

INEOS Paraform Limited *020305*

Annual report for the year ended 31 December 2011

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# **INEOS Paraform Limited**

## **INEOS Paraform Limited**

### **Annual report for the year ended 31 December 2011**

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# **INEOS Paraform Limited**

## **Directors' report for the year ended 31 December 2011**

INEOS Paraform Limited – registered number 4482032

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

### **Principal activities**

The principal activity of the company is to act as an intermediate non-trading parent company to INEOS Paraform GmbH & Co KG

Given the non-trading purpose of this entity we would like to refer to the director's report of INEOS Paraform Holdings Limited (registered number 5293217), being the sole shareholder of INEOS Paraform Limited. Any other comments and disclosures in the director's report of INEOS Paraform Holdings Limited also apply to INEOS Paraform Limited

### **Results and dividends**

The results for the financial year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend for the business year 2011 (2010: €925,000)

### **Review of business**

The directors are satisfied with the performance of the company during the year and anticipate a similar financial performance in 2012

### **Principal risks and uncertainties**

The directors are confident that the company is structured and positioned in a manner that will enable it to meet the demands of its markets and business environment. The entity acts as a holding company for the German entities and has no other operational business.

The group is embedded in the risk management system of the global INEOS group. Executive Committee Meetings take place on a regular basis, approximately six times per year, in which all aspects of business performance and all major decisions are discussed and agreed.

Insurances are in place to mitigate financial disadvantages from potential liabilities and damages. The insurance cover is reviewed on an annual basis. The main risks are covered by INEOS group policies (see INEOS Group Holdings SA consolidated financial statements).

To avoid losses from customer insolvencies, exports and overseas sales are secured by prepayments or letters of credit.

The group complied with the new European chemical legislation REACH by registering all substances affected before end of the given deadline in 2011.

### **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.

# INEOS Paraform Limited

The exposure of the group to foreign exchange risks is limited. Approximately 90 percent of the group's revenue is realised in Euro denominated regions and all main feedstock purchases are on a Euro basis. Exports to non Euro regions are, on a case by case basis, evaluated with respect to profitability.

## Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

## Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Mr G W Leask

Mr W Haenel

Mr P S Williams

## Statement of directors' responsibilities

The directors are responsible for preparing the 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 Paraform Limited

## **Disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director 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 September 2012

# **INEOS Paraform Limited**

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

We have audited the financial statements of INEOS Paraform Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. 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 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 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 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 2011 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

### **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.

## **INEOS Paraform Limited**

### **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*

**Michael Jeffrey (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
26 September 2012

## INEOS Paraform Limited

### Profit and loss account for the year ended 31 December 2011

|  | Note | 2011<br>€'000 | 2010<br>€'000 |
|--|------|---------------|---------------|
| <b>Turnover</b>                                      | 2    | <b>370</b>    | 248           |
| Administrative expenses                              | 3    | (384)         | (267)         |
| <b>Operating loss</b>                                | 4    | <b>(14)</b>   | (19)          |
| Income from fixed asset investments                  | 5    | 1,452         | 1,816         |
| Interest receivable and similar income               | 6    | 24            | -             |
| Interest payable and similar charges                 | 7    | (207)         | (228)         |
| <b>Profit on ordinary activities before taxation</b> |      | <b>1,255</b>  | 1,569         |
| Tax on profit on ordinary activities                 | 8    | (295)         | (349)         |
| <b>Profit for the financial year</b>                 | 15   | <b>960</b>    | 1,220         |

All results relate to continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

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

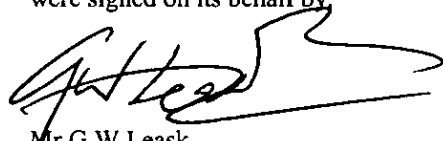


# INEOS Paraform Limited

## Balance sheet as at 31 December 2011

|   | Note | 2011<br>€'000  | 2010<br>€'000  |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Investments   | 5    | 10,912         | 10,912         |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 10   | 2,285          | 2,201          |
| Cash at bank and in hand                              |      | 242            | 172            |
|   |      | <b>2,527</b>   | <b>2,373</b>   |
| <b>Creditors: amounts falling due within one year</b> | 11   | <b>(5,019)</b> | <b>(5,825)</b> |
| <b>Net current liabilities</b>                        |      | <b>(2,492)</b> | <b>(3,452)</b> |
| <b>Total assets less current liabilities</b>          |      | <b>8,420</b>   | <b>7,460</b>   |
| <b>Net assets</b>                                     |      | <b>8,420</b>   | <b>7,460</b>   |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up share capital                               | 13   | -              | -              |
| Share premium account                                 | 14   | 3,350          | 3,350          |
| Profit and loss account                               | 15   | 5,070          | 4,110          |
| <b>Total shareholders' funds</b>                      | 16   | <b>8,420</b>   | <b>7,460</b>   |

The financial statements on pages 6 to 16 were approved by the board of directors on 26 September 2012 and were signed on its behalf by



Mr G W Leask  
Director

# INEOS Paraform Limited

## Statement of accounting policies

### **Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. As there are net current liabilities, the parent company INEOS Paraform Holdings Limited has provided written confirmation to the directors of its intent to continue to support the company. The principal accounting policies, which have been applied consistently, are set out below.

These financial statements contain information about INEOS Paraform Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, INEOS Paraform Holdings Limited, a company incorporated in England and Wales.

### **Cash flow statement**

The company is a wholly owned subsidiary of INEOS Paraform Holdings Limited and its results are included in the consolidated financial statements of its parent company, which are publicly available. 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) 'Cash flow statements'.

### **Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by INEOS Paraform Holdings Limited, whose accounts are publicly available.

### **Turnover**

Turnover represents the invoiced value of services provided to inter-company parties. Revenue is recognised at the point the service is 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.

### **Current taxation**

Corporation tax is payable on taxable profits at the current rate.

### **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 or events 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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

## **INEOS Paraform Limited**

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 or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

### **Foreign currencies**

The functional currency of INEOS Paraform Limited is the local currency of its principal operating environment. The primary products of the company's principal subsidiary are sold in international commodities market prices and invoiced primarily in Euros, therefore the Euro is the company's functional currency.

Transactions are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the closing rate of the period. All translation gains and losses on the settlement of monetary assets and liabilities are included in the determination of profit for the financial year.

### **Debt issue costs**

Debt issue costs arising from external financing arrangements are capitalised and amortised over the term of the financing instrument.

# INEOS Paraform Limited

## Notes to the financial statements for the year ended 31 December 2011

### 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 2011 was €1,197 / £1 (2010 €1,174 / £1)

### 2 Turnover

Turnover represents management charges to subsidiary companies. All turnover relates to activities in the UK

### 3 Administrative expenses

|                            | 2011       | 2010       |
|----------------------------|------------|------------|
|                            | €'000      | €'000      |
| Materials and inspections  | 20         | 23         |
| Inter-company advisory fee | 370        | 248        |
| Other operating expense    | -          | 7          |
| Exchange rate losses       | (6)        | (11)       |
|                            | <b>384</b> | <b>267</b> |

### 4 Operating loss

Operating loss is stated after charging the following

|  | 2011  | 2010  |
|--|-------|-------|
|  | €'000 | €'000 |
| Auditors remuneration  |       |       |
| - fees payable to the company's auditors for the audit of the financial statements | 15    | 15    |

# INEOS Paraform Limited

## 5 Fixed asset investments

|                               | Investments<br>in subsidiary<br>undertakings<br>€'000 |
|-------------------------------|---|
| <b>Cost</b>                   |   |
| At 1 January 2011             | 10,912  |
| Addition                      | -   |
| <b>At 31 December 2011</b>    | <b>10,912</b>   |
| <b>Accumulated impairment</b> |   |
| At 1 January 2011             | -   |
| Provision for impairment      | -   |
| <b>At 31 December 2011</b>    | <b>-</b>  |
| <b>Net book value</b>         |   |
| <b>At 31 December 2011</b>    | <b>10,912</b>   |
| At 31 December 2010           | 10,912  |

The following information relates to the subsidiary undertakings of the company

|  | Country of<br>registration<br>and<br>operation | Principal<br>activity                   | Percentage<br>holding<br>(ordinary<br>shares) |
|--|--|---|---|
| INEOS Paraform GmbH & Co KG              | Germany  | Manufacture<br>and sale of<br>chemicals | 90%   |
| INEOS Paraform Beteiligungs GmbH & Co KG | Germany  | Holding<br>partnership                  | 100%  |

The remaining 10% of the shares in INEOS Paraform GmbH & Co KG is held by INEOS Paraform Beteiligungs GmbH & Co KG

The unlimited partner of both partnerships mentioned in the above table is INEOS Paraform Verwaltungs GmbH which holds one share in each of the companies at a zero value

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

# INEOS Paraform Limited

## 5 Fixed asset investments (continued)

|                                     | 2011<br>€'000 | 2010<br>€'000 |
|-------------------------------------|---------------|---------------|
| Income from fixed asset investments | 1,452         | 1,816         |

## 6 Interest receivable and similar income

|   | 2011<br>€'000 | 2010<br>€'000 |
|---|---------------|---------------|
| Interest receivable from group undertakings | 24            | -             |

## 7 Interest payable and similar charges

|  | 2011<br>€'000 | 2010<br>€'000 |
|--|---------------|---------------|
| Interest payable on bank loans         | -             | 11            |
| Interest payable to group undertakings | 207           | 200           |
| Amortisation of debt issue costs       | -             | 17            |
|  | 207           | 228           |

## 8 Tax on profit on ordinary activities

The taxation charge for the year comprises

|   | 2011<br>€'000 | 2010<br>€'000 |
|---|---------------|---------------|
| <b>Current tax</b>                        |               |               |
| UK corporation tax on profits of the year | 328           | 484           |
| Double taxation relief                    | (328)         | (484)         |
| Adjustment in respect of prior years      | -             | (86)          |
| <b>Foreign tax</b>                        |               |               |
| Foreign tax at 21% (2010 21%)             | 271           | 431           |
| Adjustments in respect of prior years     | 24            | 4             |
| Tax on profit on ordinary activities      | 295           | 349           |

# INEOS Paraform Limited

## 8 Tax on profit on ordinary activities (continued)

The tax for the year is lower (2010 lower ) than the standard rate of corporation tax in the UK of 26.5% (2010 28%) The differences are explained below

|   | 2011         | 2010         |
|---|--------------|--------------|
|   | €'000        | €'000        |
| <b>Profit on ordinary activities before taxation</b>  | <b>1,255</b> | <b>1,569</b> |
| Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%) | 333          | 439          |
| Adjustments in respect of prior years   | 24           | (82)         |
| Capital allowances in excess of depreciation  | (5)          | 45           |
| Double taxation relief  | (57)         | (53)         |
| <b>Tax charge for the year</b>  | <b>295</b>   | <b>349</b>   |

### Factors affecting future tax charges

No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. A further reduction in this corporation tax rate effective on 1 April 2012 from 26% to 25% was substantively enacted on 5 July 2011. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 26.49% and deferred taxation has been calculated based on a rate of 25%.

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. Changes to the corporation tax rate on 1 April 2012, substantively enacted on 26 March 2012, will reduce to 24%, a 1% reduction from the rate substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions of the main rate of corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year.

## 9 Employees and directors

INEOS Paraform Limited had no employees during 2011 (2010 none) apart from the directors.

The directors did not receive any emoluments in respect of their services to the company (2010 €nil).

# INEOS Paraform Limited

## 10 Debtors

|                                    | 2011         | 2010         |
|------------------------------------|--------------|--------------|
|                                    | €'000        | €'000        |
| Amounts owed by group undertakings | 2,279        | 2,134        |
| Other debtors                      | 6            | 67           |
|                                    | <b>2,285</b> | <b>2,201</b> |

## 11 Creditors: amounts falling due within one year

|                                    | 2011         | 2010         |
|------------------------------------|--------------|--------------|
|                                    | €'000        | €'000        |
| Trade creditors                    | 115          | 43           |
| Amounts owed to group undertakings | 4,215        | 5,280        |
| Corporation tax                    | 674          | 487          |
| Accruals and deferred income       | 15           | 15           |
|                                    | <b>5,019</b> | <b>5,825</b> |

## 12 Dividends

### Dividends

The following dividends were recognised during the year

|  | 2011  | 2010  |
|--|-------|-------|
|  | €'000 | €'000 |
| €nil (2010 €92 41) per qualifying ordinary share | -     | 925   |

The directors have not proposed a final ordinary dividend in respect of the current or prior financial year



# INEOS Paraform Limited

## 13 Called up share capital

|                                    | 2011  | 2010  |
|------------------------------------|-------|-------|
|                                    | €'000 | €'000 |
| <b>Authorised</b>                  |       |       |
| 100,010 ordinary shares of 1p each | 1     | 1     |

|                                   | 2011  | 2010  |
|-----------------------------------|-------|-------|
|                                   | €'000 | €'000 |
| <b>Allotted and fully paid</b>    |       |       |
| 10,010 ordinary shares of 1p each | -     | -     |

## 14 Share premium account

|   | €'000        |
|---|--------------|
| <b>At 1 January 2011 and 31 December 2011</b> | <b>3,350</b> |

## 15 Profit and loss account

|                               | €'000        |
|-------------------------------|--------------|
| At 1 January 2011             | 4,110        |
| Profit for the financial year | 960          |
| <b>At 31 December 2011</b>    | <b>5,070</b> |

# INEOS Paraform Limited

## 16 Reconciliation of movements in shareholders' funds

|                               | 2011<br>€'000 | 2010<br>€'000 |
|-------------------------------|---------------|---------------|
| Profit for the financial year | 960           | 1,220         |
| Dividends                     | -             | (925)         |
| Opening shareholders' funds   | 7,460         | 7,165         |
| Closing shareholders' funds   | 8,420         | 7,460         |

## 17 Ultimate parent undertaking and controlling party

These accounts are consolidated into the INEOS Paraform Holdings Limited accounts, the company's immediate parent undertaking

INEOS Paraform Holdings Limited and its subsidiary undertakings is the smallest and largest group to consolidate the financial statements of the company

The consolidated group accounts of INEOS Paraform Holdings Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG

The directors regard Mr JA Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS AG