

INEOS Manufacturing (Hull) Limited  
Annual report  
for the year ended 31 December 2012

Registered Number 6480046



INEOS Manufacturing (Hull) Limited  
Annual report and financial statements  
for the year ended 31 December 2012  
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# INEOS Manufacturing (Hull) Limited

## Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

### Principal activities and review of the business

The principal activity of the company is the toll manufacture of chemicals at the site in Hull

Turnover for the year was £42,887,000 (2011 £45,401,000) and the profit on ordinary activities before taxation was £1,328,000 (2011 £759,000). The directors do not recommend the payment of a dividend (2011 £nil), and the profit for the financial year will be added to reserves.

An exceptional credit of £441,000 has been recognised in 2012 (2011 £nil) relating to the exit of employees from the UK defined benefit scheme. This is part of a project to implement pension scheme change in the UK. A significant proportion of the UK employees have now been transferred from defined benefit plans into defined contribution plans. All new employees now join a defined contribution plan.

### Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuing financial support of the group company, INEOS European Holdings Limited. The directors have received confirmation that INEOS European Holdings Limited intends to support the company for at least one year after these financial statements are signed.

### Future outlook

Due to the continuing challenging economic outlook and market conditions, the directors will continue to closely monitor the business environment and the company remains well placed to take advantage of any opportunities that may arise in 2013.

### Financial risk management

The company is not exposed to any significant financial risks. The financial risks of INEOS Group Holdings SA, which includes the company, are discussed in the group's annual report, which does not form part of this report.

### Key performance indicators ("KPIs")

In conjunction with the management of costs and working capital to improve profit the company uses a number of key performance indicators ("KPIs") to monitor performance. These KPIs are monitored both on a product-by-product basis and also for the company as a whole, compared to budget.

- EBITDA – earnings before interest, tax, depreciation and amortisation, and exceptional items
- Sales, variable costs and margins per tonne of product sold
- Working capital ratios – these include debtor days – indicating the average length of time it takes to receive cash from a sale, stock turn – indicating the number of times in a year that stock is turned over, and creditor days indicating the average length of time it takes to pay cash for a purchase

### 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 Group Holdings SA, which include those of the company, are discussed in the group's annual report which does not form part of this report.

### Directors

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

GS Corsi (resigned 10 April 2012)

K Metcalfe (resigned 10 April 2012)

G Leask

MJ Maher

JF Ginns (appointed 16 February 2012, resigned 15 June 2012)

TP Crotty (appointed 10 April 2012)

A White

# INEOS Manufacturing (Hull) Limited

## Directors' report for the year ended 31 December 2012 (continued)

### Statement of directors' responsibilities in respect of the annual report and the financial statements

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, 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.

### 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. The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



MJ Maher  
Director

27 September 2013

# INEOS Manufacturing (Hull) Limited

## Independent auditors' report to the members of INEOS Manufacturing (Hull) Limited

We have audited the financial statements of INEOS Manufacturing (Hull) Limited for the year ended 31 December 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' deficit, the balance sheet, 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 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 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 addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

### 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

27 September 2012

# INEOS Manufacturing (Hull) Limited

## Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Turnover</b>	2	<b>42,887</b>	45,401
Cost of sales before exceptional items		(40,701)	(42,385)
Exceptional cost of sales	3	441	-
Total cost of sales		(40,260)	(42,385)
Gross profit		2,627	3,016
Administrative expenses		75	77
<b>Operating profit</b>	1	<b>2,702</b>	3,093
Interest receivable and similar income	6	652	28
Interest payable and similar charges	7	(1,976)	(2,317)
Other finance costs	16	(50)	(45)
<b>Profit on ordinary activities before taxation</b>		<b>1,328</b>	759
Tax on profit on ordinary activities	8	(506)	(274)
<b>Profit for the financial year</b>	15	<b>822</b>	485

All of the activities of the company relate to continuing operations

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 Manufacturing (Hull) Limited**

### **Statement of total recognised gains and losses for the year ended 31 December 2012**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Profit for the financial year	<b>822</b>	485
Actuarial loss recognised in the pension scheme (note 16)	<b>(1,964)</b>	(179)
Movement in deferred tax relating to pension liability (note 8)	<b>452</b>	45
<b>Total recognised gains and losses for the financial year</b>	<b>(690)</b>	351

### **Reconciliation of movements in shareholders' deficit for the year ended 31 December 2012**

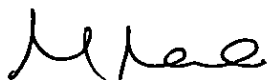
	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Profit for the financial year	<b>822</b>	485
Actuarial loss recognised in the pension scheme (note 16)	<b>(1,964)</b>	(179)
Movement in deferred tax relating to pension liability (note 8)	<b>452</b>	45
<b>Net (increase)/decrease in shareholders' deficit</b>	<b>(690)</b>	351
Opening shareholders' deficit	<b>(304)</b>	(655)
<b>Closing shareholders' deficit</b>	<b>(994)</b>	(304)

# INEOS Manufacturing (Hull) Limited

## Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £ 000
<b>Fixed assets</b>			
Positive goodwill	9	159	175
Negative goodwill	9	(1,100)	(1,191)
Intangible assets	9	(941)	(1,016)
Tangible assets	10	20,554	22,641
		<b>19,613</b>	<b>21 625</b>
<b>Current assets</b>			
Stocks	11	1,164	1,347
Debtors	12	10,501	11,358
Cash at bank and in hand		2,385	2,576
		<b>14,050</b>	<b>15,281</b>
<b>Creditors – amounts falling due within one year</b>	13	<b>(32,298)</b>	<b>(36,033)</b>
<b>Net current liabilities</b>		<b>(18,248)</b>	<b>(20,752)</b>
<b>Total assets less current liabilities</b>		<b>1,365</b>	<b>873</b>
<b>Net assets excluding pension liability</b>		<b>1,365</b>	<b>873</b>
Pension liability	16	(2,359)	(1,177)
<b>Net liabilities including pension liability</b>		<b>(994)</b>	<b>(304)</b>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	(994)	(304)
<b>Total shareholders' deficit</b>		<b>(994)</b>	<b>(304)</b>

The notes on pages 4 to 20 form part of the financial statements. They were approved by the board of directors on 27 September 2013 and are signed on its behalf by



MJ Maher  
Director



# INEOS Manufacturing (Hull) Limited

## 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 UK accounting standards. The principal accounting policies are set out below and have been applied consistently. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuing financial support of the group company, INEOS European Holdings Limited. The directors have received confirmation that INEOS European Holdings Limited intends to support the company for at least one year after these financial statements are signed.

### Turnover

Turnover represents the sales value of goods and services supplied to customers during the year excluding Value Added Tax and similar sales based taxes. Turnover is recognised at the point at which title passes or services have been provided.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

The typical effective lives of assets are

Freehold buildings	-	30 to 50 years
Plant and machinery		
• Major items of plant	-	10 to 20 years
• Major plant overhauls	-	2 to 4 years
• Motor vehicles	-	10 years
• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware and major software	-	2 to 10 years

Freehold land is not depreciated.

Precious metals are not normally depreciated, but are subject instead to an annual impairment review.

Any impairment in the value of tangible fixed assets, calculated by discounting estimated future cash flows, is dealt with in the profit and loss account in the year to which the impairment relates.

### Intangible fixed assets

When the fair value of the separable net assets is less than the fair value of the consideration for acquired trade and assets, the difference is treated as goodwill and is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful life, which is typically 15 years.

Negative goodwill arises when the fair value of the separable net assets is greater than the fair value of the consideration for acquired trade and assets. The amortisation process is the same as for goodwill.

### Stocks

Stocks are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving, and defective stocks.

# INEOS Manufacturing (Hull) Limited

## Accounting policies (continued)

### Pension costs

The company participates in a defined benefit pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the company. The pension scheme is a multi-employer pension scheme for employees of the company and INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited.

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year. A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included as 'other finance income' in the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The surplus or deficit in the pension scheme, net of any related deferred tax, is shown in the balance sheet.

The method used to split the defined benefit pension scheme results between the company, INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited is consistent with the approach used in the financial statements of the other participating companies and is as follows:

- the total active liabilities have been split based on the proportion of their respective payrolls versus the payroll of the Fund in total. As INEOS ChlorVinyls Limited constitutes the largest percentage of the Fund's liabilities, the inactive members' liabilities are allocated to INEOS ChlorVinyls Limited.
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities.
- the expected 2012 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund.
- the split of the actual 2012 contributions was either provided by the entities or reasonable assumptions were made to split these between the various entities. As all pensioner liabilities are allocated to INEOS ChlorVinyls Limited, all benefit payments are assumed to be paid by INEOS ChlorVinyls Limited.

The company also participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amounts charged to the profit and loss account represent the contributions payable to the plans in respect of the accounting period.

### 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 years 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.

### Foreign currencies

The reporting currency of INEOS Manufacturing (Hull) Limited is the local currency of its principal operating environment. Transactions in other currencies 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 prevailing exchange rate at the end of the year. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

### Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of INEOS Group Holdings SA and its results are included in the consolidated financial statements of INEOS Group Holdings SA, which are available to the public. Consequently, the company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). Also, under the terms of Financial Reporting Standard 8 the company is exempt from disclosing related party transactions with entities that form part of the INEOS Group Holdings SA group and the company has taken advantage of this exemption.

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts

### 1 Operating profit

Operating profit is stated after charging/(crediting):

	2012 £'000	2011 £ 000
Auditors' remuneration		
Audit fees	20	19
Other services	-	-
Depreciation	2,349	2,817
Amortisation of goodwill	(75)	(75)
Rentals payable under operating leases		
Other than plant and machinery	2,984	3,101

### 2 Segmental information

All turnover (both by origin and destination), operating profit and total assets less current liabilities is derived from UK activity

### 3 Exceptional income

	2012 £'000	2011 £'000
Exceptional items included in cost of sales:		
Pension scheme change	441	-
<b>Total exceptional income</b>	<b>441</b>	<b>-</b>

The defined benefit pension schemes of the UK based employees have been under review and a project to implement pension scheme change commenced in 2010. As part of this project, certain employees exiting from the UK defined benefit schemes into a defined contribution scheme have received transition payments. Exceptional costs include curtailment gains associated with the reduction in pension liabilities as a result of employees exiting the defined benefit schemes.

### 4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2011: £nil)

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 5 Staff numbers and costs

There are no persons holding service contracts with the company. All employees are employed by another Group company, INEOS Enterprises Limited, and their costs are recharged in full to INEOS Manufacturing (Hull) Limited.

The average monthly number of people recharged to the company (including directors) during the year was as follows:

Analysis by function	2012 Number	2011 Number
Production	42	40
Administration	2	2
	44	42

The aggregate payroll costs of these people were as follows:

	2012 £'000	2011 £'000
Wages and salaries	2,349	1,870
Social security costs	304	181
Defined benefit pension costs	45	325
Defined contribution pension costs	195	-
	2,893	2,376

### 6 Interest receivable and similar income

	2012 £'000	2011 £'000
Other interest and similar income	-	28
Exchange gains	652	-
	652	28

### 7 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on loans from group undertakings	1,975	2,274
Other interest and similar charges	1	-
Exchange losses	-	43
	1,976	2,317

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 8 Tax on profit on ordinary activities

(a) Analysis of the charge for the year	2012 £'000	2011 £ 000
UK corporation tax – current year	786	913
UK corporation tax – prior year	(1,391)	(63)
<b>Current taxation credit/(charge)</b>	<b>(605)</b>	<b>850</b>
Deferred taxation		
Origination and reversal of timing differences	(457)	(740)
Current year rate change	28	43
Adjustments in respect of prior years	1,540	121
<b>Deferred taxation</b>	<b>1,111</b>	<b>(576)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>506</b>	<b>274</b>

#### (b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2011 higher) than the standard rate of corporation tax in the UK. The differences are explained below

	2012 £'000	2011 £'000
<b>Profit on ordinary activities before taxation</b>	<b>1,328</b>	<b>759</b>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	325	201
Effects of		
Capital allowances in excess of depreciation	572	742
Expenses not deductible for tax purposes	4	5
Pension timing differences	(115)	20
Group relief not paid	-	(55)
Adjustments in respect of prior years	(1,391)	(63)
<b>Current tax charge for year</b>	<b>(605)</b>	<b>850</b>

#### (c) Factors which may affect future tax charges

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 8 Tax on profit on ordinary activities (continued)

#### (d) Deferred Taxation

The amounts provided in respect of the deferred tax assets are as follows

	2012 Provided £'000	2011 Provided £ 000
Arising from accelerated capital allowances	1,051	2,024
Pensions (note 16)	706	392
Total	1,757	2,416

Deferred tax asset relating to pension deficit

	2012 £'000	2011 £'000
At 1 January	392	368
Deferred tax charge in profit and loss account	(138)	(21)
Deferred tax credited to the statement of total recognised gains and losses	452	45
At 31 December	706	392

The deferred tax asset of £706,000 (2011 £392,000) has been deducted in arriving at the net pension deficit on the balance sheet

Movements during the year in respect of total deferred tax were as follows

	2012 Provided £'000
At 1 January	2,416
Arising during the year	(659)
At 31 December	1,757

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 9 Intangible assets

	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 January 2012	234	(1,528)	(1,294)
Additions	-	-	-
<b>At 31 December 2012</b>	<b>234</b>	<b>(1,528)</b>	<b>(1,294)</b>
<b>Accumulated amortisation</b>			
At 1 January 2012	59	(337)	(278)
Charge/(credit) for the year	16	(91)	(75)
<b>At 31 December 2012</b>	<b>75</b>	<b>(428)</b>	<b>(353)</b>
<b>Net Book Value</b>			
<b>At 31 December 2012</b>	<b>159</b>	<b>(1,100)</b>	<b>(941)</b>
At 31 December 2011	175	(1,191)	(1,016)

### 10 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2012	1,418	28,405	29,823
Additions	-	262	262
<b>At 31 December 2012</b>	<b>1,418</b>	<b>28,667</b>	<b>30,085</b>
<b>Accumulated depreciation</b>			
At 1 January 2012	17	7,165	7,182
Charge for year	16	2,333	2,349
<b>At 31 December 2012</b>	<b>33</b>	<b>9,498</b>	<b>9,531</b>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>1,385</b>	<b>19,169</b>	<b>20,554</b>
At 31 December 2011	1,401	21,240	22,641

Included within Land and buildings is £962,000 (2011 £962,000) in relation to land which is not depreciated. There is no difference between the book value and market value of Land and buildings.

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 11 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	1,164	1,347

### 12 Debtors

	2012 £'000	2011 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	4,278	6,267
Deferred taxation (note 8)	1,051	2,024
Other debtors	1,820	1,629
Prepayments and accrued income	3,352	1,438
	<b>10,501</b>	<b>11,358</b>

### 13 Creditors – amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	91	3,768
Amounts owed to group undertakings	23,818	27,288
Group relief payable	2,384	2,989
Accruals and deferred income	6,005	1,988
	<b>32,298</b>	<b>36,033</b>

### 14 Called up share capital

Ordinary shares of £1 each	2012 Number	2012 £	2011 Number	2011 £
Allotted, issued and fully paid	1	1	1	1



# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 15 Profit and loss account

	2012 £'000	2011 £'000
At 1 January	(304)	(655)
Profit for the financial year	822	485
Actuarial loss in pension scheme (note 16)	(1,964)	(179)
Movement in deferred tax relating to pension liability	452	45
At 31 December	(994)	(304)

### 16 Retirement benefits

The Company participates in a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to this scheme and amounted to £195,000 (2011: £nil).

The majority of the employees participate in the INEOS Chlor Pension Fund ("The Fund"). The Fund is administered by a group of trustees with assets being held separately from the company. Members receive defined benefit pensions that are based on their length of service and average final remuneration with the company.

The most recent actuarial valuation of the fund was carried out as at 31 December 2010 (updated to 31 December 2012). The valuation of the scheme used the projected unit method and was carried out by Towers Watson LLP, professionally qualified actuaries. The principal assumptions made by the actuaries were:

	2012 % pa	2011 % pa	2010 % pa	2009 % pa
Price inflation	3.0	3.1	3.6	3.6
Discount rate for scheme liabilities	4.7	5.0	5.5	5.7
Rate of increases in salaries	3.0	4.1	4.6	4.6
Rate of increase of pensions in payment	2.8	2.9	3.5	3.5
Rate of increase for deferred pensioners	2.3	2.1	2.9	3.5

Material demographic assumptions

	2012 years	2011 years
Expected future lifetime at age 65 for a male currently aged 65	23.0	20.4

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 16 Retirement benefits (continued)

The assets and liabilities in the scheme and the expected rates of return were

	31 December 2012		31 December 2011		31 December 2010	
	Expected rate of return % pa	Fair Value £'000	Expected rate of return % pa	Fair Value £'000	Expected rate of return % pa	Fair Value £'000
Equities	7.2	4,687	8.1	1,413	8.1	1,420
Bonds	3.8	932	4.8	302	5.1	167
Property	-	7				
Other	7.2	1,176	8.1	265	4.3	327
Total fair value of assets		6,802		1,980		1,914
Actuarial value of scheme liabilities		(9,867)		(3,549)		(3,228)
Deficit in the scheme		(3,065)		(1,569)		(1,314)
Related deferred tax asset		706		392		368
Net pension liability		(2,359)		(1,177)		(946)

Reconciliation of present value of scheme liabilities	2012 £'000	2011 £'000
At 1 January	3,549	3,228
Interest cost	177	178
Current service cost	45	325
Actual member contributions	1	5
Actual benefits paid	(52)	-
Loss/(gain) on change on assumptions	1,112	(48)
Experience loss/(gain)	5,476	(139)
Curtailments	(441)	-
At 31 December	9,867	3,549

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 16 Retirement benefits (continued)

Reconciliation of fair value of scheme assets	2012 £'000	2011 £'000
At 1 January	1,980	1,914
Actual company contributions	122	294
Actual member contributions	1	5
Actual benefits paid	(52)	-
Expected return on plan assets	127	133
Actuarial gain/(loss)	4,624	(366)
<b>At 31 December</b>	<b>6,802</b>	<b>1,980</b>

Analysis of the amount charged to operating profit	2012 £'000	2011 £'000
Current service cost	45	325
<b>Total operating charge</b>	<b>45</b>	<b>325</b>

Analysis of the amount charged to other finance costs	2012 £'000	2011 £'000
Expected return on pension scheme assets	127	133
Interest on pension scheme liabilities	(177)	(178)
<b>Net charge</b>	<b>(50)</b>	<b>(45)</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 16 Retirement benefits (continued)

<b>Analysis of amounts recognised in the statement of total recognised gains and losses</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Actual return less expected return on pension fund assets	<b>4,624</b>	(366)
Experience (losses)/gains arising on fund liabilities	<b>(5,476)</b>	139
(Losses)/gains on change of financial and demographic assumptions	<b>(1,112)</b>	48
Actuarial loss recognised in the statement of total recognised gains and losses	<b>(1,964)</b>	(179)

<b>Movement in deficit during the period</b>	<b>2012 £'000</b>	<b>2011 £ 000</b>
Deficit in the fund at beginning of period	<b>(1,569)</b>	(1,314)
Contributions paid	<b>122</b>	294
Current service cost	<b>(45)</b>	(325)
Curtailment gain	<b>441</b>	-
Other finance costs	<b>(50)</b>	(45)
Actuarial loss	<b>(1,964)</b>	(179)
Deficit in the fund at end of period, before allowance for deferred tax	<b>(3,065)</b>	(1,569)

<b>History of experience gains and losses</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Difference between the actual and expected return on fund assets			
Amount	<b>£4,624,000</b>	(£366,000)	£121,000
% of fund assets at end of period	<b>68.0%</b>	(18.5%)	5.3%
Experience (losses)/gains on fund liabilities			
Amount	<b>(£5,476,000)</b>	£139,000	£nil
% of fund liabilities at end of period	<b>55.5%</b>	(3.9%)	-

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 17 Commitments and contingent liabilities

#### (a) Annual operating lease commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases for assets expiring as follows

	Other 2012 £'000	Other 2011 £'000
Leases which expire		
Within one year	756	546
Between one and two years	-	-
Between two and five years	-	-
	756	546

#### (b) Other contingent liabilities

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2012 was €2,278.9 million (2011: €nil million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company. The Senior Facilities Agreement (2011: €3,170.0 million) was fully repaid during the year.

The Company is party to the Senior Secured Notes due 2015 Indenture dated 12 May 2010 (as amended), the Senior Secured Notes due 2019 Indenture dated 10 February 2012 (as amended) and the Senior Secured Notes due 2020 Indenture dated 4 May 2012 (as amended). The total outstanding indebtedness under the Senior Secured Notes at 31 December 2012 was €2,573.4 million (2011: €740.3 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company. The Senior Secured Notes due 2015 were redeemed in full on 15 May 2013.

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 2012 was €2,044.5 million (2011: €2,055.4 million). The Company is a guarantor under the Senior Notes Indenture. These guarantees are on an unsecured senior subordinated basis. The 8.5% Senior Notes Due 2016 were redeemed in full on 15 May 2013, and €500.0 million of the 7.875% Senior Notes due 2016 were redeemed in full on 5 June 2013.

In May 2013 the Group increased the size of the Senior Secured Term Loans by \$640 million and €350 million respectively and issued \$678 million and €500 million of Senior Notes due 2018. The proceeds of the refinancing were used to redeem the Senior Secured Notes due 2015 and partially redeem the Senior Notes due 2016.

# INEOS Manufacturing (Hull) Limited

## Notes to the accounts (continued)

### 18 Related party transactions

Related parties comprise parent companies and their subsidiaries that are not included within the consolidated financial statements of INEOS Group Holdings SA, the smallest and largest group that consolidate the Company's financial statements

INEOS AG owns and controls a number of subsidiaries that are not included in the consolidated financial statements of INEOS Group Holdings SA group, including the Kerling plc group

Material transactions with related parties during the year were

Related party	Sales and cost recoveries	Purchases	Balance owed to/(from) the company at 31 December
Kerling PLC and subsidiaries combined	2012 £3 289,000 2011 £nil	2012 £nil 2011 £nil	2012 (£630,000) 2011 £nil

### 19 Ultimate parent company and ultimate controlling party

The Company's immediate parent undertaking is INEOS European Holdings Limited, a company registered in England and Wales. The Company's ultimate parent company is INEOS AG, a company registered in Switzerland.

The smallest and largest group that consolidates the Company's financial statements is INEOS Group Holdings SA, a subsidiary of INEOS AG. The consolidated financial statements of INEOS Group Holdings SA 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.