

Ineos Group Holdings plc
Interim accounts
for the six months ended 30 June 2007

Registered Number 4215862

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for the six months ended 30 June 2007
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Profit and loss account for the six months ended 30 June 2007

	Note	2007 €'000	2006 €'000
Income from group undertakings		25,000	125,000
Interest receivable and similar income	2	94,313	75,325
Interest payable and similar charges	3	(88,059)	(75,325)
Profit on ordinary activities before taxation		31,254	125,000
Tax on profit on ordinary activities	4	(1,876)	-
Retained profit for the financial period	11	29,378	125,000

All activities of the company relate to continuing operations

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Balance sheet as at 30 June 2007

	Note	30 June 2007 €'000	31 December 2006 €'000
Fixed assets			
Investments	5	17,642	17,642
Current assets			
Debtors amounts due within one year	6	103,402	71,711
Debtors amounts due after more than one year	6	2,385,975	2,399,578
Cash at bank and in hand		31	31
		2,489,408	2,471,320
Creditors – Amounts falling due within one year	7	(94,585)	(93,178)
Net current assets		2,394,823	2,378,142
Total assets less current liabilities		2,412,465	2,395,784
Creditors – Amounts falling due after more than one year	8	(2,299,866)	(2,312,562)
Net assets		112,599	83,221
Capital and reserves			
Called up share capital	9	17,642	17,642
Share premium	10	51,129	51,129
Profit and loss account	11	43,828	14,450
Equity shareholders' funds		112,599	83,221

The financial statements on pages 4 to 13 were approved by the board of directors on 26 July 2007 and were signed on its behalf by


J Reece

Director

Ineos Group Holdings plc

Accounting policies

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

Investments

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

Foreign currencies

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 for the period. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

Cash flow and related party transactions

The company is the wholly owned subsidiary of Ineos Intermediate Holdings Limited and is included in the consolidated financial statements of Ineos Group Limited. 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). The company is also exempt under the terms of Financial Reporting Standard Number 8 from disclosing related party transactions with entities that are part of the Ineos Group Limited group.

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Notes to the financial statements for the six month period ended 30 June 2007

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 30 June 2007 was €1 48721 to £1 (31 December 2006 €1 49098 to £1)

2 Interest receivable and similar income

	2007 €'000	2006 €'000
Interest receivable from group undertakings	94,313	75,325

3 Interest payable and similar charges

	2007 €'000	2006 €'000
Interest payable on Senior Notes	88,059	75,325
Interest payable on bank loans and overdrafts	-	-
	88,059	75,325

4 Taxation

Analysis of tax charge

	2007 €'000	2006 €'000
Group relief payable to other group companies at 30%	1,876	-
Adjustments in respect of previous periods	-	-
	1,876	-

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5 Fixed asset investments

	30 June 2007	31 December 2006
	€'000	€'000
Investment in subsidiary undertakings	17,642	17,642

Interests in group undertakings

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length

The following information relates to the principal subsidiary undertakings of the Company

Company	Country of incorporation and operation	Percentage holding	Principal activity
Ineos Holdings Limited*	England	100%	Holding Company
Ineos US Finance LLC	US	100%	Finance
Ineos Industrial Investment Limited	England	100%	Finance
Ineos Oxide Limited	England	100%	Chemicals
Ineos NV	Belgium	100%	Chemicals
Ineos Belgium NV	Belgium	100%	Chemicals
Ineos Italia Srl	Italy	100%	Chemicals
Ineos Partners DGP	US	100%	Holding Company
Ineos Phenol Limited	England	100%	Holding Company
Ineos Phenol Verwaltungsgesellschaft mbH	Germany	100%	Chemicals
Ineos Phenol GmbH & Co KG	Germany	100%	Chemicals
Ineos Investment Holdings (Fluor & Silicas) Limited	England	100%	Holding Company
Ineos Intermediate Holdings (Fluor & Silicas)	England	100%	Holding Company
Ineos Holdings (Fluor & Silicas) Limited	England	100%	Holding Company
Ineos Fluor Holdings Limited	England	100%	Holding Company
Ineos Fluor Limited	England	100%	Chemicals
Ineos Fluor Japan Limited	Japan	100%	Chemicals
IFJ Korea Limited	Korea	100%	Chemicals
Ineos Fluor Canada Inc	Canada	100%	Chemicals
Ineos Fluor Americas LLC	US	100%	Chemicals
Ineos Silicas Holding Limited	England	100%	Holding Company

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Company	Country of incorporation and operation	Percentage holding	Principal activity
Ineos Silicas Limited	England	100%	Chemicals
Ineos Silicas Netherlands BV	Holland	100%	Chemicals
Ineos Silicas Sales and Distribution BV	Holland	100%	Chemicals
Ineos Silicas South Africa Pty Limited	South Africa	100%	Chemicals
PT Ineos Silicas Indonesia	Indonesia	100%	Chemicals
Ineos Brazil Limitada	Brazil	100%	Chemicals
Ineos Healthcare Limited	England	100%	Healthcare
Ineos US Holding Company II LLC	US	100%	Holding Company
Ineos US Intermediate Holding Company LLC	US	100%	Holding Company
Ineos Americas LLC	US	100%	Chemicals
Ineos US Investment Holding Company LLC	US	100%	Holding Company
Ineos European Holdings Limited	England	100%	Holding Company
Ineos Belgium Holdco NV	Belgium	100%	Holding Company
Ineos Solutions NV	Belgium	100%	Chemicals
Ineos Manufacturing Deutschland GmbH	Germany	100%	Chemicals
Ineos Köln GmbH	Germany	100%	Chemicals
Ineos Marketing Support Limited	England	100%	Chemicals
Ineos France SAS	France	100%	Chemicals
Ineos Europe Limited	England	100%	Chemicals
Ineos Manufacturing Belgium NV	Belgium	100%	Chemicals
Ineos Feluy SPRL	Belgium	100%	Chemicals
Ineos Manufacturing Scotland Limited	Scotland	100%	Chemicals
Ineos Sales Belgium NV	Belgium	100%	Chemicals
Ineos Sales Italia s r l	Italy	100%	Chemicals
Ineos Manufacturing France SAS	France	100%	Chemicals
Ineos Manufacturing Italia s p a	Italy	100%	Chemicals
Ineos Services Belgium NV	Belgium	100%	Chemicals
Ineos Melamines GmbH	Germany	100%	Chemicals
Ineos Deutschland GmbH	Germany	100%	Holding Company
Ineos LLC	US	100%	Holding Company
Ineos Holdings Company LLC	US	100%	Holding Company
Ineos USA LLC	US	100%	Chemicals
Ineos Polymers Inc	US	100%	Chemicals

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Company	Country of incorporation and operation	Percentage holding	Principal activity
Ineos Canada Company	Canada	100%	Chemicals
Ineos Canada Partnership	Canada	100%	Chemicals
Ineos Canada Investment Company	Canada	100%	Holding Company
Ineos Chlor Newco 3 Limited	England	100%	Holding Company
Ineos Chlor Limited	England	100%	Chemicals
Ineos Vinyls Group Limited	England	100%	Holding Company
Ineos Vinyls Limited	England	100%	Holding Company
Ineos Vinyls Finance plc	England	100%	Finance
Ineos Vinyls UK Limited	England	100%	Chemicals
Ineos Vinyls Belgium SA/NV	Belgium	100%	Chemicals
Ineos Vinyls Deutschland GmbH	Germany	100%	Chemicals
Ineos Vinyls Sales GmbH	Germany	100%	Chemicals
Ineos Compounds UK Limited	England	100%	Chemicals
Ineos Compounds Switzerland AG	Switzerland	100%	Chemicals
Ineos Compounds Italia s r l	Italy	100%	Chemicals
Ineos Films s p a	Italy	100%	Chemicals
Ineos Films Italia s r l	Italy	100%	Chemicals
Ineos Films Inc	US	100%	Chemicals
Ineos Films GmbH	Germany	100%	Chemicals
Ineos Films Staufen GmbH	Germany	100%	Chemicals
Caprihans India Limited	India	59%	Chemicals

* Held directly by the Company

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6 Debtors

	30 June 2007 €'000	31 December 2006 €'000
Amounts falling due within one year		
Other debtors	-	2
Amounts due from group undertakings	103,402	71,709
	103,402	71,711
Amounts falling due after more than one year		
Amounts due from group undertakings	2,385,975	2,399,578

7 Creditors – Amounts falling due within one year

	30 June 2007 €'000	31 December 2006 €'000
Accruals	67,103	67,041
Amounts due to group undertakings	27,482	26,137
	94,585	93,178

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8 Creditors – Amounts falling due after more than one year

	30 June 2007 €'000	31 December 2006 €'000
Amounts due to group undertakings	150,000	150,000
Senior Notes	2,149,866	2,162,562
	2,299,866	2,312,562

Senior Notes

On February 7, 2006, the Company issued €1,750 million 7.875% Senior Notes due 2016 (the 'Euro Notes') and \$750 million 8.5% Senior Notes due 2016 (the 'Dollar Notes') pursuant to a private offering. The Senior Notes were subsequently listed on the Luxembourg Stock Exchange on April 13, 2006.

On 21 July 2006 the Company completed the repurchase of €120 million of the €1,750 million 7.875% Senior Notes Due 2016 and \$50 million of the \$750 million 8.5% Senior Notes Due 2016. The repurchased Senior Notes have now been cancelled.

The Senior Notes bear interest at 7.875% per annum for the Euro Notes and 8.5% for the Dollar Notes, payable semi-annually in arrears on February 15 and August 15 of each year. Unless previously redeemed as noted below, the Senior Notes will be redeemed by the Company at their principal amount on February 15, 2016.

The Senior Notes will be subject to redemption at any time on or after February 15, 2011, at the option of the Company, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning February 15 of the years indicated below:

Year	Euro Notes Redemption Price	Dollar Notes Redemption Price
2011	103.938%	104.250%
2012	102.625%	102.833%
2013	101.313%	101.417%
2014 and thereafter	100.000%	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Notes are secured by junior pledges of all of the shares of Ineos Holdings Limited. The Senior Notes are guaranteed by Ineos Holdings Limited and its material operating subsidiaries on an unsecured senior subordinated basis. Such guarantees only become due 179 days after an event of default on the Senior Notes has occurred or earlier under certain circumstances.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

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9 Share capital

	30 June 2007 €'000	31 December 2006 €'000
Authorised, allotted, issued and fully paid		
Equity		
11,500,231 ordinary shares of £1 each	17,642	17,642

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

10 Share premium

	30 June 2007 €'000	31 December 2006 €'000
At 30 June 2007	51,129	51,129

11 Profit and loss account

	€'000
At 1 January 2007	14,450
Profit for the financial period	29,378
At 30 June 2007	43,828

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12 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Ineos Intermediate Holdings Limited, a company incorporated in England and Wales

The ultimate parent undertaking is Ineos Group Limited, a company registered in England and Wales. Copies of the accounts of Ineos Group Limited can be obtained from The Company Secretary, Ineos Group Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG

The ultimate controlling party is Mr J A Ratchliffe, director and majority shareholder in the ultimate parent undertaking, Ineos Group Limited