

INEOS Films Limited

**Annual report and financial statements
for the year ended 31 December 2012**

Registered Number 7085014

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INEOS Films Limited

Annual report and financial statements for the year ended 31 December 2012

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INEOS Films Limited

Directors' report for the year ended 31 December 2012

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

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 2012 the company made a loss on ordinary activities before taxation of €(0.2)m (2011 profit €7.6m). 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 (resigned 14 June 2012)

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.

Going concern

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

INEOS Films Limited

Directors' report for the year ended 31 December 2012 (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
26 July 2013

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 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes¹. 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 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 [describe 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 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 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.

¹ Auditors' reports of entities that do not publish their financial statements on a web site or publish them using 'PDF' format may continue to refer to the financial statements by reference to page numbers.

INEOS Films Limited

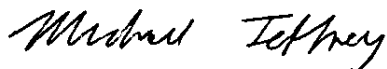
Opinion on other matter prescribed by the Companies Act 2006

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



Michael Jeffrey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26 July 2013

INEOS Films Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 €'m	2011 €'m
Operating result	2	-	-
(Loss) / profit on disposal of business	3	(0.2)	-
Exceptional gains	5	-	7.3
Exceptional losses	6	-	(0.5)
Other operating income		-	0.7
Interest receivable and similar income	7	-	0.1
(Loss) / profit on ordinary activities before taxation		(0.2)	7.6
Tax on (loss) / profit on ordinary activities	8	2.5	(2.7)
Profit for the financial year	14	2.3	4.9

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

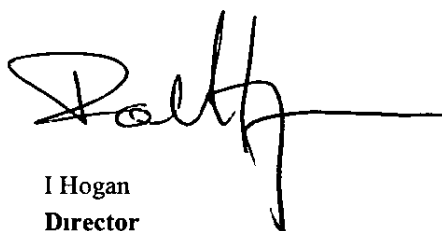
There is no material difference between the (loss) / profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

INEOS Films Limited

Balance sheet as at 31 December 2012

	Note	2012 €'m	2011 €'m
Fixed assets			
Intangible assets	9	-	-
Investments	10	7.6	7.6
		7.6	7.6
Current assets			
Debtors amounts due within one year	11	2.2	2.1
		2.2	2.1
Creditors amounts falling due within one year	12	(55.3)	(57.5)
Net current liabilities		(53.1)	(55.4)
Total assets less current liabilities		(53.1)	(55.4)
Net liabilities		(45.5)	(47.8)
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	(45.5)	(47.8)
Total shareholders' deficit	15	(45.5)	(47.8)

The financial statements on pages 5 to 14 were approved by the board of directors on 26 July 2013 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 financial statements. 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 2012

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 2012 was €1 21966 / £1 (2011 €1 19489 / £1)

2 Operating result

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

3 (Loss) / profit on disposal of business

During 2012 an adjustment was made to the Films business disposal following a working capital settlement adjustment which resulted in an additional loss on disposal of the business of €0.2 million

4 Employees and directors

Neither the directors nor the secretary received any emoluments during the year (2011 \$nil) in respect of their services to the company

No other persons were employed during the year or in the prior year

5 Exceptional gains

	2012 €'m	2011 €'m
Write off of intercompany payable	-	7.3

During 2011 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.

6 Exceptional losses

	2012 €'m	2011 €'m
Write off of intercompany receivable	-	0.4
Restructuring costs	-	0.1
	-	0.5

During 2011 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 2011 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.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Interest receivable and similar income

	2012 €'m	2011 €'m
Interest receivable from group undertakings	-	0.1
	-	0.1

8 Tax on (loss) / profit on ordinary activities

(a) Analysis of (credit) / charge

The taxation (credit) / charge for the year comprises	2012 €'m	2011 €'m
Current tax:		
UK corporation tax on (loss) / profit for the year	-	0.2
Adjustments in respect of previous years	(2.5)	2.5
	(2.5)	2.7

(b) Factors affecting the (credit) / charge for the year

The current tax (credit) / charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK 24.5% (2011 26.5%). The differences are explained below

	2012 €'m	2011 €'m
(Loss)/profit on ordinary activities before tax	(0.2)	7.6
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	-	2.0
Effects of		
Expenses not deductible for tax purposes	-	(1.8)
Adjustments in respect of previous years	(2.5)	2.5
Total current tax (credit) /charge	(2.5)	2.7

(c) Factors that may affect future tax charge

The Finance Act 2012 was substantively enacted prior to the balance sheet date and included legislation to reduce the main rate of corporation tax to 23% from 1 April 2013. Changes to the main rate of UK corporation tax were announced in the March 2013 UK Budget Statement. Legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 is expected to be included in the Finance Act 2013. Further reductions in the main rate are proposed to reduce the rate by 1% to 20% by 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. As there are no provided deferred tax assets or liabilities, there is no deferred tax impact of the tax rate changes.

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Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Intangible assets

	Negative Goodwill €'m
Cost	
At 1 January and 31 December 2012	6.5
Amortisation	
At 1 January and 31 December 2012	6.5
Net book value	
At 1 January and 31 December 2012	-

10 Investments

	2012 €'m
Cost	
At 1 January 2012	13.7
Additions	-
Disposals	-
At 31 December 2012	13.7
Impairment	
At 1 January 2012	6.1
Impairment charge	-
At 31 December 2012	6.1
Net book value	
At 31 December 2012	7.6
At 31 December 2011	7.6

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

On 8 September 2012, EVC Rigid Films Inc, a wholly owned subsidiary was dissolved

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Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Investments (continued)

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
INEOS Vinyls France SAS*	France	100%	Chemicals
INEOS Compounds France SAS	France	100%	Chemicals

*Held directly by the company

11 Debtors

	2012 €'m	2011 €'m
Amounts owed by group undertakings	1.7	1.6
Other debtors	0.5	0.5
	2.2	2.1

12 Creditors: amounts falling due within one year

	2012 €'m	2011 €'m
Amounts owed to group undertakings	55.3	53.9
Other creditors	-	3.6
	55.3	57.5

13 Called up share capital

	2012 €	2011 €
Authorised		
100 ordinary shares of £1	112	112
Allotted, called up and fully paid		
100 ordinary shares of £1	112	112

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

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Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Profit and loss account

	Profit and loss account
	€'m
At 1 January 2012	(47.8)
Profit for the financial year	2.3
At 31 December 2012	(45.5)

15 Reconciliation of movements in total shareholders' deficit

	2012 €'m	2011 €'m
Opening shareholders' deficit	(47.8)	(52.7)
Profit for the financial year	2.3	4.9
Closing shareholders' deficit	(45.5)	(47.8)

16 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

17 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 2012 was INEOS AG, a company incorporated in Switzerland. INEOS Group Holdings S A is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements 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 Ratchiffe 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.