

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

155(6)b

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Post room



A16
COMPANIES HOUSE

359
18/03/2006

The assistance is for the purpose of ~~MAX 200,000~~ (reducing or discharging a liability incurred for the purpose of that acquisition). † (note 1)

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

The number and class of the shares acquired or to be acquired is: 2,000,000 ORDINARY SHARES OF US\$0.01 EACH

The assistance is to be given to: (note 2) INEOS HOLDINGS LIMITED OF HAWKSLEASE, CHAPEL LANE, LYNDHURST, HAMPSHIRE, SO43 7FG

The assistance will take the form of:

SEE ATTACHED SCHEDULE 2

The person who [has acquired] ~~XXXXXX~~ † the shares is:
INEOS HOLDINGS LIMITED

† delete as appropriate

The principal terms on which the assistance will be given are:

SEE ATTACHED SCHEDULE 3

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is NIL

The amount of cash to be transferred to the person assisted is £ NIL

The value of any asset to be transferred to the person assisted is £ NIL

WITHIN 8 WEEKS OF THE DATE HEREOF

X We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~X~~We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date)* (note 3)

[illegible]

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declarants to sign below

London

Day Month Year

on

1	4	0	3	2	0	0	6
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before me

Edward Rea

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

N. J. Wright
DIRECTOR

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

WITHIN 8 WEEKS OF THE DATE HEREOF

~~X~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~X~~We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date)* (note 3)

[illegible]

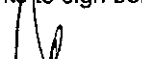
And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

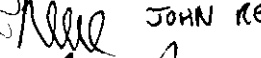
Declarants to sign below

Thacker, Chase Lane, Lynchburg
Virginia

Day Month Year
on 14 03 2006

Declarants to sign below

 JOHN REECE

 ANDREW CURRIE

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

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- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
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CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

SCHEDULE 1

Name

Address

John Reece

Culverley House
The Rise
Brockenhurst
Hampshire
SO42 7SJ

Andrew Christopher Currie

South Marden
Rhinefield Road
Brockenhurst
Hampshire
SO53 4HN

Nigel John Wright

Esha Ness
Lewis Lane
Gerrards Cross
Bucks
SL9 9TS

SCHEDULE 2

The financial assistance will take the form of the execution, delivery and performance by Innovene Manufacturing Scotland Limited (the "**Subsidiary**"), a subsidiary of the Company, of its obligations under the following documents (each as amended, extended, novated or supplemented from time to time, together the "**Documents**"):

1. a deed of accession (the "**Accession Deed**"), to be dated on or about the date hereof, between (1) the Subsidiary (as New Obligor), (2) INEOS Holdings Limited (as Principal Obligor), (3) Barclays Bank plc (as Facility Agent and Security Agent), pursuant to which the Subsidiary would agree to enter into (a) a senior facilities agreement (the "**Senior Facilities Agreement**") dated 14 December, 2005, as amended by amendment agreements dated 15 December 2005, 23 December 2005 and 20 February 2006 and as amended and restated by a first supplemental agreement dated 31 January 2006 and as amended by a second supplemental agreement dated 6 February 2006, between, inter alios, Ineos Group Limited (as Parent and a Holdco), Ineos Investment Holdings Limited, Ineos Intermediate Holdings Limited and Ineos Group Holdings plc (as Holdcos) and Ineos Holdings Limited (as Principal Obligor), Merrill Lynch International, Morgan Stanley Bank International Limited and Barclays Capital (as Joint Mandated Lead Arrangers and Joint Bookrunners), Barclays Bank PLC (as Facility Agent and Security Agent) and the Lenders listed in Schedule 1 thereof, as a Borrower and a Guarantor and would agree to be bound by the terms of the Senior Facilities Agreement as a Borrower and a Guarantor (as defined therein) and pursuant to which the Subsidiary would grant certain guarantees and indemnities to the Senior Finance Parties in connection with the provision of the facilities therein; and (b) the intercreditor deed (the "**Intercreditor Deed**") dated 16 December 2005, as amended by a first amendment deed dated 13 January 2006, amended and restated by a second amendment deed dated 31 January 2006 and amended by a third amendment deed dated 6 February 2006, between, inter alios, the Obligors (as defined in the Senior Facilities Agreement), the companies named in Part 4 of Schedule 1 therein (as BP Creditors) and each of the parties to the Finance Documents (as defined in the Senior Facilities Agreement) as an Intra-Group Creditor and an Obligor (each as defined in the Intercreditor Deed) and would agree to be bound by the terms of the Intercreditor Deed as an Intra-Group Creditor and an Obligor and pursuant to which the Subsidiary and the other parties thereto would agree amongst other things that the priority between the senior and second lien facilities and the high yield notes be regulated and to subordinate certain liabilities to it;
2. a supplemental indenture (the "**Supplemental Indenture**"), to be dated on or about the date hereof, between (1) the Subsidiary (as Guarantor), (2) INEOS Group Holdings plc (as Issuer), (3) certain subsidiaries of the Issuer as Guarantors, (4) The Bank of New York (as Trustee) pursuant to which the Subsidiary would become a Guarantor under an indenture and guarantee dated 7 February 2006 between (1) INEOS Group Holdings plc (as Issuer), (2) certain subsidiaries of Ineos Group Holdings plc (as Guarantors), (3) The Bank of New York (as Trustee, Collateral Agent, Registrar and Principal Paying Agent) (4) The Bank of New York (Luxembourg) S.A. (as Luxembourg Paying Agent and Luxembourg Transfer Agent) (the "**Indenture**") and would agree to be bound by the terms of the Indenture as Guarantor and thereby guarantee the payment of the Notes on the same terms and subject to the same conditions and limitations as those set forth in the Indenture (including the Notes Guarantee)(each term as defined in the Indenture);

3. a credit support guarantee (the "**Credit Support Guarantee**"), to be dated on or about the date hereof, between, the Subsidiary and those companies listed in Schedule 1 thereto (the "**BP Entities**") pursuant to which the Subsidiary would provide a guarantee in favour of the BP Entities in respect of the payment obligations of the TradeCos (as defined in the Credit Support Guarantee) under certain trading agreements (the "**Trading Agreements**") entered into, or to be entered into, by the TradeCos;
4. an intra-group facility agreement (the "**Intra-Group Facility**"), to be dated on or about the date hereof, between, the Subsidiary and certain other Obligors (as defined in the Senior Facilities Agreement) and INEOS Holdings Limited, pursuant to which the Subsidiary may, in the future, make loans to INEOS Holdings Limited and others, the proceeds of which will be applied by INEOS Holdings Limited and others in and towards meeting certain payment obligations of INEOS Holdings Limited and others under the Senior Facilities Agreement;
5. a second stage bond and floating charge (the "**Second Stage Floating Charge**"), to be governed by the laws of Scotland, between (1) the Company; and (2) Barclays bank PLC (as security agent for itself and the other Secured Parties (as defined in the Senior Facilities Agreement);
6. A second stage standard security (the "**Second Stage Standard Security**") to be governed by the laws of Scotland, between (1) the Subsidiary and (2) Barclays Bank PLC as Security Agent;
7. a mortgage (the "**English Law Mortgage**"), to be governed by the laws of England and Wales, between (1) the Subsidiary (as mortgagor) and (2) the Security Agent (as mortgagee), pursuant to which the Subsidiary will grant a mortgage, in favour of the Security Agent, over property held by the Subsidiary in Stockton-on-tees; and
8. an account charge (the "**English Law Account Charge**"), to be governed by the laws of England, between (1) Innovene Manufacturing Scotland Limited (as chargor) and (2) the Security Agent (as chargee), pursuant to which the chargor will grant a charge, in favour of the Security Agent, over its bank accounts,

and any other financial assistance contemplated by the Documents, the amounts payable thereunder and/or the transactions contemplated thereby, and the exercise by the Subsidiary of its rights and the performance of its obligations thereunder, which shall include, without limitation, any condition, undertaking, representation, warranty, guarantee, indemnity, loan, waiver, gift, security agreement, novation, assignment or any other thing done or to be done in connection with the Documents which would constitute financial assistance.

SCHEDULE 3

1. The principal terms on which the assistance will be given pursuant to the Subsidiary's accession to the Senior Facilities Agreement (as defined in Schedule 2) pursuant to the Accession Deed (as defined in Schedule 2) are that the Subsidiary, along with certain other Obligor and Guarantors (as defined in the Senior Facilities Agreement), will irrevocably and unconditionally jointly and severally:
 - (i) guarantee to each Senior Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Senior Finance Documents (each term being in respect of, and as defined in, the Senior Facilities Agreement);
 - (ii) undertake with each Senior Finance Party (as defined therein) that whenever an Obligor does not pay any amount when due under or in connection with any Senior Finance Document, the Subsidiary shall immediately on demand pay that amount as if it were the principal obligor;
 - (iii) indemnify each Senior Finance Party immediately on demand against any cost, loss or liability suffered by that Senior Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Senior Finance Party that would otherwise have been entitled to recover;
 - (iv) secure as security for all indebtedness under the Senior Finance Documents, any asset which (in the opinion of the Facility Agent, acting reasonably) is material and which is not subject to a first priority Security Interest under a Security Document (each as defined in the Senior Facilities Agreement), pursuant to clause 18.4(b)(i)(B) thereof;
 - (v) indemnify each Protected Party (as defined in the Senior Facilities Agreement) against any loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected party in respect of a Senior Finance Document (as defined in the Senior Facilities Agreement) as further described in Clause 14.3 (Tax Indemnity);
 - (vi) indemnify the relevant Senior Finance Party for any conversion costs or other loss sustained as a result of any amount payable by an Obligor under or in connection with any Senior Finance Document being received by the relevant Senior Finance Party in a currency other than that agreed in the relevant Senior Finance Document as further described in Clause 28.2 (Currency Indemnity);
 - (vii) indemnify each Issuing Lender (as defined in the Senior Facilities Agreement) against all losses, costs or liabilities suffered or incurred by

that Issuing Lender in acting as Issuing Lender under any Bank Guarantee (as defined in the Senior Facilities Agreement) as further described in Clause 7.4(a) (Bank Guarantee Indemnities) and reimburse each Revolving Lender (as defined in the Senior Facilities Agreement) for any payment by that Revolving Lender to the Issuing Bank as further described in Clause 7.4(d) (Bank Guarantee Indemnities); and

- (viii) indemnify the Issuing Lender (as defined in the Senior Facilities Agreement) against all losses, costs or liabilities suffered or incurred by that Issuing Lender in acting as Issuing Lender under any Acquisition Agreement Guarantee (as defined in the Senior Facilities Agreement) as further described in Clause 7.5(a) (Acquisition Agreement Guarantee Indemnities) and reimburse each Term A2 Lender (as defined in the Senior Facilities Agreement) for any payment by that Term A2 Lender to the Issuing Bank as further described in Clause 7.5(d) (Acquisition Agreement Guarantee Indemnities).

The Subsidiary would agree that:

- (i) its guarantee and indemnity obligations will not be affected by an act, omission, matter or thing which would reduce, release or prejudice such obligations; and
- (ii) in specified circumstances a Senior Finance Party (as defined in the Senior Facilities Agreement) may set off any obligation owed by the Subsidiary to the Senior Finance Party against any matured obligation owed by that Senior Finance Party to that Obligor.

In addition, the Subsidiary is required, from time to time, to make certain representations and warranties to the Senior Finance Parties (as more particularly described in clause 19 of the Senior Facilities Agreement).

The Subsidiary is further required to undertake to comply with certain general undertakings which include, amongst others, an undertaking not to create, agree to create or allow to exist any security interest on any of its assets and not to dispose of any of its assets (each subject to certain exceptions and more particularly described in clause 20 of the Senior Facilities Agreement).

2. The principal terms on which the assistance will be given pursuant to the Subsidiary's accession to the Intercreditor Deed (as defined in Schedule 2) pursuant to the Accession Deed (as defined in Schedule 2) are that the Subsidiary would:

- (A) pursuant to Clause 10 (*Permitted Payments*) thereto, agree to repay all indebtedness payable or owing by the Obligors, to, amongst others, the Senior Creditors (or any of them) under the Senior Finance Documents and the BP Credit Documents (as such terms are defined in the Intercreditor Deed) in priority for payment ahead of:
 - (i) the Second Secured Liabilities;

(ii) the Subordinated High Yield Liabilities;

(iii) the Subordinated Liabilities; and

(iv) the Intra-Group Liabilities,

(as such terms are defined in the Intercreditor Deed), together, the **"Subordinated Indebtedness"**, all as more particularly described in the Intercreditor Deed which provides that, among other things, save in certain circumstances, including without limitation, where the relevant payment is permitted under Clause 10 (Permitted Payments) of the Intercreditor Deed, prior to the Senior Discharge Date (as defined in the Intercreditor Deed), the Obligors (including the Company) may not pay, repay, redeem, acquire or defease the Subordinated Indebtedness; and

(B) agree that:

(i) the Liabilities (as defined therein) of the Subsidiary would rank in the order specified therein;

(ii) the Security Interests constituted by the Security Documents (as such terms are defined therein) to which the Subsidiary is a party would rank in the order specified therein;

(iii) if the Subsidiary grants any guarantee, indemnity or Security Interest in respect of the Senior Liabilities (as defined therein), it must, in certain circumstances, also grant such interest in relation to the Second Secured Liabilities and, in the case of a guarantee, in relation to the High Yield Note Liabilities (as defined therein);

(iv) the Second Secured Liabilities may benefit from senior subordinated guarantees from the Subsidiary;

(v) the Second Secured Liabilities may benefit from Security Interests over the same assets in respect of which Security Interests are granted in favour of the Senior Creditors provided that in respect of such Security Interests the Second Secured Creditors shall rank behind the Senior Creditors in accordance with the terms therein;

(vi) the Subsidiary will promptly do all such acts and execute all such documents as are necessary to create the guarantees and Security Interests contemplated in paragraphs (iv) and (v) above;

(vii) the making of payments to the Senior Creditors, the High Yield Creditors, the Intra-Group Creditors and the Subordinated Creditors be regulated in accordance with the terms therein; and

(viii) if it receives any sum which, under the terms of the Finance Documents, should have been paid to the Senior Security Agent or a High Yield Representative, it will pay such sum either into an account to

be held on trust for such person or directly to such person (as such terms are defined in the Intercreditor Deed).

3. The principal terms on which the assistance will be given under the terms of the Indenture (as defined in Schedule 2), pursuant to the Company's entry into the Supplemental Indenture (as defined in Schedule 2), are that the Company would guarantee jointly and severally, irrevocably and unconditionally:
 - (A) guarantee (the "**Note Guarantee**") the Obligations (as defined in the Indenture) of Ineos Group Holdings plc under the Indenture relating to Ineos Group Holdings plc issue of €1,750,000,000 Senior Notes due 2016 and €750,000,000 Senior Notes due 2016 (the "**Notes**"), for the benefit of each holder of Notes, in accordance with the provisions of the Indenture;
 - (B) undertake with each holder of the Notes that if Ineos Group Holdings plc does not pay its Obligations (as defined in the Indenture) when due, the Company shall pay that amount as if it were the principal obligor;
 - (C) indemnify the Trustee (as defined in the Indenture) in each of its capacities under the Indenture, the Paying Agents under the Indenture, and each agent, *custodian or other person employed to act under the Indenture* against costs, losses or liabilities, in accordance with the provisions of the Indenture;
 - (D) indemnify a recipient of payments made under the Note Guarantee against any conversion costs or losses as a result of any amount payable by the Company under or in connection with the Note Guarantee being received by such recipient in a currency other than that agreed in Section 13.15 of the Indenture; and
 - (E) in connection with a Covenant Defeasance or Legal Defeasance (each as defined in the Indenture) under the Indenture, indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited European Government Obligations or U.S. Government Obligations (each, as defined in the Indenture), or the principal, premium, if any, interest, if any, and Additional Amounts (as defined in the Indenture), if any, received on such European Government Obligations or U.S. Government Obligations.
4. The principal terms on which the assistance will be given under the terms of the Credit Support Guarantee (as defined in Schedule 2) are that the Subsidiary would be irrevocably, absolutely and unconditionally:
 - (A) guarantee (the "**BP Guarantee**"), for the benefit of each BP Entity, the full and punctual payment by each TradeCo when due of all amounts which are now or in the future shall become payable or owing to such BP Entity under or in connection with any of the Guaranteed Agreements (each as defined in the Credit Support Guarantee);
 - (B) undertake (the "**BP Undertaking**") to each BP Entity that if, for any reason, any TradeCo fails to pay any amount to such BP Entity under or in connection with any of the BP Obligations (as defined in the Credit Support Guarantee) when

due, the Subsidiary shall, immediately on demand, pay such amount to such BP Entity; and

- (C) indemnify (the "**BP Indemnity**") each BP Entity immediately on demand against any cost, loss or liability suffered by it as a result of any BP Obligation not being satisfied when due, or if any BP Obligation is or becomes unenforceable, invalid or illegal, and the amount of such cost, loss or liability shall be equal to the amount which such BP Entity would otherwise have been entitled to recover;
5. The principal terms on which the assistance will be given under the terms of the Intra-Group Facility (as defined in Schedule 2) are that the Subsidiary may, in the future, make loans to INEOS Holdings Limited, the proceeds of which will be applied by INEOS Holdings Limited in and towards meeting certain payment obligations of INEOS Holdings Limited under the Senior Facilities Agreement;
6. The principal terms on which the assistance will be given under the terms of the Second Stage Floating Charge (as defined in Schedule 2) are that the Subsidiary would, as security for payment and discharge of the Senior Finance Party Indebtedness and Guaranteed Obligations (as such terms are defined in the Second Stage Floating Charge):
- (i) undertake to pay or discharge on demand the Senior Finance Party Indebtedness and Guaranteed Obligations;
 - (ii) grant a floating charge over the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the Subsidiary;
 - (iii) agree to provide further assurances in connection with the perfection, protection, realisation or enforcement of such security, to facilitate the exercise by the Security Agent of its rights powers or discretions or to confer further security in favour of the Security Agent;
 - (iv) agree to indemnify the Security Agent against all costs, expenses, liabilities and losses in certain circumstances;
 - (v) agree to indemnify the Security Agent, Secured Parties and any Receiver from and against any cost, loss or liability for any stamp, stamp duty land tax, documentary, filing and other similar duties and Taxes (if any); and
 - (vi) agree that any Senior Finance Party may in certain circumstances set off any matured obligation due from the Chargor in respect of the Senior Finance Party Indebtedness (to the extent beneficially owned by the Senior Finance Party) against any matured obligation owed by that Senior Finance Party to the Chargor,

each as more fully described in the Second Stage Floating Charge.

7. The principal terms on which the assistance will be given under the terms of the Second Stage Standard Security (as defined in Schedule 2) are that the Subsidiary would, as security for payment and discharge of the Senior Finance Party Indebtedness and Guaranteed Obligations (as such terms are defined in the Second Stage Standard Security):

- (i) undertake to pay or discharge on demand the Senior Finance Party Indebtedness and Guaranteed Obligations;
- (ii) grants a standard security in favour of the Security Agent over the Security Subjects as more particularly described in the Second Stage Standard Security;
- (iii) agree to provide further assurances in connection with the perfection, protection, realisation or enforcement of such security, to facilitate the exercise by the Security Agent of its rights powers or discretions or to confer further security in favour of the Security Agent;
- (iv) agree to indemnify the Security Agent against all costs, expenses, liabilities and losses in certain circumstances; and
- (v) agree that any Senior Finance Party may in certain circumstances set off any matured obligation due from the Chargor in respect of the Senior Finance Party Indebtedness (to the extent beneficially owned by the Senior Finance Party) against any matured obligation owed by that Senior Finance Party to the Chargor,

each as more fully described in the Second Stage Standard Security.

8. The principal terms on which the assistance will be given under the terms of the English Law Mortgage (as defined in Schedule 2) are that the Subsidiary would covenant to, on demand, repay the Indebtedness when it falls due for payment and, as security for the payment of the Indebtedness (as defined in the **English Law Mortgage**):

- (i) charge in favour of the Security Agent:
 - (1) by way of legal mortgage, all of the Subsidiary's freehold and leasehold property specified in the schedule thereto together with all buildings and fixtures (including trade fixtures) on that property;
 - (2) by way of first fixed charge, the assets of the Subsidiary specified in Clause 3.1(b) of the English Law Mortgage which includes, but without limitation, all other interests not charged under 8(i)(a) above in any freehold or leasehold property situated in England and Wales, the

buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land, all plant, machinery, vehicles, computers, office, goods, personal chattels and all other equipment and the benefit of all contracts, licenses and warranties relating thereto; and

- (3) by way of first floating charge, all of the present and future assets of the Subsidiary not otherwise effectively charged by way of first fixed charge or as the case may be, first legal mortgage; and

- (ii) provide further assurances in connection with the perfection, realisation and enforcement of such security or to confer further security in favour of the Security Agent, each as more fully described in the English Law Mortgage.

The Subsidiary would also agree:

- (i) to indemnify the Security Agent against all losses incurred by the Security Agent in certain circumstances; and
- (ii) that a Senior Finance Party may in certain circumstances set off any obligations due from the Subsidiary in respect of the Senior Finance Party Indebtedness against any matured obligation owed by that Senior Finance Party to the Subsidiary.

9. The principal terms on which the assistance will be given under the terms of the English Law Account Charge (as defined in Schedule 2) are that the Subsidiary would covenant to, on demand, repay the Indebtedness when it falls due for payment and, as security for the payment of the Indebtedness (as defined in the English Law Account Charge):

- (i) charge in favour of the Security Agent:
 - (1) by way of first fixed charge, all monies now or hereafter standing to the credit of its accounts (including the Cash Collateral Accounts)(as defined in the English law Account Charge) with any bank, financial institution or other person;
 - (2) by way of first floating charge, any asset over which, pursuant to Clause 3 (*Charging Clause*) of the English Law Account Charge, a Security Interest (as defined therein) has been created or purported to be created and which has, for any reason, failed or ceased to take effect; and

- (ii) provide further assurances in connection with the perfection, realisation and enforcement of such security or to confer further security in favour of the Security Agent,

each as more fully described in the English Law Account Charge.

The Subsidiary would also agree:

- (iii) to indemnify the Security Agent against all losses incurred by the Security Agent in certain circumstances; and
- (iv) that a Senior Finance Party may in certain circumstances set off any obligations due from the Subsidiary in respect of the Senior Finance Party Indebtedness against any matured obligation owed by that Senior Finance Party to the Subsidiary (as defined in the English Law Account Charge).

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**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF INNOVENE
EUROPEAN HOLDINGS LIMITED PURSUANT TO SECTION 156(4) OF THE
COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors dated 14 March 2006, prepared in accordance with applicable United Kingdom law, in connection with the proposed financial assistance to be given by the subsidiaries of Innovene European Holdings Limited (the "Company") for the purchase of 2,000,000 ordinary shares in Innovene Jersey Limited.

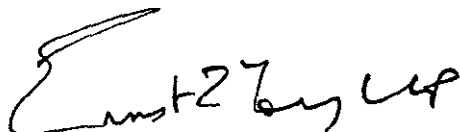
This report is made solely to the directors in accordance with Section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors those matters we are required to state to them in an auditors' report under section 156(4) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, for our audit work, for this report, or for the opinions we have formed.

Basis of opinion

We have enquired into the state of affairs of the Company so far as necessary in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Ernst & Young LLP
Registered Auditor
London
14 March 2006