

Ineos Group Holdings plc
Interim accounts
for the five months ended 31 May 2006

Registered Number 4215862



Ineos Group Holdings plc

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for the five months ended 31 May 2006

Contents

Profit and loss account for the five months ended 31 May 2006	3
Balance sheet as at 31 May 2006	4
Accounting policies	5
Notes to the financial statements for the five month period ended 31 May 2006	6

Ineos Group Holdings plc

Profit and loss account for the five months ended 31 May 2006

	Note	2006 €'000	2005 €'000
Income from group undertakings		125,000	-
Operating profit		125,000	-
Interest receivable and similar income	2	59,718	15,318
Interest payable and similar charges	3	(59,718)	(11,375)
Profit on ordinary activities before taxation		125,000	3,943
Tax on profit on ordinary activities	4	-	(1,182)
Retained profit for the financial period	11	125,000	2,761

All activities of the company relate to continuing operations.

Ineos Group Holdings plc

Balance sheet as at 31 May 2006

	Note	31 May 2006 €'000	31 December 2005 €'000
Fixed assets			
Investments	5	17,642	17,642
Current assets			
Debtors: amounts due within one year	6	184,341	558
Debtors: amounts due after more than one year	6	2,410,890	78,975
Cash at bank and in hand		31	31
		2,595,262	79,564
Creditors – Amounts falling due within one year	7	(102,599)	(43,815)
Net current assets		2,492,663	35,749
Total assets less current liabilities		2,510,305	53,391
Creditors – Amounts falling due after more than one year	8	(2,331,914)	-
Net assets		178,391	53,391
Capital and reserves			
Called up share capital	9	17,642	17,642
Share premium	10	51,129	51,129
Profit and loss account	11	109,620	(15,380)
Equity shareholders' funds		178,391	53,391

The financial statements on pages 4 to 13 were approved by the board of directors on 23 June 2006 and were signed on its behalf by:



J Reece

Director

Ineos Group Holdings plc

Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

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 owed 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.

Ineos Group Holdings plc

Notes to the financial statements for the five month period ended 31 May 2006

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 May 2006 was €1.4631 to £1 (31 December 2005: €1.45709 to £1).

2 Interest receivable and similar income

	2006	2005
	€'000	€'000
Interest receivable from group undertakings	59,718	15,318

3 Interest payable and similar charges

	2004	2005
	€'000	€'000
Interest payable on Senior Notes	59,718	11,375
Interest payable on bank loans and overdrafts	-	-
	59,718	11,375

4 Taxation

Analysis of tax charge:

	2004	2003
	€'000	€'000
Group relief payable to other group companies at 30%	-	1,182
Adjustments in respect of previous periods	-	-
	-	1,182

Ineos Group Holdings plc

5 Fixed asset investments

	2004	2003
	€'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
Ineos US Finance LLC	US	100%	Finance
Ineos Industrial Investments 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	US	100%	Holding
Ineos Phenol Limited	England	100%	Holding
Ineos Phenol Verwaltungsgesellschaft mbH	Germany	100%	Chemicals

Ineos Group Holdings plc

5 Fixed asset investments (continued)

Company	Country of incorporation and operation	Percentage holding	Principal activity
Ineos Phenol GmbH & Co KG	Germany	100%	Chemicals
Ineos Investment Holdings (Fluor & Silicas) Limited	England	100%	Holding
Ineos Intermediate Holdings (Fluor & Silicas) Limited	England	100%	Holding
Ineos Holdings (Fluor & Silicas) Limited	England	100%	Holding
Ineos Fluor Holdings Limited	England	100%	Holding
Ineos Fluor Limited	England	100%	Chemicals
<i>Ineos Fluor Japan Limited</i>	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
Ineos Silicas Limited	England	100%	Chemicals
Ineos Silicas International Limited	England	100%	Chemicals
Ineos Silicas Netherlands BV	Holland	100%	Chemicals
Ineos Silicas Sales and Distribution BV	Holland	100%	Chemicals
<i>Ineos Silicas South Africa Pty Limited</i>	South Africa	100%	Chemicals
<i>PT Ineos Silicas Indonesia</i>	Indonesia	100%	Chemicals
Ineos Brazil Limitada	Brazil	100%	Chemicals
Ineos Silicas Healthcare Limited	England	100%	Healthcare
Ineos US Holding Company II LLC	US	100%	Holding
Ineos US Intermediate Holding Company LLC	US	100%	Holding
Ineos Americas LLC	US	100%	Chemicals
Ineos US Investment Holding Company LLC	US	100%	Holding
Innovene European Holdings Limited	England	100%	Holding
O & D Belgium Holdco NV	Belgium	100%	Holding
<i>Innovene Solutions NV</i>	Belgium	100%	Chemicals
Innovene Manufacturing Deutschland GmbH	Germany	100%	Chemicals
Innovene Deutschland GmbH	Germany	100%	Chemicals

Ineos Group Holdings plc

5 Fixed asset investments (continued)

Company	Country of incorporation and operation	Percentage holding	Principal activity
Innovene Marketing Support Limited	England	100%	Chemicals
Innovene France SAS	France	100%	Chemicals
Innovene Europe Limited	England	100%	Chemicals
Innovene Manufacturing Belgium NV	Belgium	100%	Chemicals
Innovene Feluy SPRL	Belgium	100%	Chemicals
Innovene Manufacturing Scotland Limited	Scotland	100%	Chemicals
Innovene Belgium NV	Belgium	100%	Chemicals
Innovene Italia s.r.l.	Italy	100%	Chemicals
Innovene Manufacturing France SAS	France	100%	Chemicals
Innovene Manufacturing Italia S.p.a.	Italy	100%	Chemicals
Innovene Services Belgium NV	Belgium	100%	Chemicals
Ineos Deutschland GmbH	Germany	100%	Holding
Ineos Melamines GmbH	Germany	100%	Chemicals
Innovene LLC	US	100%	Holding
Innovene Holdings Company LLC	US	100%	Holding
Innovene USA LLC	US	100%	Chemicals
Innovene Polymers Inc	US	100%	Chemicals
Innovene Canada Company	Canada	100%	Chemicals
Innovene Canada Partnership	Canada	100%	Chemicals
Innovene Canada Investment Company	Canada	100%	Holding

* Held directly by the Company

Ineos Group Holdings plc

6 Debtors

	31 May 2006 €'000	31 December 2005 €'000
Amounts falling due within one year		
Other debtors	2	2
Amounts due from group undertakings	184,399	556
	182,341	558
Amounts falling due after more than one year		
Amounts due from group undertakings	2,410,890	78,975

7 Creditors – Amounts falling due within one year

	31 May 2006 €'000	31 December 2005 €'000
Accruals	58,784	-
Amounts due to group undertakings	43,815	43,815
	102,599	43,815

Ineos Group Holdings plc

8 Creditors – Amounts falling due after more than one year

	31 May 2006 €'000	31 December 2005 €'000
Senior Notes	2,331,914	-

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.

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.

Ineos Group Holdings plc

9 Share capital

	31 May 2006 €'000	31 December 2005 €'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

	31 May 2006 €'000	31 December 2005 €'000
At 31 May 2006	51,129	51,129

11 Profit and loss account

	€'000
At 1 January 2006	(15,380)
Profit for the financial period	125,000
At 31 May 2006	109,620

Ineos Group Holdings plc

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 Ratcliffe, director and majority shareholder in the ultimate parent undertaking, Ineos Group Limited.