

INEOS Holdings (Fluor & Silicas) Limited  
Annual report  
for the year ended 31 December 2003

Registered Number 3938607



# INEOS Holdings (Fluor & Silicas) Limited

## Annual report

for the year ended 31 December 2003

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# INEOS Holdings (Fluor & Silicas) Limited

## Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

### Principal activities

The principal activity of the company is a holding company.

### Review of the business

The company has continued to act as a holding company throughout the year.

### Results and dividends

During the year to 31 December 2003 the company made a loss before taxation of £15,110,000 (2002: £8,017,000). The directors do not recommend the payment of a dividend (2002: £Nil).

### Directors and their interests

The directors who held office during the year were as follows:

T P Crotty

R Bell

R Bell is also a director of the parent company, INEOS Investment Holdings (Fluor & Silicas) Limited, and his interests in the share capital of that company are disclosed in that company's directors report.

At 31 December 2003 the interest of TP Crotty in the 0.001p ordinary share capital of INEOS Group Limited was as follows:

	Number of "B" Fluor Shares	Number of "B" Phenol Shares	Number of "B" Silicas Shares	Number of "C" Tracker shares
T P Crotty	47,000	47,000	47,000	150,000

At 31 December 2002 the interest of TP Crotty in the 0.001p ordinary share capital of INEOS Group Limited was as follows:

	Number of "B" Fluor Shares	Number of "B" Phenol Shares	Number of "B" Silicas Shares
T P Crotty	4,700	4,700	4,700

# INEOS Holdings (Fluor & Silicas) Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board



R Bell  
Secretary

30 April 2004

# INEOS Holdings (Fluor & Silicas) Limited

## Independent auditors' report to the members of Ineos Holdings (Fluor & Silicas) Limited

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

### Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers Ltd*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
30 April 2004

# INEOS Holdings (Fluor & Silicas) Limited

## Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Administration expenses		-	2
<b>Operating profit</b>	1	-	2
Interest receivable and similar income	4	26,256	25,946
Interest payable and similar charges	5	(41,366)	(33,965)
<b>Loss on ordinary activities before taxation</b>		(15,110)	(8,017)
Tax on loss on ordinary activities	6	5,095	(2,719)
<b>Loss for the financial year</b>	13	(10,015)	(10,736)

All activities of the company relate to continuing operations.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

## Statement of total recognised gains and losses for the year ended 31 December 2003

	2003 £'000	2002 £'000
Loss for the financial year	(10,015)	(10,736)
Total recognised losses for the year	(10,015)	(10,736)
Prior year adjustment	-	689
<b>Total losses recognised since last annual report</b>	<b>(10,015)</b>	<b>(10,047)</b>

# INEOS Holdings (Fluor & Silicas) Limited

## Balance sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments	7	9,770	9,770
<b>Current assets</b>			
Debtors:			
- amounts falling due within one year	9	21,790	15,254
- amounts falling due after more than one year	9	273,464	273,464
		295,254	288,718
Cash at bank and in hand		1	2,015
		295,255	290,733
<b>Creditors: amounts falling due within one year</b>	10	(6,496)	(6,817)
<b>Net current assets</b>		288,759	283,916
<b>Total assets less current liabilities</b>		298,529	293,686
<b>Creditors: amounts falling due after more than one year</b>	11	(327,396)	(312,538)
<b>Net liabilities</b>		(28,867)	(18,852)
<b>Capital and reserves</b>			
Called up equity share capital	12	-	-
Profit and loss account	13	(28,867)	(18,852)
<b>Total equity shareholders' deficit</b>	14	(28,867)	(18,852)

The financial statements on pages 4 to 12 were approved by the board of directors on 30 April 2004 and were signed on its behalf by:



Director

# INEOS Holdings (Fluor & Silicas) Limited

## Accounting policies

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The financial statements have been prepared on a going concern basis. 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.

### **Basis of preparation**

The company is included in the consolidated financial statements of INEOS Group Limited, the ultimate parent undertaking. The company has taken advantage of the Companies Act 1985 (S228) in not preparing consolidated financial statements with these of its subsidiary companies. These financial statements therefore present information about the company as an individual undertaking and not about the group.

### **Investments**

Investments held as fixed assets are carried at cost less any provision for impairment.

### **Cash flow statement**

The company is a wholly owned subsidiary of INEOS Group Limited the ultimate parent company. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of *Financial Reporting Standard 1 (revised 1996)*.

### **Foreign currency transaction**

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 period 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 periods 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 Holdings (Fluor & Silicas) Limited

## Notes to the financial statements for the year ended 31 December 2003

### 1 Operating profit

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

### 2 Directors' emoluments

None of the directors received any remuneration for their services provided during the year ended 31 December 2003 (2002: £Nil).

### 3 Staff number and costs

There were no employees other than directors of the company during the year (2002: £Nil).

### 4 Other interest receivable and similar income

	2003 £'000	2002 £'000
Bank deposit interest	4	26
Loans with group undertakings	26,252	25,920
	26,256	25,946

# INEOS Holdings (Fluor & Silicas) Limited

## 5 Interest payable and similar charges

	2003 £'000	2002 £'000
Loans with group undertakings	23,991	22,482
Exchange losses	17,375	11,483
	41,366	33,965

## 6 Taxation

	2003 £'000	2002 £'000
<b>Current tax</b>		
Group relief payable to / (receivable from) group company at 30%		
- current year	(2,689)	-
- adjustment in respect of previous periods	(2,406)	2,030
Total current tax	(5,095)	2,030
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	689
Total deferred tax	-	689
Total tax	(5,095)	2,719

## INEOS Holdings (Fluor & Silicas) Limited

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(15,110)	(8,017)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(4,533)	(2,405)
Effects of:		
Expenses not deductible for tax purposes	-	286
Other short term timing differences	-	(673)
Tax losses not utilised	1,844	2,792
Adjustment in respect of previous periods	(2,406)	2,030
<b>Current tax (credit) / charge for the year</b>	<b>(5,095)</b>	<b>2,030</b>

There are no factors expected to significantly affect the tax charge in future periods. Deferred tax assets of £5,079,000 (2002: £3,235,000) have not been recognised, as they are not expected to be recoverable. These relate to tax losses of £16,927,000 (2002: £10,782,000).

## 7 Investments

	2003 £'000	2002 £'000
<b>Cost and net book value</b>		
At 1 January 2003	9,770	9,750
Acquisition costs capitalised in year	-	20
<b>At 31 December 2003</b>	<b>9,770</b>	<b>9,770</b>

Acquisition costs have been capitalised following the acquisition of INEOS Fluor Holdings Limited and INEOS Silicas Holdings Limited.

# INEOS Holdings (Fluor & Silicas) Limited

## 8 Fixed asset investments

### Interests in subsidiary undertakings

The subsidiaries, all of which are wholly owned, are as follows:

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class/percentage of shares held
INEOS Fluor Holdings Limited	England	Manufacture of industrial fluorocarbons	Ordinary 100%
INEOS Silicas Holdings Limited	England	Manufacture of Silicas, Silicates and Zeolites	Ordinary 100%

The subsidiaries of INEOS Fluor Holdings Limited and INEOS Silicas Holdings Limited are disclosed in those companies' accounts.

## 9 Debtors

	2003 £'000	2002 £'000
<b>Amounts falling due within one year</b>		
Amounts due from group undertakings	21,790	15,254
<b>Amounts falling due more than one year</b>		
Amounts due from group undertakings	273,464	273,464
	<b>295,254</b>	<b>288,718</b>

# INEOS Holdings (Fluor & Silicas) Limited

## 10 Creditors – Amounts falling due within one year

	2003	2002
	£'000	£'000
Amounts due to group undertakings	6,496	6,817

## 11 Creditors – Amounts falling due after more than one year

	2003	2002
	£'000	£'000
Amounts due to group undertakings	327,396	312,538

## 12 Equity share capital

	2003	2002
	£	£
<b>Authorised</b>		
1,000 ordinary shares of £1	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	1	1

## 13 Reserves

	<b>Profit and loss account</b>
	£'000
At 1 January 2003	(18,852)
Loss for the financial year	(10,015)
<b>At 31 December 2003</b>	<b>(28,867)</b>

## INEOS Holdings (Fluor & Silicas) Limited

### 14 Reconciliation of movements in shareholders' deficit for the year ended 31 December 2003

	2003 £'000
Shareholders' deficit at 1 January 2003	(18,852)
Loss for the year	(10,015)
<b>Shareholders' deficit at 31 December 2003</b>	<b>(28,867)</b>

### 15 Contingent liabilities

The company is party to a credit agreement (the "Senior Credit Agreement") dated 23 May 2001. The Senior Credit Agreement comprises of Term Loans ("Term Loan A", "Term Loan B" and "Term Loan C") and a revolving credit facility ("the Revolving Credit Facility"). The total outstanding indebtedness under the Senior Credit Agreement at 31 December 2003 was €515.6 million (2002: €623.2 million). The company is a guarantor under the Senior Credit Agreement. These obligations are secured by fixed and floating charges over the assets of the company.

### 16 Related party transactions

The ultimate parent company and controlling party is INEOS Group Limited. As 100% of the company's voting rights are controlled within the group headed by INEOS Group Limited, 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 Intermediate Holding (Fluor & Silicas) Limited, a company incorporated in the United Kingdom to be the immediate parent undertaking of the company. The directors regard INEOS Group Limited, a company incorporated in the United Kingdom to be the ultimate parent undertaking of the company. Copies of INEOS Group Limited consolidated financial statements can be obtained from the Company Secretary, INEOS Group Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The directors regard Mr J Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Group Limited.