

INEOS European Holdings Limited
Annual report
for the year ended 31 December 2010

Registered number 5310700

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INEOS European Holdings Limited

Annual report

for the year ended 31 December 2010

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INEOS European Holdings Limited

Directors' report for the year ended 31 December 2010

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

Principal activities

The company provides treasury services to a number of other undertakings within the INEOS group and holds investments in subsidiary and joint venture undertakings engaged in the refining and sale of petroleum products, and production and sale of petrochemical products

Review of business and future developments

On 28 October 2010 the company acquired shareholdings in INEOS Chemicals Grangemouth Limited and INEOS Fuels Assets Limited for £1 each

On 18 November 2010 the company acquired a shareholding in INEOS Infrastructure (Grangemouth) Limited for £1

On 26 November 2010 the company acquired shareholdings in INEOS Commercial Services UK Limited and INEOS Services (Grangemouth) Limited for £1 each

It is the intention of the directors that the above business of the company will continue for the foreseeable future

Results and dividends

The profit for the financial year before taxation was €236,724,000 (2009 €102,210,000) The directors do not propose the payment of a dividend (2009 €nil)

Directors

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

S G Bennett	(Appointed 31 March 2010)
A C Currie	(Resigned 31 March 2010)
J F Ginns	(Appointed 30 March 2011)
P J De Klerk	(Appointed 31 March 2010)
G Leask	
J Reece	(Resigned 31 March 2010)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of 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 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

INEOS European Holdings Limited

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Limited which include those of the company, are discussed in the group's annual report which does not form part of this report.

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. The development, performance and position of INEOS Limited, which includes the company, are discussed in the group's annual report which does not form part of this report.

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 elected to prepare 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.

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.

INEOS European Holdings Limited

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board

M Stokes

Company secretary

15 June 2011



INEOS European Holdings Limited

Independent auditors' report to the members of INEOS European Holdings Limited

We have audited the financial statements of INEOS European Holdings Limited for the year ended 31 December 2010 which comprise of 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 Directors' Responsibilities Statement (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 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.

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 matters 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 European Holdings 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



Steve Denison (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

16 June 2011

INEOS European Holdings Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 €'000	2009 €'000
Exceptional administrative expenses	2	-	(33,096)
Other administrative expenses		(965)	(876)
Total administrative expenses		(965)	(33,972)
Operating loss	3	(965)	(33,972)
Income from shares in group undertakings		1,440	-
Interest receivable and similar income	4	565,211	235,029
Interest payable and similar charges	5	(328,962)	(98,847)
Profit on ordinary activities before taxation		236,724	102,210
Tax on profit on ordinary activities	6	(90,061)	(55,070)
Profit for the financial year	14	146,663	47,140

All activities of the company relate to continuing operations

There are no recognised gains or losses attributable to the shareholders of the company other than the profit above, therefore no separate statement of total recognised gains and losses has been presented

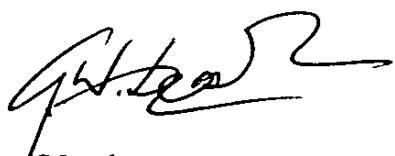
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

INEOS European Holdings Limited

Balance sheet at 31 December 2010

	Note	2010 €'000	2009 €'000
Fixed assets			
Investments	8	1,611,362	1,611,358
Current assets			
Debtors amounts falling due within one year	9	6,760,961	5,874,906
Debtors amounts falling due after more than one year	10	550,000	550,000
Cash at bank and in hand		228,406	319,434
		7,539,367	6,744,340
Creditors amounts falling due within one year	11	(4,772,908)	(4,124,540)
Net current assets		2,766,459	2,619,800
Total assets less current liabilities		4,377,821	4,231,158
Creditors amounts falling due after more than one year	12	(592,662)	(592,662)
Net assets		3,785,159	3,638,496
Capital and reserves			
Called up share capital	13	3,126,340	3,126,340
Profit and loss account	14	658,819	512,156
Total shareholders' funds	15	3,785,159	3,638,496

The financial statements on pages 6 to 16 were approved by the board of directors on 15 June 2011 and were signed on its behalf by



G Leask
Director

INEOS European Holdings Limited

Statement of accounting policies

Basis of preparation

These financial statements are 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

The principal accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow statement

The company is ultimately consolidated within the financial statements of INEOS Limited, 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 No 1 'Cash Flow Statements (revised 1996)'

Investments

Investments held as fixed assets are stated at cost less provision for impairment. All investments are reviewed for impairment where there are indications that the carrying value may not be fully recoverable.

Consolidated financial statements

Consolidated financial statements are not submitted as the company is exempt from the obligation to prepare consolidated financial statements under Section 400 of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated financial statements of the ultimate parent undertaking, INEOS Limited, a company registered in England and Wales. The financial statements present information about the company as an individual undertaking only.

Foreign currency transactions

Foreign currency transactions in currencies other than euros are recorded at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities in currencies other than euros are translated into euros at rates of exchange ruling at the balance sheet date. All exchange gains and losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.

INEOS European Holdings Limited

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 and the group primarily generate income, incur expenditure and have the majority of their assets and liabilities denominated in euros

The exchange rate as at 31 December 2010 was €1 17412/£1 (2009 €1 11944/£1)

2 Exceptional administrative expenses

	2010 €'000	2009 €'000
Reversal of previous impairment provision – loan	-	2,483
Reversal of previous impairment provision – shares	-	132
Disposal of investment in INEOS Bio Limited	-	(35,711)
	-	(33,096)

The 2009 exceptional administrative expenses related to a reversal of previous impairment provision - loan where repayments were received in respect of a loan with INEOS Nova European Holdings BV which was previously impaired to nil. The reversal of previous impairment provision - shares related to a repayment of share capital from INEOS Nova European Holdings BV which was previously impaired to nil. The disposal of investment in INEOS Bio Limited related to the transfer of INEOS Bio Limited to INEOS Bio Holdings Limited.

3 Operating loss

The audit fee of €15,304 has been included in the overall audit fee for INEOS Europe Limited in the current financial year and is not separately recharged to the company

INEOS European Holdings Limited

4 Interest receivable and similar income

	2010 €'000	2009 €'000
Interest receivable on loans to fellow group undertakings	564,816	197,390
Interest receivable on loans to related parties	91	171
Bank interest receivable	304	230
Exchange gains	-	37,238
	565,211	235,029

5 Interest payable and similar charges

	2010 €'000	2009 €'000
Interest payable on loans from fellow group undertakings	95,895	98,760
Interest payable on loans from related parties	24	87
Exchange losses	233,043	-
	328,962	98,847

6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

The tax charge is made up as follows

	2010 €'000	2009 €'000
Current tax for the year		
Group relief payable on profits for the year	65,880	37,890
Overseas tax	-	2,998
Adjustment in respect of previous years	24,181	14,182
Tax on profit on ordinary activities (Note 6(b))	90,061	55,070

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6 Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

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

	2010 €'000	2009 €'000
Profit on ordinary activities before taxation	236,724	102,210
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	66,283	28,619
Effects of		
Expenses not deductible for tax purposes/ (non-taxable income)	(403)	9,271
Overseas tax	-	2,998
Adjustments to tax charge in respect of previous years	24,181	14,182
Tax charge for current year (Note 6(a))	90,061	55,070

(c) Factors that may affect future tax charge

There are no factors expected to significantly affect the tax charge in future years

7 Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2009 none)

(b) Employee costs

There were no employees with contracts of employment in the name of the company (2009 none)

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8 Investments

	Subsidiary shares	Subsidiary loan	Joint venture shares	Other	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2010	284,104	1,327,252	-	2	1,611,358
Additions	4	-	-	-	4
Disposals	-	-	-	-	-
Repayments	-	-	-	-	-
At 31 December 2010	284,108	1,327,252	-	2	1,611,362
Net book amount					
At 31 December 2010	284,108	1,327,252	-	2	1,611,362
At 31 December 2009	284,104	1,327,252	-	2	1,611,358

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

Additions in the year of subsidiary shares include a correction of the investment in INEOS 2009A Ltd, reported in 2009, of €4,002, and a £1 share in each of the following companies INEOS Chemicals Grangemouth Limited, INEOS Commercial Services UK Limited, INEOS Fuels Assets Limited, INEOS Infrastructure (Grangemouth) Limited and INEOS Services (Grangemouth) Limited, totalling €6

The subsidiary loan relates to the loan with INEOS Manufacturing Scotland Limited, a subsidiary undertaking, for the purchase of the manufacturing assets from BP on 1 April 2005. There is currently no fixed repayment term for this loan.

The subsidiary and joint ventures of the company at 31 December 2010 and the percentage of equity share capital held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

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8 Investments (continued)

Subsidiary undertakings	%	Class of shares	Country of incorporation	Principal activity
INEOS 2009A Limited*	100	Ordinary	England and Wales	Holding
INEOS 2009B	100	Ordinary	England and Wales	Investment
INEOS Chemicals Grangemouth Limited*	100	Ordinary	England and Wales	Dormant
INEOS Commercial Services UK Limited*	100	Ordinary	England and Wales	Dormant
INEOS Europe Limited*	100	Ordinary	England and Wales	Refining and chemicals
INEOS Fuels Assets Limited*	100	Ordinary	England and Wales	Dormant
INEOS Group Life Assurance Trustee Limited*	100	Ordinary	England and Wales	Dormant
INEOS Infrastructure (Grangemouth) Limited*	100	Ordinary	England and Wales	Dormant
INEOS Management (Shanghai) Company Limited*	100	Registered Capital	China	Marketing and Corporate Services
INEOS Manufacturing (Hull) Limited*	100	Ordinary	England and Wales	Manufacturing
INEOS Manufacturing Belgium NV	100	Ordinary	Belgium	Toll manufacturer
INEOS Manufacturing Italia SpA*	100	Ordinary	Italy	Toll manufacturer
INEOS Manufacturing Scotland Limited*	100	Ordinary	Scotland	Toll manufacturer
INEOS Marketing Support Limited*	100	Ordinary	England and Wales	Marketing services
INEOS Nitriles (UK) Limited*	100	Ordinary	England and Wales	Manufacturing
INEOS Nitriles Limited*	100	Ordinary	England and Wales	Manufacturing
INEOS Nominee Limited*	100	Ordinary	England and Wales	Investment
INEOS Procurement Limited*	100	Ordinary	England and Wales	Procurement
INEOS Sales Belgium NV	100	Ordinary	Belgium	Distribution
INEOS Sales Italia S r l*	100	Ordinary	Italy	Distribution
INEOS Services (Grangemouth) Limited*	100	Ordinary	England and Wales	Dormant
INEOS Services Belgium NV	100	Ordinary	Belgium	Research and technology
INEOS Technical Services Limited*	100	Ordinary	England and Wales	Technical consultancy
INEOS Trading (Shanghai) Company Limited*	100	Ordinary	China	Chemicals
INEOS Feluy SPRL	100	Ordinary	Belgium	Toll manufacturer
Joint Venture Shares	%	Class of shares	Country of incorporation	Principal activity
INEOS Bio Holdings Limited*	20	Ordinary	England and Wales	Holding

* Held directly by the company

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9 Debtors: amounts falling due within one year

	2010	2009
	€'000	€'000
Amount owed by group undertakings	6,749,890	5,862,835
Amount owed by related parties	11,008	12,008
Other debtors	63	63
	6,760,961	5,874,906

10 Debtors: amounts falling due after more than one year

	2010	2009
	€'000	€'000
Amount owed by group undertakings	550,000	550,000

11 Creditors: amounts falling due within one year

	2010	2009
	€'000	€'000
Amount owed to group undertakings	4,761,496	4,112,507
Amount owed to related parties	11,412	12,033
	4,772,908	4,124,540

12 Creditors: amounts falling due after more than one year

	2010	2009
	€'000	€'000
Amount owed to group undertakings	592,662	592,662

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13 Called up share capital

	2010	2009
	€'000	€'000
Authorised		
5,000,000,000 ordinary shares of £1 each	7,290,500	7,290,500
Allotted and fully paid		
2,144,111,032 (2009 2,144,111,032) ordinary shares of £1 (2009 £1) each	3,126,340	3,126,340

As the reporting currency of the company is the euro the share capital has been converted to euros at the effective rate of exchange ruling at the date of issuance

14 Profit and loss account

	€'000
At 1 January 2010	512,156
Profit for the financial year	146,663
At 31 December 2010	658,819

15 Reconciliation of the movement in shareholders' funds

	2010	2009
	€'000	€'000
Profit for the financial year	146,663	47,140
Opening shareholders' funds	3,638,496	3,591,356
Closing shareholders' funds	3,785,159	3,638,496

INEOS European Holdings Limited

16 Contingent liabilities

The company is party to a Senior Facilities Agreement dated 12 May 2010 (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 2010 was €3,907.0 million (2009: €5,003.7 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 is party to the Senior Secured Notes Indenture dated 12 May 2010 (as amended). The Senior Secured Notes comprise the €300 million 9.25% Senior Secured Notes Due 2015 and the \$570 million 9.0% Senior Secured Notes Due 2015. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2010 was €733.9 million (2009: €nil). The company is a guarantor under the Senior Secured Notes Indenture. These obligations are secured by fixed and floating charges over the assets of the company.

The company is party to the Senior Notes Indenture dated 7 February 2006 (as amended). The Senior Notes comprise the €1,532.1 million 7.875% Senior Notes Due 2016 and the \$677.5 million 8.5% Senior Notes Due 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2010 was €2,047.9 million (2009: €2,005.9 million). The company is a guarantor under the Senior Notes Indenture. These guarantees are on an unsecured senior subordinated basis.

17 Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard 8 "Related party disclosures", and has not disclosed transactions with group companies. There were no other related party transactions in the year.

18 Ultimate parent undertaking

The immediate parent undertaking is INEOS Jersey Limited.

The ultimate controlling party is Mr JA Ratcliffe, director and majority shareholder of INEOS AG. The ultimate parent company is INEOS AG, a company incorporated in Switzerland.

INEOS Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2010. The consolidated financial statements of INEOS Limited are available from the Company Secretary, INEOS Limited, Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG.