

INEOS Fluor International Limited
Annual report
for the year ended 31 December 2004

Registered Number 4110462



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for the year ended 31 December 2004
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INEOS Fluor International Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

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

Review of the business

At the end of 2003, the company decided to suspend its activities relating to the Flavours and Fragrances business. This business ceased in January 2004. The company continued to operate as an administration company in 2004.

Results and dividends

The company's loss before taxation for the financial year was £73,000 (2003: £726,000). The directors do not recommend payment of a dividend (2003: £Nil).

Directors and their interests

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

TP Crotty
R Bell
A Kaye
D Price
D Gekiere

D Gekiere resigned as director of the company on 31 March 2005.

R Bell and TP Crotty have an interest in the shares of the ultimate parent company, INEOS Group Limited, and their interests in the shares of that company are disclosed in the directors report of INEOS Investment Holdings (Fluor & Silicas) Limited and INEOS Holdings (Fluor and Silicas) Limited respectively.

D Gekiere and D Price have an interest in the shares of INEOS Group Limited, and their interests in the shares of that company are disclosed in the directors' report of INEOS Fluor Holdings Limited.

At 31 December 2004 and 31 December 2003 the interest of A Kaye in the 0.001p ordinary share capital of INEOS Group Limited was as follows:

"C" Tracker Shares	
Number of shares	16,543

Political and charitable contributions

The company made no political or charitable contributions during the year (2003: £Nil).

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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.

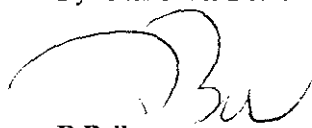
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have 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
29 April 2005

INEOS Fluor International Limited

Independent auditors' report to the members of Ineos Fluor International Limited

We have audited the financial statements which comprise the profit and loss account, 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
29 April 2005

INEOS Fluor International Limited

Profit and loss account for the year ended 31 December 2004

	Year ended 31 December 2004		Year ended 31 December 2003		
	Note	Total – continuing operations	Continuing operations	Discontinued operations	Total
		£'000	£'000	£'000	£'000
Turnover and gross profit		-	-	14	14
Selling and distribution		-	-	(1)	(1)
Administration income / (expenses)		14	8	(740)	(732)
Operating profit / (loss)	1	14	8	(727)	(719)
Interest receivable and similar income	4	3			-
Interest payable and similar charges	5	(90)			(7)
Loss on ordinary activities before taxation		(73)			(726)
Tax on loss on ordinary activities	6	245			(12)
Profit / (Loss) for the financial year	12	172			(738)

Discontinued operations in the year ended 31 December 2003 relates to the closure in January 2004 of the Flavours and Fragrances extraction business. All the activities of the company in 2004 relate to continuing activities.

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

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.

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Balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	7	60	70
		60	70
Current assets			
Debtors	8	31	345
Cash at bank and in hand		84	25
		115	370
Creditors - Amounts falling due within one year	9	(1,191)	(1,628)
Net current liabilities		(1,076)	(1,258)
Total assets less current liabilities		(1,016)	(1,188)
Creditors - Amounts falling due after more than one year	10	(100)	(100)
Net liabilities		(1,116)	(1,288)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(1,116)	(1,288)
Total shareholders' deficit	13	(1,116)	(1,288)

The financial statements on pages 4 to 12 were approved by the board of directors on 29 April 2005 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 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.

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.

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Notes to the financial statements for the year ended 31 December 2004

1 Operating profit / (loss)

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Operating profit / (loss) is stated after charging / (crediting):		
Amortisation of goodwill	10	10
Rentals payable under operating leases:		
- Other	32	24
Cost recoveries	(724)	(1,074)

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 2004 (2003: £Nil).

3 Staff number and costs

The average number of persons employed by the company (excluding directors) during the year was 6 (2003: 6).

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Wages and salaries	173	178
Social security costs	41	46
Pension costs	96	13
Other	5	6
	315	243

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4 Interest receivable and similar income

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Exchange gains	3	-

5 Interest payable and similar charges

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Loan with group undertaking	90	7

6 Tax on loss on ordinary activities

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Current tax		
Group relief receivable from group companies at 30%		
- current year	(19)	(215)
- adjustments in respect of prior periods	(226)	227
Total tax	(245)	12

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6 Tax on loss on ordinary activities (continued)

	2004 £'000	2003 £'000
Loss on ordinary activities before taxation	(73)	(726)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(22)	(218)
Effects of:		
Expenses not deductible for tax purposes	3	3
Adjustments in respect of prior periods	(226)	227
Current tax (credit) / charge for the year	(245)	12

There are no factors expected to significantly affect the tax charge in future periods. Deferred tax assets of £Nil (2003: £227,000) have not been recognised, as they are not expected to be recoverable. These relate to tax losses of £Nil (2003: £757,000).

7 Goodwill

	£'000
Cost	
At 1 January 2004 and 31 December 2004	100
Amortisation	
At 1 January 2004	30
Amortisation in the period	10
At 31 December 2004	40
Net book amount	
At 31 December 2004	60
At 31 December 2003	70

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.

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8 Debtors

	2004	2003
	£'000	£'000
Trade debtors	31	-
Amounts due from group undertakings	-	345
	31	345

9 Creditors – Amounts falling due within one year

	2004	2003
	£'000	£'000
Trade creditors	8	18
Amounts due to group undertakings	1,183	1,610
	1,191	1,628

10 Creditors – Amounts falling due after more than one year

	2004	2003
	£'000	£'000
Amounts due to group undertakings	100	100

11 Equity share capital

	2004	2003
	£	£
Authorised		
1,000 ordinary shares of £1	1,000	1,000
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

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12 Reserves

	Profit and loss account
	£'000
At 1 January 2004	(1,288)
Profit for the financial year	172
At 31 December 2004	(1,116)

13 Reconciliation of movements in equity shareholders' deficit for the year ended 31 December 2004

	2004	2003
	£'000	£'000
Profit / (Loss) for financial year	172	(738)
Net addition / (deduction) from shareholders' deficit	172	(738)
Opening equity shareholders' deficit	(1,288)	(550)
Closing equity shareholders' deficit	(1,116)	(1,288)

14 Commitments

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

	2004 Land and buildings £'000	2003 Land and buildings £'000
<i>Operating leases which expire:</i>		
Within one year	-	12
In the second to fifth years inclusive	42	-
	42	12

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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 2004 was €429.1 million (2003: €515.6 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.

The partners of INEOS Capital Partners own a controlling interest in the share capital of INEOS Group Limited, the company's ultimate parent company. The partners of INEOS Capital Partners own a controlling interest in INEOS Chlor Group Limited. INEOS Chlor Group Limited also has certain common directors with INEOS Group Limited. The company made purchases from INEOS Chlor Atlantik GmbH, a subsidiary of INEOS Chlor Group Limited of €155,000. At 31 December 2004 £9,000 was owed to INEOS Chlor Atlantik GmbH (included within trade creditors).

17 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.