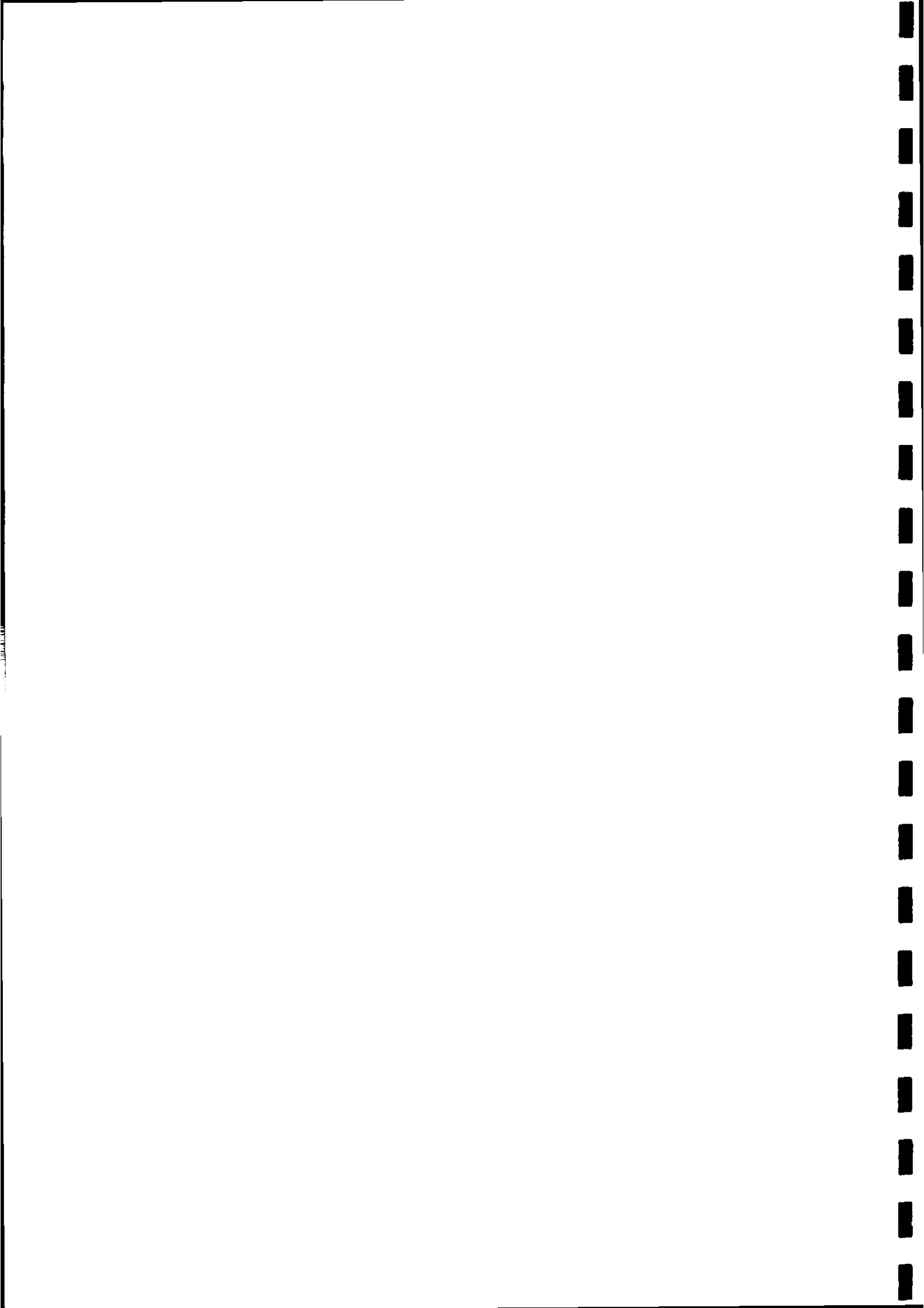


Ineos US Finance Company Limited  
Annual report  
for the year ended 31 December 2002

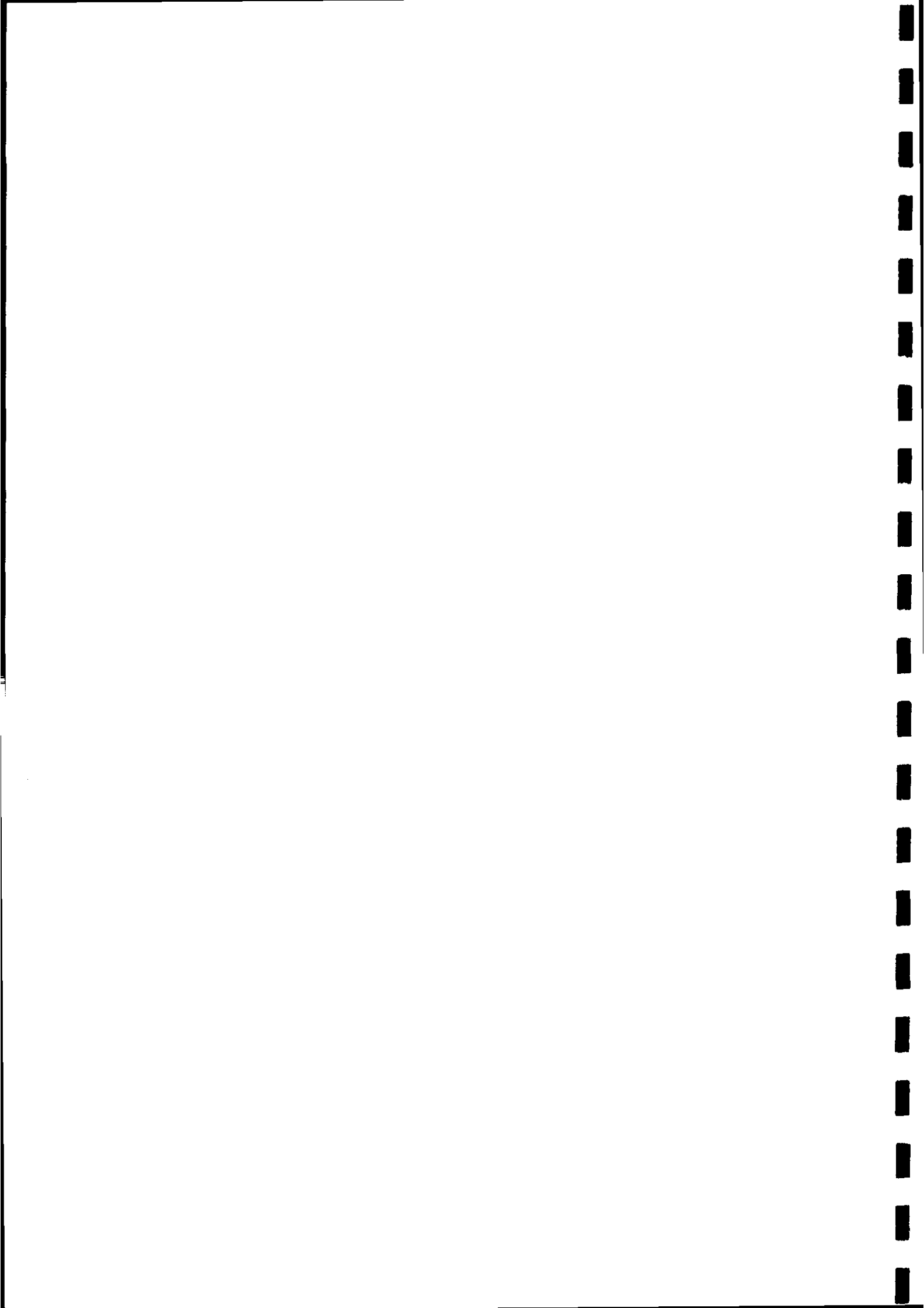
Registered Number 4105198





Ineos US Finance Company Limited  
Annual report  
for the year ended 31 December 2002  
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# Ineos US Finance Company Limited

## Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

### Principal activities

The principal activity of the Company is the financing of the group acquisitions for the Ineos Group. The directors do not expect any change in the company's activities during the next financial period.

### Review of the business

The company was incorporated on 6 November 2000. The comparative period in the financial statements is therefore for the period from incorporation until 31 December 2001.

### Results and dividends

The results of the Company are set out in the profit and loss account on page 4 which shows a profit on ordinary activities after taxation of \$nil (2001: \$nil). The directors do not recommend the payment of a dividend.

### Directors and their interests

The directors who held office during the period are given below:

Mr A Verrijckt

Mr J Reece

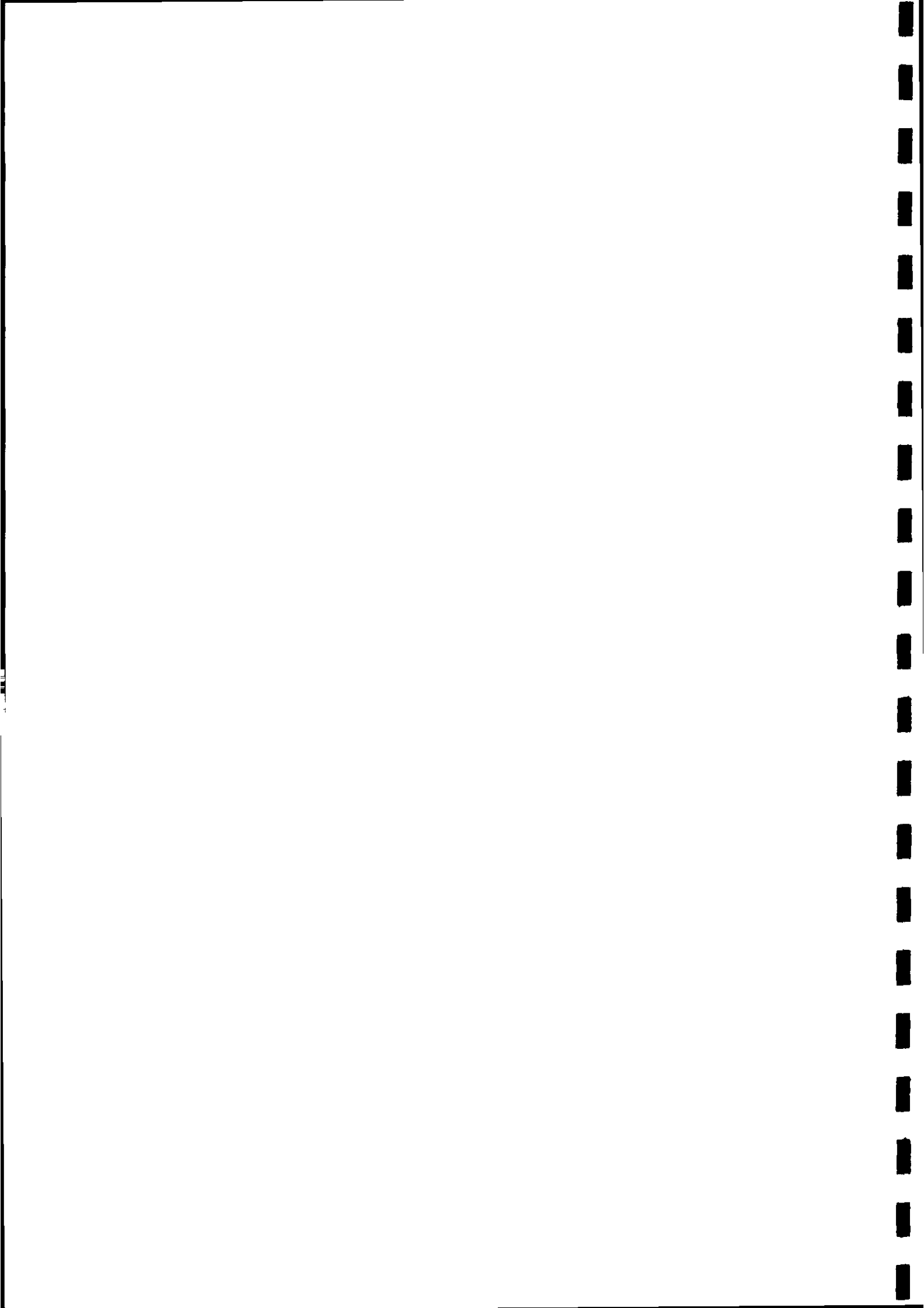
Mr A Desutter

Mr A Verrijckt and Mr J Reece are also directors of Ineos Group Limited, the ultimate parent company and their interests at the end of the financial year in the share capital of that company is shown in the annual report of that company. The interests of the other directors are as follows:

	At 31 December 2002		At 31 December 2001	
	"B"ordinary shares of 1p each	"B" ordinary shares of 0.001p each	"B"ordinary shares of	"B" ordinary shares of 0.01p each
Mr A Desutter	250,000	404,330	25,000	40,433

The "B" shares are a combination of Oxide B shares, Fluor B shares, Silicas B shares and Phenol B Shares.

On 28 February 2002 Ineos Group Limited changed its capital structure. The Oxide shares were split into 10 shares of 1p each. The Fluor, Silicas and Phenol shares were split into 10 shares of 0.001p each.



# Ineos US Finance Company Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 a 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 2002 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 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. In accordance with Section 386 of the Companies Act 1985 the company has elected to dispense with the obligation to appoint auditors annually.

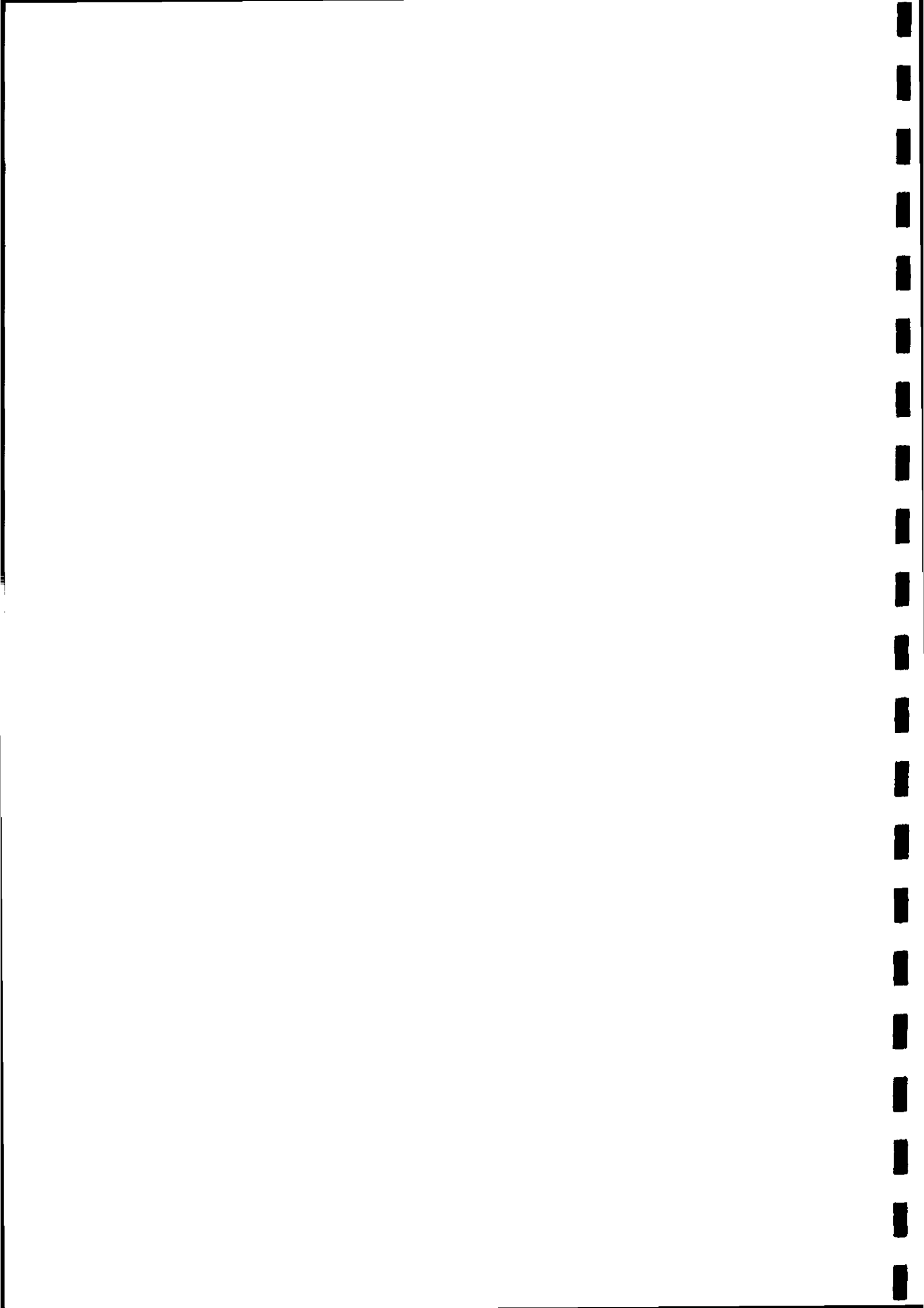
By order of the Board



A Desutter

Secretary

29 April 2003





# Ineos US Finance Company Limited

## Independent auditors' report to the members of Ineos US Finance Company Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### 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 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 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### 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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

29 April 2003

## Ineos US Finance Company Limited

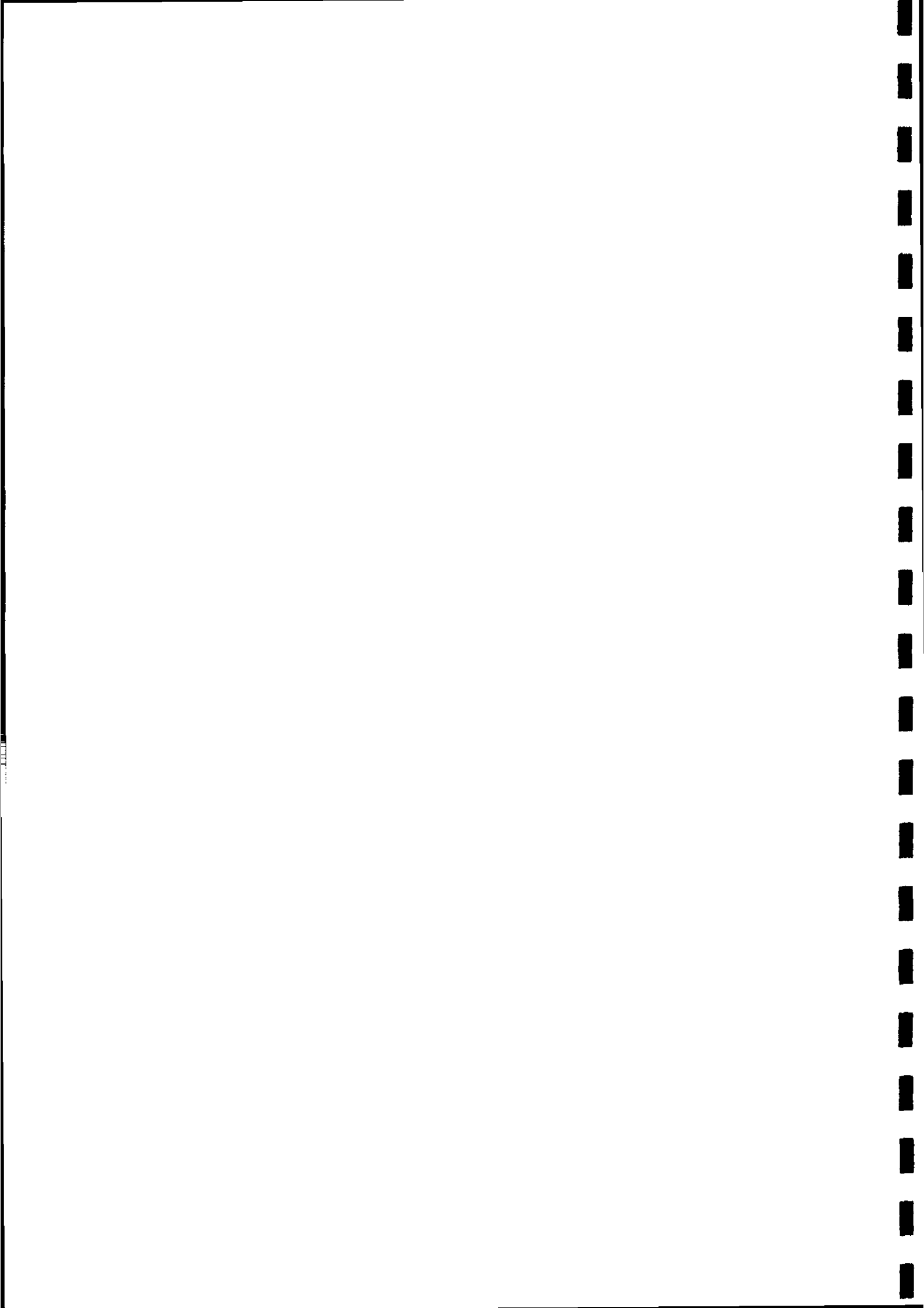
### Profit and loss account for the year ended 31 December 2002

	Note	2002 \$'m	2001 \$'m
<b>Profit on ordinary activities before interest and taxation</b>			-
Interest receivable and similar income	2	1.7	1.3
Interest payable and similar charges	3	(1.7)	(1.3)
<b>Profit on ordinary activities before taxation</b>		-	-
Tax on profit on ordinary activities		-	-
<b>Retained profit for the financial period</b>	8	-	-

All activities of the company relate to continuing operations.

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 US Finance Company Limited

## Balance sheet as at 31 December 2002

	Note	2002 \$'m	2002 \$'m	2001 \$'m	2001 \$'m
<b>Current assets</b>					
Debtors due within one year	4	-		1.4	
Debtors due after more than one year	4	22.3		22.3	
Cash at bank and in hand		1.0		-	
		23.3		23.7	
<b>Creditors: amounts falling due within one year</b>					
	5	(1.0)		(1.4)	
<b>Net current assets</b>			22.3		22.3
<b>Total assets less current liabilities</b>			22.3		22.3
<b>Creditors : amounts falling due after more than one year</b>					
	6		(22.3)		(22.3)
<b>Net assets</b>			-		-
<b>Capital and reserves</b>					
Called up share capital	7		-		-
Profit and loss account	8		-		-
<b>Equity shareholders' funds</b>	9		-		-

The financial statements on pages 4 to 9 were approved by the board of directors on 29 April 2003 and were signed on its behalf by:

  
J Reece

Director

# Ineos US Finance Company Limited

## Accounting policies

### Accounting convention

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

### Basis of preparation

Ineos US Finance Company Limited was incorporated on 6 November 2000 as such, the comparative information is from the date of incorporation until 31 December 2001.

### Foreign 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 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.

### Reporting currency

The financial statements are expressed in US Dollars as the Company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in US Dollars.

The exchange rate as at 31 December 2002 was \$1.61 to £1

The exchange rate as at 31 December 2001 was \$1.4554 to £1

### Cash flow and related party transactions

The company is the wholly owed subsidiary of Ineos 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 Number 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Ineos Group Limited group.

# Ineos US Finance Company Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1 Directors and employees

There are no persons holding service contracts with the company.

None of the directors received any remuneration from the company during the period.

### 2 Interest receivable and similar income

	2002	2001
	\$'m	\$'m
Income from loans to group undertakings	1.7	1.3

### 3 Interest payable and similar charges

	2002	2001
	\$'m	\$'m
Interest payable on loans from group undertakings	1.7	1.3

### 4 Debtors

	2002	2001
	\$'m	\$'m
Amounts due within one year		
Amounts owed by group undertakings	-	1.4
Amounts due after more than one year		
Amounts owed by group undertakings	22.3	22.3

## Ineos US Finance Company Limited

### 5 Creditors – Amounts falling due within one year

	2002	2001
	\$'m	\$'m
Amounts owed to group undertakings	1.0	1.4

### 6 Creditors – Amounts falling due after more than one year

	2002	2001
	\$'m	\$'m
Amounts owed to group undertakings	22.3	22.3

### 7 Called up equity share capital

	2002	2001
	\$'m	\$'m
Authorised		
1,000 ordinary shares of \$1 each	-	-
Allotted, issued and fully paid		
1 ordinary share of \$1 each	-	-

### 8 Profit and loss account

	2002
	\$'m
At 1 January 2002	-
Retained profit for the financial period	-
At 31 December 2002	-

# Ineos US Finance Company Limited

## 9 Reconciliation of movements in equity shareholders' funds

	2002	2001
	\$'m	\$'m
Opening equity shareholder's funds	-	-
Profit attributable to shareholders	-	-
Closing equity shareholders' funds	-	-

## 10 Contingent liabilities

The company is party to a credit agreement (the "Senior Credit Agreement") dated 23 May 2001. The Senior Credit Agreement comprises 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 2002 was €623.2 million (2001: €740.7 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.

## 11 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Ineos Group Holdings Plc, 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, SD4 7FG.

The ultimate controlling party is Mr J A Ratcliffe, director and majority shareholder of the ultimate parent undertaking, Ineos Group Limited.