

**INEOS Films Limited**

**Annual report and financial statements  
for the period ended 31 December 2011**

**Registered Number 7085014**

THURSDAY



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12/07/2012  
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# INEOS Films Limited

## Annual report and financial statements for the year ended 31 December 2011

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# **INEOS Films Limited**

## **Directors' report for the year ended 31 December 2011**

The directors present their report and the audited financial statements for the year ended 31 December 2011

### **Business review and principal activities**

The principal activity of the company continued to be that of a holding company

### **Results and dividends**

During the year to 31 December 2011 the company made a profit before taxation of €7.6m (2010 loss of €51.8m). The directors do not recommend the payment of a dividend

### **Key performance indicators**

Given the close involvement of the shareholders in the running of the business, the directors believe that the current level of disclosures within the Directors' Report is sufficient to give an understanding of the development, performance and position of the business

### **Directors**

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

I Hogan

L Heemskerk

J Ginns

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in 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 Group Holdings S.A.

# INEOS Films Limited

## Directors' report for the year ended 31 December 2011 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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.

By order of the Board



Y Ali  
Company Secretary  
2 July 2012

# **INEOS Films Limited**

## **Independent auditors' report to the members of INEOS Films Limited**

We have audited the financial statements of INEOS Films Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, 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 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 to express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on 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 2011 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 Films 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



Mark Menton (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle Upon Tyne  
2 July 2012

# INEOS Films Limited

## Profit and loss account for the year ended 31 December 2011

	Note	2011 €'m	2010 €'m
Turnover	2	-	100 8
Cost of sales		-	(95 6)
<b>Gross profit</b>	3	-	5 2
Distribution costs		-	(1 5)
Administrative expenses		-	(1 6)
<b>Operating profit</b>		-	2 1
Profit on disposal of business	4	-	22 1
Exceptional gains	6	7.3	-
Exceptional losses	7	(0.5)	(68 6)
Amortisation of negative goodwill	11	-	6 5
Other operating income		0.7	-
Interest income and similar income	8	0.1	6 4
Interest payable and similar charges	9	-	(14 2)
Amounts written off investments	12	-	(6 1)
<b>Profit / (loss) on ordinary activities before taxation</b>		7.6	(51 8)
Tax on profit / (loss) on ordinary activities	10	(2.7)	(0 9)
<b>Profit / (loss) for the financial year</b>	17	4.9	(52 7)

All results derive from discontinued operations

The company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented

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

# INEOS Films Limited

## Balance sheet as at 31 December 2011

	Note	2011 €'m	2010 €'m
<b>Fixed assets</b>			
Intangible assets	11	-	-
Investments	12	7.6	7.7
		7.6	7.7
<b>Current assets</b>			
Debtors amounts due within one year	13	2.1	2.3
Cash and bank		-	0.4
		2.1	2.7
Creditors amounts due within one year	14	(57.5)	(63.1)
<b>Net current liabilities</b>		<b>(55.4)</b>	<b>(60.4)</b>
<b>Net liabilities</b>		<b>(47.8)</b>	<b>(52.7)</b>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account	16	(47.8)	(52.7)
<b>Total shareholders' deficit</b>	17	<b>(47.8)</b>	<b>(52.7)</b>

The financial statements on pages 5 to 14 were approved by the board of directors on 2 July 2012 and were signed on its behalf by



I Hogan  
Director



# INEOS Films Limited

## Statement of accounting policies

### **Basis of accounting**

The financial statements are prepared on a 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 going concern assumption is based on confirmation that the company will be supported by its parent company to finance its activities for twelve months following the date of approval of these accounts. The principal accounting policies, which have been consistently applied are set out below.

### **Exemption from consolidation**

The company is included in the consolidated financial statements of INEOS Group Holdings S.A. The company has taken advantage of the exemption not to prepare consolidated financial statements under S400 Companies Act 2006, as it is included in the consolidated financial statements of INEOS Group Holdings S.A. These financial statements therefore present information about the company as an individual undertaking and not about the group.

### **Turnover**

Turnover represents the sales value of goods and services supplied to customers during the year. It excludes VAT and similar sales based taxes. Revenue is recognised at the point at which title passes or services have been 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.

### **Cash flow statement**

The company is a wholly owned subsidiary of INEOS Vinyls Limited and is included in the consolidated financial statements of INEOS Group Holdings S.A. Consequently, the company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (Revised 1996).

### **Foreign currency**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account in the year in which they occur.

### **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 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. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

# INEOS Films Limited

## Notes to the financial statements for the year ended 31 December 2011

### 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 2011 was €1 19489 (2010 €1 17412 / £1)

### 2 Segmental information

The turnover derives from the principal activity of the company, the manufacture of specialty films products. The company's geographical analysis of turnover split by destination is as follows

	2011 €'m	2010 €'m
United Kingdom	-	-
Rest of Europe	-	99.5
Rest of the World	-	1.3
	-	100.8

### 3 Auditor's remuneration

The audit fee has been included in the overall audit fee for INEOS Holdings Limited and is not separately recharged to the company

### 4 Profit on disposal of business

On 1 September 2010, the INEOS Group completed the sale of its global films business to the Biltcare Group, a leading international pharmaceutical packaging and research company. The disposal gave rise to a profit on disposal of €22,096,000.

	2010 €'m
Investments	57.2
Stock	14.3
Debtors	22.4
Creditors	(20.0)
<b>Net assets disposed</b>	<b>73.9</b>
Sale proceeds	96.0
<b>Profit on disposal of business</b>	<b>22.1</b>

# INEOS Films Limited

## 5 Employees and directors

	2011 €'m	2010 €'m
Directors emoluments	-	2.8
Wages and salaries	-	1.8
	-	4.6
<b>Highest paid director</b>	<b>2010 €'m</b>	<b>2010 €'m</b>
Aggregate emoluments	-	1.6

## 6 Exceptional gains

	2011 €'m	2010 €'m
Write off of intercompany payable	7.3	-

During the year a loan balance of €7.3m due to INEOS Films Italia was written off. This has given rise to an exceptional gain in the year.

## 7 Exceptional losses

	2011 €'m	2010 €'m
Write off of intercompany receivable	0.4	63.5
Severance payments	-	4.5
Restructuring costs	0.1	0.6
	0.5	68.6

### Year ended 31 December 2011

During the year a loan receivable of €0.4m due from EVC Rigid Films Inc, a wholly owned subsidiary, was written off as the balance was not deemed recoverable.

During the year the company was recharged costs of €0.1m by a group company. These costs were restructuring costs in relation to the sale of the global films business in 2010.

### Period ended 31 December 2010

During the year an intercompany loan of €63.5 million due from a subsidiary undertaking was written after being deemed irrecoverable.

The company made payments totalling €4.5 million to employees of the global films business upon the sale to the Bilcare Group.

The company incurred costs of €0.7 million in legal and restructuring costs in relation to the sale of the global films business to the Bilcare Group.

# INEOS Films Limited

## 8 Interest receivable and similar income

	2011 €'m	2010 €'m
Interest receivable from group undertakings	0.1	4.6
Exchange gains	-	1.8
	0.1	6.4

## 9 Interest payable and similar charges

	2011 €'m	2010 €'m
Interest payable to group undertakings	-	13.8
Other interest	-	0.4
	-	14.2

## 10 Tax on profit / (loss) on ordinary activities

### (a) Analysis of charge

The taxation charge for the year comprises	2011 €'m	2010 €'m
<b>Current tax:</b>		
UK corporation tax on profits for the year	0.2	0.9
Adjustments in respect of previous years	2.5	-
	2.7	0.9

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

The current tax charge for the year is higher than the standard rate of corporation tax in the UK 26.5% (2010 28.0%) The differences are explained below

	2011 €'m	2010 €'m
Profit / (loss) on ordinary activities before tax	7.6	(51.8)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28.0%)	2.0	(14.5)
Effects of		
Expenses not deductible for tax purposes	(1.8)	15.4
Adjustments in respect of previous years	2.5	-
Total current tax charge	2.7	0.9

# INEOS Films Limited

## 10 Tax on profit / (loss) on ordinary activities (continued)

### (c) Factors that may affect future tax charge

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. The deferred tax asset at 31 December 2011 has been re-measured accordingly.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

## 11 Intangible assets

	Negative Goodwill €'m
<b>Cost</b>	
At 1 January and 31 December 2011	6.5
<b>Amortisation</b>	
At 1 January and 31 December 2011	6.5
<b>Net book value</b>	
At 1 January and 31 December 2011	-

### Acquisition of business

On 4 December 2009 the company acquired the trade and assets of the global films business from INEOS Vinyls UK Limited for €1.

	2010 €'m
Stock	10.9
Debtors	26.6
Creditors	(31.0)
<b>Net assets acquired</b>	<b>6.5</b>
Consideration	-
	<b>6.5</b>

The negative goodwill generated upon the acquisition of the global films business exceeds any non-monetary assets acquired and has therefore been amortised in full giving rise to an exceptional gain in the period ended 31 December 2010.

# INEOS Films Limited

## 12 Investments

	2011 €'m
<b>Cost</b>	
At 1 January 2011	13.8
Additions	-
Disposals	(0.1)
<b>At 31 December 2011</b>	<b>13.7</b>
<b>Impairment</b>	
At 1 January 2011	6.1
Impairment charge	-
<b>At 31 December 2011</b>	<b>6.1</b>
<b>Net book value</b>	
<b>At 31 December 2011</b>	<b>7.6</b>
<b>At 31 December 2010</b>	<b>7.7</b>

The directors believe that the carrying value of the investments in INEOS Compounds UK Limited to be €7.6m being the net asset value of the company and have therefore made provision for impairment to show the true and fair value of the investment

On 7 April 2011, INEOS Films Delaware Inc, a wholly owned subsidiary was dissolved

The following information relates to the subsidiary undertakings of the company

Company	Country of incorporation and operation	Percentage holding	Principal activity
INEOS Compounds UK Limited*	UK	100%	Chemicals
EVC Rigid Films Inc*	USA	100%	Chemicals
INEOS Vinyls France SAS*	France	100%	Chemicals
INEOS Compounds France SAS	France	100%	Chemicals

\*Held directly by the company

## INEOS Films Limited

### 13 Debtors

	2011 €'m	2010 €'m
Amounts due from group undertakings	1.6	1.7
Other debtors	0.5	0.6
	<b>2.1</b>	<b>2.3</b>

### 14 Creditors: amounts due within one year

	2011 €'m	2010 €'m
Amounts due to group undertakings	53.9	61.6
Other creditors	3.6	1.5
	<b>57.5</b>	<b>63.1</b>

### 15 Called up share capital

	2011 €	2010 €
<b>Authorised</b>		
100 ordinary shares of £1	100	100
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1	100	100

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

### 16 Reserves

	Profit and loss account €'m
At 1 January 2011	(52.7)
Profit for the financial year	4.9
<b>At 31 December 2011</b>	<b>(47.8)</b>

## INEOS Films Limited

### 17 Reconciliation of movements in total shareholders' deficit

	2011	2010
	€'m	€'m
Opening shareholders' deficit	(52.7)	-
Profit / (loss) for the financial year	4.9	(52.7)
Closing shareholders' deficit	(47.8)	(52.7)

### 18 Related party transactions

As 100% of the company's voting rights are controlled within the group headed by INEOS Group Holdings S A, the company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No 8

### 19 Parent undertaking and controlling party

The directors regard INEOS Vinyls Limited, a company incorporated in the United Kingdom to be the immediate parent undertaking of the company

The ultimate parent company at 31 December 2011 was INEOS AG, a company incorporated in Switzerland. INEOS Group Holdings S A is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. Copies of the accounts of INEOS Group Holdings S A can be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertakings INEOS AG, and INEOS Group Holdings S A.