corporation tax	487	63
Accruals and deferred income	15	12
	5,825	5,888

11 Bank borrowings

	2010 €'000	2009 €'000
Gross borrowings	-	600
Less unamortised issue costs	-	(17)
Net borrowings	-	583
Gross borrowings are repayable as follows		
Due within one year	-	600
Due between one and five years	-	-
	-	600

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11 Bank borrowings (continued)

Senior Credit Agreement

In the prior year the company had 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 2010 was €nil (2009 €600,000) The Revolving Credit Facility agreement ended on 30 June 2010

The prior year senior loan was stated net of unamortised debt issue costs of €17,000 in the balance sheet These costs were allocated to the profit and loss account in accordance with FRS 4

12 Called up share capital

	2010 €'000	2009 €'000
Authorised		
100,010 ordinary shares of 1p each	1	1
Allotted and fully paid		
10,010 ordinary shares of 1p each	-	-

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13 Share premium account

	€'000
At 1 January 2010 and 31 December 2010	3,350

14 Profit and loss account

	€'000
At 1 January 2010	3,815
Profit for the financial year	1,220
Dividends	(925)
At 31 December 2010	4,110

15 Reconciliation of movements in shareholders' funds

	2010 €'000	2009 €'000
Profit for the financial year	1,220	847
Dividends	(925)	-
Opening shareholders' funds	7,165	6,318
Closing shareholders' funds	7,460	7,165

16 Related party transactions

Included within creditors due in less than one year at 31 December 2010 are amounts owing to Ineos Paraform GmbH & Co KG of €5,280,000 (2009 €5,187,000) The balance has arisen as a result of inter-company trading on an arm's length basis

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17 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