

INEOS Films Limited

**Annual report and financial statements
for the year ended 31 December 2013**

Registered Number 7085014



INEOS Films Limited

Annual report and financial statements for the year ended 31 December 2013

Contents

| | |
|---|---|
| Strategic report for the year ended 31 December 2013 | 1 |
| Directors' report for the year ended 31 December 2013 | 2 |
| Independent auditors' report to the members of INEOS Films Limited | 4 |
| Profit and loss account for the year ended 31 December 2013 | 6 |
| Balance sheet as at 31 December 2013 | 7 |
| Statement of accounting policies | 8 |
| Notes to the financial statements for the year ended 31 December 2013 | 9 |

INEOS Films Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013

Business overview

The principal activity of the company is to act as a holding company

The directors do not expect any change in the company's activities during the next financial year

Business review

During the year to 31 December 2013 the company made a result on ordinary activities before taxation of £nil (2012 loss £0.2m). The directors do not recommend the payment of a dividend

Objectives and strategy

The directors do not expect any change in the company's activities during the next financial year as the company will continue to act as a holding company

Principle risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to local and national competition factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of parent company Ineos Group Holdings S.A., which does not form part of this report

Key Performance Indicators

The directors of Ineos Group Holdings S.A. manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Ineos Films Limited. The development, performance and position of the group, including this company, is discussed in the group's annual report which does not form part of this report

By order of the Board



Y Ali

Company Secretary

29 May 2014

INEOS Films Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements for the year ended 31 December 2013

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

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 financial statements 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INEOS Films Limited

Directors' report for the year ended 31 December 2013 (continued)

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

PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006

By order of the Board



Y Ali

Company Secretary

29 May 2014

INEOS Films Limited

Independent auditors' report to the members of INEOS Films Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Ineos Films Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended,
- the accounting policies, and
- the notes to the financial statements, which include other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INEOS Films Limited

Independent auditors' report to the members of INEOS Films Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 ISAs (UK & 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



Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
29 May 2014

INEOS Films Limited

Profit and loss account for the year ended 31 December 2013

| | | 2013 | 2012 |
|---|------|------|-------|
| | Note | €'m | €'m |
| Result/(loss) on disposal of business | 3 | - | (0 2) |
| Result/(loss) on ordinary activities before taxation | | - | (0 2) |
| Tax on result/(loss) on ordinary activities | 5 | - | 2 5 |
| Result/(profit) for the financial year | 11 | - | 2 3 |

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


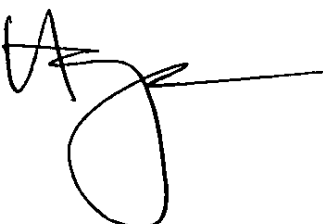
There is no material difference between the result/(loss) on ordinary activities before taxation and the result/profit for the year stated above and their historical cost equivalents

INEOS Films Limited

Balance sheet as at 31 December 2013

| | Note | 2013 €'m | 2012 €'m |
|---|------|-------------|-------------|
| Fixed assets | | | |
| Intangible assets | 6 | - | - |
| Investments | 7 | 7.6 | 7.6 |
| | | 7.6 | 7.6 |
| Current assets | | | |
| Debtors | 8 | 2.4 | 2.2 |
| | | 2.4 | 2.2 |
| Creditors amounts falling due within one year | 9 | (55.5) | (55.3) |
| Net current liabilities | | (53.1) | (53.1) |
| Total assets less current liabilities | | (45.5) | (45.5) |
| Net liabilities | | (45.5) | (45.5) |
| Capital and reserves | | | |
| Called up share capital | 10 | - | - |
| Profit and loss account | 11 | (45.5) | (45.5) |
| Total shareholders' deficit | 12 | (45.5) | (45.5) |

The financial statements on pages 6 to 13 were approved by the board of directors on 29 May 2014 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 2013

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 2013 was €1 19632 / £1 (2012 €1 21966 / £1)

2 Auditor's remuneration

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

3 Result/(loss) 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 (2012: \$nil) in respect of their services to the company

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

5 Tax on result/(loss) on ordinary activities

(a) Analysis of credit

The taxation credit for the year comprises

| | 2013 | 2012 |
|--|------|-------|
| | €'m | €'m |
| Current tax: | | |
| Adjustments in respect of previous years | - | (2.5) |

INEOS Films Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Tax on result/(loss) on ordinary activities (continued)

(b) Factors affecting the credit for the year

The current tax credit for the year is equal to (2012 lower) than the standard rate of corporation tax in the UK 23.25% (2012 24.5%). The differences are explained below

| | 2013 €'m | 2012 €'m |
|--|-------------|-------------|
| Result/(loss) on ordinary activities before tax | - | (0.2) |
| Result/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 24.5%) | - | - |
| Effects of | | |
| Adjustments in respect of previous years | - | (2.5) |
| Total current tax credit | - | (2.5) |

(c) Factors that may affect future tax charge

As proposed in the UK Budget on 19 March 2013, further reductions in the main UK corporation tax rate were substantively enacted on 2 July 2013. The rate (currently 23 per cent) will reduce to 21 per cent from 1 April 2014 and to 20 per cent from 1 April 2015. This change reduces the company's charge respectively

6 Intangible assets

| | Negative Goodwill €'m |
|-----------------------------------|-----------------------------|
| Cost | |
| At 1 January and 31 December 2013 | 6.5 |
| Amortisation | |
| At 1 January and 31 December 2013 | 6.5 |
| Net book value | |
| At 1 January and 31 December 2013 | - |

INEOS Films Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Investments

| | €'m |
|-----------------------------------|------|
| Cost | |
| At 1 January and 31 December | 13.7 |
| Impairment | |
| At 1 January and 31 December 2013 | 6.1 |
| Net book value | |
| At 31 December 2013 | 7.6 |
| At 31 December 2012 | 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

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

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

INEOS Films Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Debtors

| | 2013 | 2012 |
|------------------------------------|------|------|
| | €'m | €'m |
| Amounts owed by group undertakings | 1.9 | 1.7 |
| Other debtors | 0.5 | 0.5 |
| | 2.4 | 2.2 |

9 Creditors: amounts falling due within one year

| | 2013 | 2012 |
|------------------------------------|------|------|
| | €'m | €'m |
| Amounts owed to group undertakings | 55.5 | 55.3 |

10 Called up share capital

| | 2013 | 2012 |
|---|------|------|
| | € | € |
| Authorised | | |
| 100 (2012: 100) ordinary shares of £1 | 112 | 112 |
| Allotted, called up and fully paid | | |
| 100 (2012: 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.

INEOS Films Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Profit and loss account

| | Profit and loss account €'m |
|--------------------------------------|-----------------------------------|
| At 1 January 2013 | (45.5) |
| Result/profit for the financial year | - |
| At 31 December 2013 | (45.5) |

12 Reconciliation of movements in total shareholders' deficit

| | 2013 €'m | 2012 €'m |
|--------------------------------------|-------------|-------------|
| Opening shareholders' deficit | (45.5) | (47.8) |
| Result/profit for the financial year | - | 2.3 |
| Closing shareholders' deficit | (45.5) | (45.5) |

13 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

14 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 2013 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 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