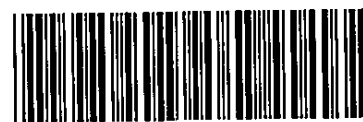


INEOS Fluor International Limited  
Annual report  
for the year ended 31 December 2007

Registered Number 4110462

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# INEOS Fluor International Limited

## Annual report

for the year ended 31 December 2007

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# INEOS Fluor International Limited

## Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

### Principal activities

The principal activity of INEOS Fluor International Limited is to act as the administration company for the branches, account managers and service centres of the INEOS Fluor Group

### Review of the business

The company continued to operate as an administration company in 2007

### Results and dividends

The company's profit before taxation for the financial year was £43,000 (2006 loss of £20,000) The directors do not recommend payment of a dividend (2006 £Nil)

### Directors

The directors who held office during the year were as follows

R Bell  
AJ Kaye  
D Price  
R Faragher  
DJM Smith (appointed 1 August 2007)

### Political and charitable contributions

The company made no political or charitable contributions during the year (2006 £Nil)

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, 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 exposed to commodity price risk as a result of its operations However given the size of the company's operations, the costs of managing exposure to such risk exceed any potential benefits The company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties 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 Limited

# INEOS Fluor International Limited

## 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 period.

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,
- 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 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 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.

## Statement of disclosure to auditors

Each of the persons who are directors at the date of approval of this report confirm that

- (a) there is no relevant information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S2342A of the Companies Act 1985.

## 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



L Lowe  
Secretary

23 April 2008

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

We have audited the financial statements of INEOS Fluor International Limited for the year ended 31 December 2007, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Liverpool  
23 April 2008

# INEOS Fluor International Limited

## Profit and loss account for the year ended 31 December 2007

|  | Note | 2007<br>£'000 | 2006<br>£'000 |
|--|------|---------------|---------------|
| <b>Turnover and gross profit</b>   |      | -             | -             |
| Administration expenses  |      | -             | (12)          |
| Other operating income   |      | 42            | -             |
| <b>Operating profit / (loss)</b>   | 1    | 42            | (12)          |
| Interest receivable and similar income   | 4    | 7             | -             |
| Interest payable and similar charges   | 5    | (6)           | (8)           |
| <b>Profit / (loss) on ordinary activities before taxation</b>                  |      | 43            | (20)          |
| Tax on profit / (loss) on ordinary activities                                  | 6    | (13)          | 3             |
| <b>Profit / (loss) for the financial year transferred to / (from) reserves</b> | 11   | 30            | (17)          |

All the activities of the company in 2007 and the prior year relate to continuing activities

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

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

# INEOS Fluor International Limited

## Balance sheet as at 31 December 2007

|  | Note | 2007<br>£'000 | 2006<br>£'000 |
|--|------|---------------|---------------|
| <b>Fixed assets</b>                                    |      |               |               |
| Intangible assets                                      | 7    | 30            | 40            |
|  |      | 30            | 40            |
| <b>Current assets</b>                                  |      |               |               |
| Debtors  | 8    | 592           | 495           |
| Cash at bank and in hand                               |      | 67            | 36            |
|  |      | 659           | 531           |
| <b>Creditors - Amounts falling due within one year</b> | 9    | (167)         | (79)          |
| <b>Net current assets</b>                              |      | 492           | 452           |
| <b>Total assets less current liabilities</b>           |      | 522           | 492           |
| <b>Net assets</b>                                      |      | 522           | 492           |
| <b>Capital and reserves</b>                            |      |               |               |
| Called up share capital                                | 10   | -             | -             |
| Profit and loss account                                | 11   | 522           | 492           |
| <b>Total shareholders' funds</b>                       | 12   | 522           | 492           |

The financial statements on pages 4 to 12 were approved by the board of directors on 23 April 2008 and were signed on its behalf by



**R Bell**  
Director

# **INEOS Fluor International Limited**

## **Accounting policies**

These financial statements are prepared under the historical cost convention on the going concern basis and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. 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.

### **Goodwill**

On 9 January 2001 INEOS Fluor Limited bought the Klea business from ICI Plc and created the INEOS Fluor Group. As part of this transaction INEOS Fluor International Limited acquired the European branches, account managers and service centres of ICI Klea. Goodwill arising on this acquisition has been capitalised and is amortised through the profit and loss account over a period of ten years, estimated by the directors to be the useful economic life.

### **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. Deferred tax assets and liabilities which have been recognised have not been discounted.

### **Cashflow statement**

The company is a wholly owned subsidiary of INEOS Fluor Holdings Limited and is ultimately consolidated within the financial statements of INEOS Group Limited. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 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.



# INEOS Fluor International Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1 Operating profit / (loss)

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| <b>Operating profit / (loss) is stated after charging / (crediting):</b> |               |               |
| Amortisation of goodwill   | 10            | 10            |
| Rentals payable under operating leases                                   |               |               |
| - Other  | 62            | 58            |
| Cost recoveries  | (661)         | (722)         |

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 to 31 December 2007 (2006 £Nil)

### 3 Staff number and costs

The average number of persons employed by the company (excluding directors) during the year was 3 (2006 6)

The aggregate payroll costs of these persons were as follows

|                       | 2007<br>£'000 | 2006<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 172           | 212           |
| Social security costs | 63            | 60            |
| Pension costs         | 5             | 16            |
| Other                 | 2             | 5             |
|                       | 242           | 293           |

Staff costs are recovered from fellow group companies to which administration services are provided

# INEOS Fluor International Limited

## 4 Interest receivable and similar income

|                | 2007<br>£'000 | 2006<br>£'000 |
|----------------|---------------|---------------|
| Exchange gains | 7             | -             |

## 5 Interest payable and similar charges

|                             | 2007<br>£'000 | 2006<br>£'000 |
|-----------------------------|---------------|---------------|
| Loan with group undertaking | 6             | 8             |

## 6 Tax on loss on ordinary activities

|  | 2007<br>£'000 | 2006<br>£'000 |
|--|---------------|---------------|
| <b>Current tax</b>   |               |               |
| Group relief receivable from group companies at 30% (2006 30%) |               |               |
| - current year   | 13            | (3)           |
| <b>Total tax charge / (credit)</b>                             | <b>13</b>     | <b>(3)</b>    |

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Profit / (loss) on ordinary activities before taxation  | 43            | (20)          |
| Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%) | 13            | (6)           |
| Effects of  |               |               |
| Expenses not deductible for tax purposes  | -             | 3             |
| <b>Current tax charge / (credit) for the year</b>   | <b>13</b>     | <b>(3)</b>    |

Current tax will be reduced from 30% to 28% as of 1 April 2008

# INEOS Fluor International Limited

## 7 Goodwill

|  | £'000 |
|--|-------|
| <b>Cost</b>                            |       |
| At 1 January 2007 and 31 December 2007 | 100   |
| <b>Amortisation</b>                    |       |
| At 1 January 2007                      | (60)  |
| Amortisation in the period             | (10)  |
| At 31 December 2007                    | (70)  |
| <b>Net book amount</b>                 |       |
| At 31 December 2007                    | 30    |
| At 31 December 2006                    | 40    |

As explained in the accounting policies set out on page 6, on 9 January 2001 the company acquired the European branches, account managers and service centres of ICI Klea with resultant goodwill of £100,000

## 8 Debtors

|                                     | 2007       | 2006       |
|-------------------------------------|------------|------------|
|                                     | £'000      | £'000      |
| Amounts due from group undertakings | 467        | 495        |
| Other debtors                       | 125        | -          |
|                                     | <b>592</b> | <b>495</b> |

## 9 Creditors – Amounts falling due within one year

|                                   | 2007       | 2006      |
|-----------------------------------|------------|-----------|
|                                   | £'000      | £'000     |
| Amounts due to related parties    | -          | 9         |
| Amounts due to group undertakings | 167        | 70        |
|                                   | <b>167</b> | <b>79</b> |

# INEOS Fluor International Limited

## 10 Equity share capital

|   | 2007  | 2006  |
|---|-------|-------|
|   | £     | £     |
| <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     |

## 11 Reserves

|                               | Profit and<br>loss account |
|-------------------------------|----------------------------|
|                               | £'000                      |
| At 1 January 2007             | 492                        |
| Profit for the financial year | 30                         |
| <b>At 31 December 2007</b>    | <b>522</b>                 |

## 12 Reconciliation of movements in equity shareholders' funds

|  | 2007       | 2006       |
|--|------------|------------|
|  | £'000      | £'000      |
| Profit / (loss) for financial year               | 30         | (17)       |
| Net addition / (reduction) to shareholders funds | 30         | (17)       |
| Opening equity shareholders funds                | 492        | 509        |
| <b>Closing equity shareholders funds</b>         | <b>522</b> | <b>492</b> |

# INEOS Fluor International Limited

## 13 Commitments

The company's annual commitments under non-cancellable operating leases are as follows

|                               | 2007<br>Land and<br>buildings<br>£'000 | 2006<br>Land and<br>buildings<br>£'000 |
|-------------------------------|--|--|
| Operating leases which expire |  |  |
| Within one year               | -                                      | 27                                     |
|                               | -                                      | 27                                     |

## 14 Contingent liabilities

The company is party to a Senior Facilities Agreement dated 14 December 2005 (as amended). The Senior Facilities Agreement comprises of term loans (Term Loan A, Term Loan B, Term Loan C and Term Loan D) and a Revolving Credit Facility. The total outstanding indebtedness under the Senior Facilities Agreement at 31 December 2007 was €5,020.2 million (2006 €5,440.5 million). The company is a guarantor under the Senior Facilities Agreement. These obligations are secured by fixed and floating charges over the assets of the company.

The company is party to the Senior Notes Indenture dated 7 February 2006 (as amended). The Senior Notes comprise the €1,630 million 7.875% Senior Notes Due 2016 and the \$700 million 8.5% Senior Notes Due 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2007 was €2,110.5 million (2006 €2,162.6 million). The company is a guarantor under the Senior Notes Indenture. These guarantees are on an unsecured senior subordinated basis.

## 15 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.

In the period to 18 October 2007 the partners of INEOS Capital Partners owned a controlling interest in INEOS Enterprises Limited. INEOS Enterprises Limited also had certain common directors with INEOS Group Limited. On 18 October 2007 INEOS Chlor Atlantik GmbH, a subsidiary of INEOS Enterprises Limited became an indirect subsidiary of INEOS Group Limited.

In the period to 18 October 2007 the company made purchases from INEOS Chlor Atlantik GmbH of €142,000 (2006 €173,000). At 31 December 2007 £Nil (2006 £9,000) was owed to INEOS Chlor Atlantik GmbH, as a related party.

# **INEOS Fluor International Limited**

## **16 Parent undertaking and controlling party**

The directors regard INEOS Fluor Holdings 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.