INEOS GROUP HOLDINGS S.A.

Three month period ended June 30, 2015

INEOS GROUP HOLDINGS S.A.
INCOME STATEMENT (UNAUDITED)

	Three-Month Period Ended June 30,	
	2015	**2014**
	(€ in millions)	
Revenue	**3,908.0**	**4,260.4**
Cost of sales	(3,239.1)	(3,773.8)
Gross profit	**668.9**	**486.6**
Distribution costs	(51.9)	(51.4)
Administrative expenses	(97.7)	(78.7)
Exceptional administrative expenses	-	(7.7)
Operating profit	**519.3**	**348.8**
Share of profit/(loss) of associates and jointly controlled entities using the equity accounting method	80.9	(68.8)
Profit before net finance costs	**600.2**	**280.0**
Finance income	18.2	11.4
Finance costs	(82.1)	(125.4)
Exceptional finance costs	(46.2)	-
Profit before tax	**490.1**	**166.0**
Tax charge	(162.7)	(116.4)
Profit for the period	**327.4**	**49.6**

INEOS GROUP HOLDINGS S.A.
INCOME STATEMENT (UNAUDITED)

	Six-Month Period Ended June 30,	
	2015	**2014**
	(€ in millions)	
Revenue	**7,359.6**	**8,629.6**
Cost of sales	(6,140.5)	(7,714.6)
Gross profit	**1,219.1**	**915.0**
Distribution costs	(105.1)	(103.4)
Administrative expenses	(183.3)	(144.7)
Exceptional administrative expenses	-	(7.7)
Operating profit	**930.7**	**659.2**
Share of profit/(loss) of associates and jointly controlled entities using the equity accounting method	126.2	(83.3)
Loss on disposal of business	-	(6.6)
Profit before net finance costs	**1,056.9**	**569.3**
Finance income	34.1	22.0
Finance costs	(418.6)	(253.0)
Exceptional finance costs	(131.6)	-
Profit before tax	**540.8**	**338.3**
Tax charge	(164.8)	(209.8)
Profit for the period	**376.0**	**128.5**

INEOS GROUP HOLDINGS S.A.
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six-Month Period Ended June 30,	
	2015	**2014**
	(€ in millions)	
Profit for the period	376.0	128.5
Other comprehensive income:		
Items that will not be recycled to profit and loss:		
Remeasurement of post employment benefit obligations	-	-
Items that may subsequently be recycled to profit and loss:		
Foreign exchange translation differences net of tax	(238.7)	(23.0)
Net gain on hedge of net investment in foreign operations net of tax	209.4	33.0
Other comprehensive loss for the period net of tax	**(29.3)**	**10.0**
Total comprehensive income for the period	**346.7**	**138.5**

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED BALANCE SHEETS

	June 30, 2015	December 31, 2014
	(Unaudited)	
	(€ in millions)	
Non-current assets		
Property, plant and equipment	3,163.4	3,067.5
Intangible assets	672.6	648.2
Investments in equity-accounted investees	192.0	96.8
Other investments	233.7	210.2
Other financial assets	29.0	28.7
Other receivables	643.1	546.5
Deferred tax assets	229.9	229.8
	5,163.7	4,827.7
Current assets		
Inventories	973.3	1,008.8
Trade and other receivables	1,924.5	1,821.7
Other financial assets	-	2.5
Cash and cash equivalents	1,855.4	1,434.6
	4,753.2	4,267.6
Total assets	**9,916.9**	**9,095.3**
Equity attributable to owners of the parent		
Share capital	0.9	0.9
Share premium	779.4	779.4
Other reserves	(1,691.3)	(1,662.0)
Retained earnings	(5.6)	(381.6)
Total shareholders' deficit	**(916.6)**	**(1,263.3)**
Total equity	**(916.6)**	**(1,263.3)**
Non-current liabilities		
Interest-bearing loans and borrowings	8,118.7	7,672.9
Trade and other payables	92.5	89.0
Employee benefits	684.6	661.2
Provisions	10.8	8.3
Deferred tax liabilities	196.8	196.8
	9,103.4	8,628.2
Current liabilities		
Interest-bearing loans and borrowings	47.3	34.9
Trade and other payables	1,569.7	1,657.3
Tax payable	106.9	32.0
Other financial liabilities	-	-
Provisions	6.2	6.2
	1,730.1	1,730.4
Total liabilities	**10,833.5**	**10,358.6**
Total equity and liabilities	**9,916.9**	**9,095.3**

INEOS GROUP HOLDINGS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at 31 December 2014.......	**0.9**	**779.4**	**(1,662.0)**	**(381.6)**	**(1,263.3)**
Profit for the period	-	-	-	376.0	376.0
Other comprehensive income:					
Foreign exchange translation differences.......................................	-	-	(238.7)	-	(238.7)
Net gain on hedge of net investment in foreign operations.....	-	-	209.4	-	209.4
Balance at 30 June 2015...............	**0.9**	**779.4**	**(1,691.3)**	**(5.6)**	**(916.6)**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
		(€ in millions)			
Balance at 31 December 2013.......	**0.9**	**779.4**	**(1,464.1)**	**(279.3)**	**(963.1)**
Profit for the period	-	-	-	128.5	128.5
Other comprehensive income:					
Foreign exchange translation differences.......................................	-	-	(23.0)	-	(23.0)
Net gain on hedge of net investment in foreign operations.....	-	-	33.0	-	33.0
Balance at 30 June 2014...............	**0.9**	**779.4**	**(1,454.1)**	**(150.8)**	**(824.6)**

INEOS GROUP HOLDINGS S.A.
STATEMENT OF CASH FLOWS (UNAUDITED)

	Six-Month Period Ended June 30,	
	2015	**2014**
	(€ in millions)	
Cash flows from operating activities		
Profit for the period	376.0	128.5
Adjustments for:		
Depreciation, amortisation and impairment	182.3	181.2
Net finance costs	516.1	231.0
Share of (profit)/ losses of equity-accounted investees	(126.2)	83.3
Loss on disposal of business	-	6.6
Tax charge	164.8	209.8
Decrease/(increase) in trade and other receivables	(52.9)	(190.4)
Decrease/(increase) in inventories	64.8	11.2
(Decrease)/increase in trade and other payables	(224.4)	(57.2)
Increase/(decrease) in provisions and employee benefits	4.8	(1.5)
Tax paid	(88.9)	(148.6)
Net cash from operating activities	**816.4**	**453.9**
Cash flows from investing activities		
Interest and other finance income received	0.9	9.6
Dividends received	2.7	1.9
Disposal of businesses, net of cash disposed of	79.3	-
Loans granted to related parties	-	(83.1)
Acquisition of intangible assets	(0.7)	-
Acquisition of property, plant and equipment	(158.0)	(172.4)
Acquisition of other investments	(0.2)	-
Net cash used in investing activities	**(76.0)**	**(244.0)**
Cash flows from financing activities		
Securitisation Facility	(56.7)	-
Proceeds from new Senior Notes	-	1,034.9
Proceeds from new Senior Secured Notes	770.0	-
Proceeds from new Senior Secured Term Loans	1,407.3	-
Redemption of Senior Secured Notes	(2,086.8)	-
Redemption of Senior Notes	-	(1,032.1)
Issue costs	(33.9)	(11.2)
Interest paid	(348.1)	(226.3)
Repayment of loans	(24.9)	(16.1)
Capital element of finance lease payment	(0.2)	(0.8)
Net cash used in generated from financing activities	**(373.3)**	**(251.6)**
Net increase/(decrease) in cash and cash equivalents	367.1	(41.7)
Cash and cash equivalents at 1 January	1,434.6	1,130.0
Effect of exchange rate fluctuations on cash held	53.7	(1.3)
Cash and cash equivalents at June 30	**1,855.4**	**1,087.0**

1. BASIS OF PREPARATION

The consolidated financial statements include all subsidiaries of the Group. Intra-group transactions and balances have been eliminated on consolidation. The financial and operating results for any period less than a year are not necessarily indicative of the results that may be expected for a full year. The Group does not experience any significant seasonality in its operating results.

The accompanying consolidated financial statements of the Group are unaudited.

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and $625 million (see note 8). The proceeds of the additional Term Loans were paid to the Trustee for the Senior Secured Notes due 2019 on March 31, 2015. The Senior Secured Notes due 2019 were then redeemed in two tranches on April 1, 2015 and April 7, 2015. As the funds had been irrevocably paid to the Trustee on March 31, 2015, the Group has treated this as in substance defeasance of the Senior Secured Notes due 2019 as of that date.

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective as of December 31, 2014. In compliance with IAS 34, the Company has opted for a condensed scope of reporting in the interim financial statements compared with the consolidated annual financial statements. The accounting policies are set out in the INEOS Group Holdings S.A. annual report for the year ended December 31, 2014.

3. SEGMENTAL INFORMATION

Class of business

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The revenue and operating profit attributable to each different class of business as measured under IFRS is as follows:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2015	2014	2015	2014
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	857.0	889.0	1,642.7	1,799.5
O&P Europe	1,511.4	1,883.4	2,828.9	3,809.1
Chemical Intermediates	1,952.9	2,107.2	3,702.8	4,260.7
Eliminations	(413.3)	(619.2)	(814.8)	(1,239.7)
	3,908.0	4,260.4	7,359.6	8,629.6
EBITDA before exceptionals				
O&P North America	280.8	235.9	549.8	432.2
O&P Europe	158.1	79.4	229.0	133.3
Chemical Intermediates	171.4	131.8	334.2	282.6
	610.3	447.1	1,113.0	848.1

Reconciliation of earnings from continuing operations before operating exceptional items, interest, taxation, depreciation and amortisation (‘EBITDA before exceptionals’) to operating profit:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2015	2014	2015	2014
	(€ in millions)		*(€ in millions)*	
EBITDA before exceptionals	610.3	447.1	1,113.0	848.1
Depreciation and amortisation	(91.0)	(90.6)	(182.3)	(181.2)
Exceptional items	-	(7.7)	-	(7.7)
Operating profit	519.3	348.8	930.7	659.2

4. FINANCE COSTS

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2015	2014	2015	2014
	(€ in millions)		*(€ in millions)*	
Interest payable on senior notes	45.3	65.6	111.2	133.1
Interest payable on bank loans and overdrafts	47.3	27.6	78.1	56.8
Interest payable on securitisation	3.0	3.2	6.1	6.3
Amortisation of issue costs	2.6	3.4	5.6	14.2
Other finance charges	7.8	9.0	15.3	18.1
Net fair value gain on derivatives	(0.1)	-	-	(0.3)
Finance costs before exchange movements	105.9	108.8	223.4	228.2
Exchange movements	(23.8)	16.6	195.2	24.8
Total finance costs	82.1	125.4	418.6	253.0

5. EXCEPTIONAL FINANCE COSTS

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and $625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019. As a result of the early redemption of the Senior Secured Notes due 2019 an exceptional finance cost of €85.4 million has been recognised, which includes an early prepayment premium of €66.0 million and the write-off of deferred issue costs associated with the redeemed notes of €19.4 million.

In May 2015, the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the Notes were used to redeem the Senior Secured Notes due 2020. As a result of the early redemption of the Senior Secured Notes due 2020 an exceptional finance cost of €46.2 million has been recognised, which includes an early prepayment premium of €39.1 million and the write-off of deferred issue costs associated with the redeemed notes of €7.1 million.

6. TAXATION

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

After adjusting for the profit from the share of associates and jointly controlled entities the effective tax rate of approximately 40% for the first six months of 2015 reflects the anticipated tax rate for the Group for the full year. After adjusting for the losses from the share of associates and jointly controlled entities and the loss on disposal the effective rate in the same period in 2014 was approximately 50%, which reflected the anticipated tax rate for the full year.

7. INVENTORIES

	June 30, 2015	December 31, 2014
	(€ in millions)	
Raw materials and consumables	348.3	336.4
Work in progress	20.9	20.6
Finished products	604.1	651.8
	973.3	1,008.8

8. BORROWINGS

Borrowing obligations as of June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015	December 31, 2014
	(€ in millions)	
Non-current liabilities		
Senior Secured Term Loans	4,656.3	3,101.4
Senior Secured Notes due 2019	-	1,301.3
Senior Secured Notes due 2020	-	629.5
Senior Secured Notes due 2023	763.2	-
Senior Notes due 2018	1,103.0	1,051.4
Senior Notes due 2019	1,122.3	1,077.3
Securitisation Facility	465.4	501.4
Finance lease liabilities	1.4	1.7
Other loans	7.1	8.9
	8,118.7	7,672.9

	June 30, 2015	December 31, 2014
Current liabilities		
Current portion of borrowings under Senior Secured Term Loans	43.3	31.0
Other loans	3.6	3.6
Current portion of finance lease liabilities	0.4	0.3
	47.3	34.9

	June 30, 2015		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	4,731.1	(31.5)	4,699.6
Senior Secured Notes due 2023	770.0	(6.8)	763.2
Senior Notes due 2018	1,108.0	(5.0)	1,103.0
Senior Notes due 2019	1,129.1	(6.8)	1,122.3
Securitisation Facility	466.3	(0.9)	465.4
Other	12.5	-	12.5
	8,217.0	(51.0)	8,166.0

	December 31, 2014		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		(€ in millions)	
Senior Secured Term Loans	3,138.4	(6.0)	3,132.4
Senior Secured Notes due 2019	1,322.0	(20.7)	1,301.3
Senior Secured Notes due 2020	637.1	(7.6)	629.5
Senior Notes due 2018	1,057.3	(5.9)	1,051.4
Senior Notes due 2019	1,085.0	(7.7)	1,077.3
Securitisation Facility	502.7	(1.3)	501.4
Other	14.5	-	14.5
	7,757.0	(49.2)	7,707.8

8. BORROWINGS (Continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Secured Term Loans	$/€	LIBOR plus 2.50%-3.25%	2016-2022
Senior Secured Notes	$	4.0%	2023
Senior Notes	$/€	5.75%-6.5%	2018-2019
Securitisation Facility	$/€/£	Variable	2016
Other	€/$	3.75% – 9.0%	2015-2019

Senior Secured Term Loans

The Company had original borrowings under a senior facilities agreement (the "Senior Secured Term Loans") which consisted of Term Loans comprising of $375 million of short-dated term loans (the ''Short-Dated Dollar Term Loans''), €500 million of term loans (the ''Euro Term Loans'') and $2.0 billion of term loans (the ''Dollar Term Loans''). In May 2013 the Group completed the re-pricing and up-sizing of the Senior Secured Term Loan facility. The refinancing comprised of a $640 million and a €350 million, five-year add-on term loans. In February 2014 the Group completed a further re-pricing of its Euro Term Loans and Dollar Term Loans. The margins on the Euro Term Loans and the Dollar Term Loans both maturing in May 2018 were reduced by 25bps. In addition the Dollar Term Loans were reduced by $84.1 million and the Euro Term Loans were increased by €61.4 million. In November 2014 the Short-Dated Dollar Term Loans were split resulting in $122.0 million remaining under the Short-Dated Dollar Term Loans and $243.7 million under a new tranche of extended term loans (the ''Tranche 1 Extended Dollar Term Loans'') maturing December 31, 2016. On December 31, 2014 the outstanding amounts under the Short-Dated Dollar Term Loans were fully redeemed. On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and $625 million (the "Incremental Term Loans"). The final maturity date for these incremental term loans is March 2022. In June 2015 the Group amended and extended a proportion of the Senior Secured Term Loans due 2018. The maturities of €1,115 million and $890 million of Term Loans were extended from May 2018 to December 2020 (the "2020 Extended Term Loans").

The Senior Secured Term Loans outstanding at June 30, 2015 before issue costs were €4,731.1 million of which €51.3 million is due within one year. The total amounts outstanding on Dollar Term Loans were €1,196.0 million, Tranche 1 Extended Dollar Term Loans were €216.6 million, Incremental Term Loans were €1,912.1 million and on the 2020 Extended Term Loans were €1,406.4 million.

The Term Loans are to be repaid in equal quarterly instalments, in aggregate annual amounts equal to 1% of the original principal amount of the Term Loans. The balance of Dollar Term Loans are payable, subject to certain exceptions, on the date that is six years after the original Issue Date. The Dollar Term Loans mature in May 2018. The Tranche 1 Extended Dollar Term Loans are payable, subject to certain exceptions in December 2016. The Incremental Term Loans are payable, subject to certain exceptions in March 2022. The 2020 Extended Term Loans are payable, subject to certain exceptions in December 2020.

The outstanding Tranche 1 Extended Dollar Term Loans and Dollar Term Loans will bear interest a rate per annum equal to LIBOR (subject to a floor of 1.00% per annum on the Dollar Term Loans) plus the Applicable Margin. The euro-denominated Incremental Term Loans and 2020 Extended Term Loans, bear interest at a rate per annum to LIBOR (subject to a floor of 1.00% per annum) plus the Applicable Margin and in the case of the dollar-denominated Incremental Term Loans and 2020 Extended Term Loans, bear interest at a rate per annum equal to LIBOR (subject to a floor of 1.00% per annum) plus the Applicable Margin.

As at June 30, 2015 the Applicable Margin for the Dollar Term Loans is 2.75%, the Tranche 1 Extended Dollar Term Loans is 2.50%, the Incremental Term Loans is 3.25%, the euro-denominated 2020 Extended Term Loans is 3.00% and the dollar-denominated 2020 Extended Term Loans is 2.75%. The Applicable Margins on the Dollar Term Loans was reduced as a result of the re-pricing in February 2014.

8. BORROWINGS (Continued)

The Senior Secured Term Loans rank pari passu with the Senior Secured Notes due 2023 and are structurally senior to the Senior Notes due 2018 and Senior Notes due 2019. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The Term Loans and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the senior secured notes.

The Term Loans have numerous customary operating and financial incurrence covenants including covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends. The Term Loans have no financial maintenance covenants.

The Senior Secured Term Loans are stated net of debt issue costs of €31.5 million (December 31, 2014: €6.0 million). These costs are allocated to the profit and loss account over the term of the Term Loans in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Secured Notes due 2019

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and $625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019. As a result of the early redemption of the Senior Secured Notes due 2019 an exceptional finance cost of €66.0 million has been recognised in respect of an early prepayment premium (see note 5).

Before redemption the Senior Secured Notes due 2019 were listed on the Luxembourg Stock Exchange and comprised of €500.0 million Floating Rate Senior Secured Notes due 2019 (the "2019 Euro Floating Rate Notes") and $1,000.0 million Senior Secured Notes due 2019 (the "2019 Dollar Fixed Rate Notes"). The 2019 Euro Floating Rate Notes beared interest at a rate per annum, reset quarterly, equal to the sum of (i) the greater of (x) three-month EURIBOR and (y) 1.25% per annum plus (ii) 6.0%. Interest on the 2019 Euro Floating Rate Notes was payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning May 15, 2012. The 2019 Dollar Fixed Rate Notes beared interest at a rate of 8.375% per annum. Interest on the 2019 Dollar Fixed Rate Notes was payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2012.

Following the full redemption of the Senior Secured Notes due 2019 the Group has recognised an exceptional finance cost of €19.4 million in relation to the write-off of the associated unamortised debt issue costs (see note 5). As at December 31, 2014 the Senior Secured Notes due 2019 were stated net of debt issue costs of €20.7 million.

Senior Secured Notes due 2020

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem in full the Senior Secured Notes due 2020. As a result of the early redemption of the Senior Secured Notes due 2020 an exceptional finance cost of €39.1 million has been recognised in respect of an early prepayment premium (see note 5).

Before redemption the Senior Secured Notes due 2020 were listed on the Luxembourg Stock Exchange and comprised of $775.0 million Senior Secured Notes. The Senior Secured Notes due 2020 beared interest at 7.5% per annum, payable semi-annually in arrears on May 1 and November 1 of each year.

Following the full redemption of the Senior Secured Notes due 2020 unamortised debt issue costs of €7.1 million were charged to exceptional finance costs within the income statement. As at December 31, 2014 the Senior Secured Notes due 2020 were stated net of debt issue costs of €7.6 million.

Senior Secured Notes due 2023

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The Senior Secured Notes due 2023 are listed on the Luxembourg Stock. The Senior Secured Notes due 2023 bear interest at 4.0% per annum, payable semi-annually in arrears on May 1 and November 1 of each year. Unless

8. BORROWINGS (Continued)

previously redeemed as noted below, the Senior Secured Notes due 2023 will be redeemed by the Group at their principal amount on May 1, 2023.

The Senior Secured Notes due 2023 will be subject to redemption at any time on or after May 1, 2018, at the option of the Issuer, in whole or in part, on not less than 30 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning May 1 of the year indicated below:

Year	2023 Dollar Fixed Rate Notes Redemption Price
2018	102.000%
2019	101.000%
2020 and thereafter	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 Secured Notes due 2023 rank pari passu with the Senior Secured Term Loans and are structurally senior to the Senior Notes due 2018 and the Senior Notes due 2019. The notes are guaranteed by INEOS Group Holdings S.A., INEOS Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure INEOS Holdings Limited's obligations under the senior secured term loans.

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.

The Senior Secured Notes due 2023 are stated net of debt issue costs of €6.8 million. These costs are allocated to the profit and loss account over the term of the Senior Secured Notes due 2023 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Notes due 2018

The Senior Notes due 2018 are listed on the Luxembourg Stock Exchange and comprise €500 million Senior Notes due 2018 (the "Euro Notes") and $678 million Senior Notes due 2018 (the "Dollar Notes"). The Senior Notes due 2018 bear interest at 6.50% per annum for the Euro Notes and 6.125% for the Dollar Notes, payable semi-annually in arrears on 15 February and 15 August of each year. Unless previously redeemed as noted below, the Senior Notes due 2018 will be redeemed by the Group at their principal amount on 15 August 2018.

The Senior Notes due 2018 are subject to redemption at the option of the Group, 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 15 February of the years indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2015	103.250%	103.063%
2016	101.625%	101.531%
2017 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).

8. BORROWINGS (Continued)

The Senior Notes due 2018 are secured by junior pledges of all of the shares of INEOS Holdings Limited. The Senior Notes due 2018 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 due 2018 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.

The Senior Notes due 2018 are stated net of debt issue costs of €5.0 million (December 31, 2014: €5.9 million). These costs are allocated to the profit and loss account over the term of the Senior Notes due 2018 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Notes due 2019

The Senior Notes due 2019 are listed on the Luxembourg Stock Exchange and comprise €600 million Senior Notes due 2019 (the "Euro Notes") and $590 million Senior Notes due 2019 (the "Dollar Notes"). The Senior Notes due 2019 bear interest at 5.75% per annum for the Euro Notes and 5.875% for the Dollar Notes, payable semi-annually in arrears on 15 February and 15 August of each year. Unless previously redeemed as noted below, the Senior Notes due 2019 will be redeemed by the Group at their principal amount on 15 February 2019.

The Senior Notes due 2019 are subject to redemption at the option of the Group, 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 15 February of the years indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2016	102.875%	102.938%
2017	101.438%	101.469%
2018 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 due 2019 are secured by junior pledges of all of the shares of INEOS Holdings Limited. The Senior Notes due 2019 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 due 2019 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.

The Senior Notes due 2019 are stated net of debt issue costs of €6.8 million (December 31, 2014: €7.7 million). These costs are allocated to the profit and loss account over the term of the Senior Notes due 2019 in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Receivables Securitisation Facility

The Company has entered into a €1,000 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures in December 2016. The total amount outstanding at June 30, 2015 was €466.3 million (December 31, 2014: €502.7 million).

The Receivables Securitisation Facility is stated net of debt issue costs of €0.9 million (December 31, 2014: €1.3 million).

9. CONTINGENCIES

The Company is subject to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment. In management's opinion, none of the proceedings is material to the financial condition or results of operation of the Company.

10. RELATED PARTIES

Mr JA Ratcliffe, Mr AC Currie and Mr J Reece are shareholders in INEOS AG. INEOS AG provides operational management services to the Group through a management services agreement. INEOS AG management fees of €20.0 million (June 30, 2014: €20.0 million) were charged to the income statement during the three month period ended June 30, 2015. As at June 30, 2015 amounts owed to INEOS AG were €20.5 million (June 30, 2014: €20.1 million). Amounts due from INEOS Holdings AG, a wholly owned subsidiary of INEOS AG, were €49.5 million (June 30, 2014: €37.8 million).

INEOS AG owns and controls a number of operating subsidiaries that are not included in the INEOS Group Holdings S.A. group, including Kerling plc, INEOS Industries Limited, the Grangemouth petrochemical subsidiaries which were divested on October 1, 2013 and the Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South which were divested on July 1, 2014. During the three month period ended June 30, 2015 the Group has made sales to these subsidiaries of €418.0 million (June 30, 2014: €139.8 million), recovered costs of €9.4 million (June 30, 2014: €74.3 million) and made purchases of €501.0 million (June 30, 2014: €157.6 million). As at June 30, 2015, €498.1 million (June 30, 2014: €287.5 million) was owed by and €164.0 million (June 30, 2014: €83.8 million) was owed to these subsidiaries (excluding the Grangemouth shareholder loan).

Following the divestment of the Grangemouth petrochemical business on October 1, 2013 the Group put in place a €200 million Shareholder Loan Agreement to fund the ongoing operations and investments required at the site. This facility matures on July 28, 2021 and is secured on a second lien basis on the assets of the Grangemouth petrochemical business. As at June 30, 2015 €130.8 million (June 30, 2014: €103.1 million) was outstanding under the facility, which included capitalized interest. The total consideration for the sale of the Lavera businesses amounted to €200 million and was initially provided in the form of vendor loans. Following the receipt of proceeds during the three month period ended June 30, 2015 of €45.0 million all of the outstanding consideration has now been paid.

Styrolution was previously a 50-50 joint venture between Ineos Industries Limited, a related party, and BASF. On November 17, 2014 Ineos Industries Limited completed the acquisition of BASF's 50% share in Styrolution for a purchase price of €1.1 billion. As part of the funding for the acquisition the Group provided Ineos Styrolution Holding GmbH, a related party, with a Second Lien PIK Toggle Loan of €200.0 million. The loan bears interest at a rate per annum of 9.5% for cash interest payments or 10.25% for PIK interest and matures in November 2020. During the three month period ended June 30, 2015 the Group has made sales to Styrolution of €194.4 million (June 30, 2014: €103.1 million), recovered costs of €2.4 million (June 30, 2014: €2.7 million) and made purchases of €nil million (June 30, 2014: €3.4 million). As at June 30, 2015, €256.2 million (June 30, 2014: €35.9 million) was owed by Styrolution, which included €200.0 million under the Second Lien PIK Toggle Loan, and €0.2 million (June 30, 2014: €nil million) was owed to Styrolution.

There were a number of transactions with joint ventures, all of which arose in the normal course of business.

The Refining joint ventures are between PetroChina and INEOS Investments (Jersey) Limited, a related party. During the three month period ended June 30, 2015 the Group has made sales to the Refining joint ventures of €0.3 million (June 30, 2014: €67.7 million), recovered costs of €0.4 million (June 30, 2014: €3.1 million) and made purchases of €155.7 million (June 30, 2014: €306.7 million). As at June 30, 2015, €1.6 million (June 30, 2014: €13.8 million) was owed by the Refining joint ventures and €26.1 million (June 30, 2014: €54.5 million) was owed to the Refining joint ventures.

10. RELATED PARTIES (Continued)

During the three month period ended June 30, 2015 the Group has recovered costs from other joint ventures of €1.6 million (June 30, 2014: €20.4 million) and made purchases of €7.9 million (June 30, 2014: €3.5 million). As at June 30, 2015, €1.9 million (June 30, 2014: €50.9 million) was owed by other joint ventures and €3.5 million (June 30, 2014: €23.4 million) was owed to other joint ventures.

11. SUBSEQUENT EVENTS

On July 1, 2015 the Group completed the purchase of the remaining 50% interest in the Noretyl ethylene cracker at Rafnes, Norway from the Kerling group, a related party, for a consideration of €200 million. The Noretyl cracker provides 570,000 tons per annum of ethylene, as well as propylene to the INEOS system. It supplies the Bamble site in Norway via a dedicated pipeline and is one of only four gas crackers in Europe.

FORWARD-LOOKING STATEMENTS

The Company includes "forward-looking statements," within the meaning of the US securities laws, based on our current expectations and projections about future events, including:

- the cyclical and highly competitive nature of our businesses;
- our high degree of leverage and significant debt service obligations, as well as our ability to generate sufficient cash flow to service our debt;
- our sales growth across our principal businesses and our strategy for controlling costs, growing margins, increasing manufacturing capacity and production levels, and making capital expenditures;
- our ability to deleverage through strategic disposals of certain assets and non-core businesses;
- raw material costs or supply arrangements;
- our technological and manufacturing assets and our ability to utilize them to further increase sales and the profitability of our businesses;
- impacts of climate change, including regulatory requirements on greenhouse gas emissions, the costs to purchase emissions allowances and the physical risks to our facilities of severe weather conditions;
- current or future health, safety and environmental requirements and the related costs of maintaining compliance with, and addressing liabilities under, those requirements;
- operational hazards, including the risk of accidents that result in injury to persons and environmental contamination;
- our ability to retain existing customers and obtain new customers;
- our ability to develop new products and technologies successfully;
- our ability to successfully integrate acquired businesses with our historical business and realize anticipated synergies and cost savings, including with respect to businesses acquired;
- currency fluctuations;
- our ability to attract and retain members of management and key employees; and
- our relationship with our shareholders.

All statements other than statements of historical facts included in this report including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business and the notes, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties. Words such as "believe," "expect," "anticipate," "may," "intend," "will," "should," "estimate" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The following discussion is based upon the unaudited consolidated historical financial statements of INEOS prepared in accordance with IFRS. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements.

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue. Our business has highly integrated world class chemical facilities and production technologies. We have leading global market positions for a majority of our key products, a strong and stable customer base and a highly experienced management team. We currently operate 24 manufacturing sites in 6 countries throughout the world, following the transfer of our Lavera petrochemical assets and businesses, together with the other French and Italian assets of O&P South out of the Group on July 1, 2014. As of December 31, 2014, our total chemical production capacity was approximately 19,300 kta, of which 60% was in Europe and 40% was in North America.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, our revenue and expenses and such amounts as a percentage of revenue.

	Three-Month Period Ended June 30,			
	2015		2014	
	€m	%	€m	%
Revenue	**3,908.0**	**100.0**	**4,260.4**	**100.0**
Cost of sales	(3,239.1)	(82.9)	(3,773.8)	(88.6)
Gross profit	**668.9**	**17.1**	**486.6**	**11.4**
Distribution costs	(51.9)	(1.3)	(51.4)	(1.2)
Administrative expenses	(97.7)	(2.5)	(78.7)	(1.8)
Exceptional administrative expenses	-	-	(7.7)	(0.2)
Operating profit	**519.3**	**13.3**	**348.8**	**8.2**
Share of profit/(loss) of associates and jointly controlled entities	80.9	2.1	(68.8)	(1.6)
Profit before net finance costs	**600.2**	**15.4**	**280.0**	**6.6**
Finance income	18.2	0.5	11.4	0.3
Finance costs	(82.1)	(2.1)	(125.4)	(2.9)
Exceptional finance costs	(46.2)	(1.2)	-	-
Profit before tax	**490.1**	**12.5**	**166.0**	**3.9**
Tax charge	(162.7)	(4.2)	(116.4)	(2.7)
Profit for the period	**327.4**	**8.4**	**49.6**	**1.2**

Three-Month Period Ended June 30, 2015, Compared to Three-Month Period Ended June 30, 2014

Revenue. Revenue decreased by €352.4 million, approximately 8.3%, to €3,908.0 million in the three month period ended June 30, 2015 as compared to €4,260.4 million for the same period in 2014. The decrease in revenues was driven primarily by a decrease in selling prices which followed the significant fall in crude oil prices which decreased to an average of $62/bbl for the three month period ended June 30, 2015 as compared to $110/bbl in the same period in 2014. The Group divested the O&P South business on July 1, 2014. The O&P South business still continues to utilise some of the Group's distribution companies in Europe after its divestment, which has partially offset the reduction in revenues following its disposal. Excluding the impact of the divestment the underlying volumes of the Group increased in the three month period ended June 30, 2015 as compared to the same period in 2014. Revenues were favourably impacted by the appreciation of the US dollar by approximately 20% against the euro in the three month period ended June 30, 2015, as compared to the same period in 2014.

Cost of sales. Cost of sales decreased by €534.7 million, approximately 14.2%, to €3,239.1 million in the three month period ended June 30, 2015 as compared to €3,773.8 million for the same period in 2014. The decrease in cost of sales is largely due to the fall in crude oil prices, which has meant lower feedstock prices across most of the Group in the three month period ended June 30, 2015, as compared to same period in 2014.

Gross profit. Gross profit increased by €182.3 million, approximately 37.5%, to €668.9 million in the three month period ended June 30, 2015 as compared to €486.6 million for the same period in 2014. The O&P North America segment continues to perform strongly with a high margin environment bolstered by robust demand and low feedstock costs. Competitor outages in the three month period ended June 30, 2015 have also led to an increase in margins and volumes within the O&P Europe and Chemical Intermediates segment, as supply side constraints have meant that the fall in feedstock costs have not been fully passed on to customers. In addition the appreciation of the US dollar by approximately 20% against the euro in the three month period ended June 30, 2015 as compared to the same period in 2014, has favourably impacted the euro reported results of our US businesses. The depreciation of the euro in the quarter has also improved market conditions in Europe for both O&P Europe and Chemical Intermediates, by restricting imports and bolstering exports.

Distribution costs. Distribution costs increased by €0.5 million, approximately 1.0%, to €51.9 million in the three month period ended June 30, 2015 as compared to €51.4 million for the same period in 2014. The small increase in distribution costs in the Group reflects the increase in the underlying sales volumes of the continuing businesses in the three month period ended June 30, 2015 as compared to the same period in 2014.

Administrative expenses. Administrative expenses increased by €19.0 million, approximately 24.1%, to €97.7 million in the three month period ended June 30, 2015 as compared to €78.7 million for the same period in 2014. The increase in administrative expenses is primarily due to additional research and development expenditure, additional performance bonus accruals and higher pension costs in Europe due to lower bond yields in the three month period ended June 30, 2015 as compared to the same period in 2014.

Exceptional administrative expenses. Exceptional administrative expenses of €7.7 million in the three month period ended June 30, 2014 related to costs associated with a restructuring program within the O&P Europe - North business.

Operating profit. Operating profit increased by €170.5 million, approximately 48.9%, to €519.3 million for the three month period ended June 30, 2015 as compared to €348.8 million for the same period in 2014.

Share of profit/(loss) of associates and jointly controlled entities. Share of profit/(loss) of associates and jointly controlled entities was a profit of €80.9 million for the three month period ended June 30, 2015 as compared to a loss of €68.8 million for the same period in 2014. The share of profit primarily reflects our share of the results of the Refining joint venture with PetroChina. The European refining market has seen an improvement in margins in the second quarter of 2015, with the benefit of lower feedstock prices, reduced energy costs and the depreciation of the euro in comparison to the US dollar.

Profit before net finance costs. Profit before net finance costs increased by €320.2 million, approximately 114.4%, to €600.2 million for the three month period ended June 30, 2015 as compared to €280.0 million for the same period in 2014.

Finance income. Finance income increased by €6.8 million to €18.2 million for the three month period ended June 30, 2015 as compared to €11.4 million for the same period in 2014. The income in the three month period ended June 30, 2015 primarily relates to interest income on the Group's investment in INEOS Investments Partnership, together with interest income from related parties.

Finance costs. Finance costs decreased by €43.3 million, approximately 34.5%, to €82.1 million for the three month period ended June 30, 2015 as compared to €125.4 million for the same period in 2014. The decrease in finance costs for the three month period ended June 30, 2015 reflects an increase in foreign exchange gains associated with short term intra group funding, which was a gain of €23.8 million in the three month period ended June 30, 2015 as compared to a loss of €16.6 million in the same period in 2014.

Exceptional finance costs. Exceptional finance costs of €46.2 million were charged in the three month period ended June 30, 2015 as a result of the early redemption of the Senior Secured Notes due 2020 which included an early prepayment premium of €39.1 million and the write-off of deferred issue costs associated with the redeemed notes of €7.1 million.

Profit before tax. Profit before tax increased by €324.1 million, to €490.1 million for the three month period ended June 30, 2015 as compared to a profit of €166.0 million for the same period in 2014.

Tax charge. Tax charge increased by €46.3 million to a charge of €162.7 million for the three month period ended June 30, 2015 as compared to a charge of €116.4 million for the same period in 2014. Profits have generally been made in regions with significantly higher rates than the standard rate in Luxembourg of 29.2% (such as Canada and USA), whilst losses have been made in regions with lower rates than the standard rate (such as Switzerland). After adjusting for the results from the share of associates and jointly controlled entities the effective tax rate of approximately 40% for the three month period ended June 30, 2015 reflects the anticipated tax rate for the Group for the full year. The effective rate for the three month period ended June 30, 2014 was approximately 50% after adjusting for the losses from the share of associates and jointly controlled entities, which reflected the anticipated tax rate for the full year for 2014.

Profit for the period. Profit for the period increased by €277.8 million to €327.4 million for the three month period ended June 30, 2015 as compared to a profit of €49.6 million for the same period in 2014.

Business segments

The Group reports under three business segments: O&P North America, O&P Europe and Chemical Intermediates.

The following table provides an overview of the historical revenue and EBITDA before exceptionals of each of the business segments for the periods indicated:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2015	2014	2015	2014
	(€ in millions)		*(€ in millions)*	
Revenue				
O&P North America	857.0	889.0	1,642.7	1,799.5
O&P Europe	1,511.4	1,883.4	2,828.9	3,809.1
Chemical Intermediates	1,952.9	2,107.2	3,702.8	4,260.7
Eliminations	(413.3)	(619.2)	(814.8)	(1,239.7)
	3,908.0	4,260.4	7,359.6	8,629.6
EBITDA before exceptionals				
O&P North America	280.8	235.9	549.8	432.2
O&P Europe	158.1	79.4	229.0	133.3
Chemical Intermediates	171.4	131.8	334.2	282.6
	610.3	447.1	1,113.0	848.1

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €32.0 million, or 3.6%, to €857.0 million for the three month period ended June 30, 2015, as compared to €889.0 million for the same period in 2014. The decrease was driven by lower selling prices, partially offset by higher volumes. The weighted average sales price for the whole business was down approximately 25% in the three month period ended June 30, 2015 as compared to the same period in 2014, driven by lower commodity prices. Sales volumes increased by approximately 3% in the three month period ending June 30, 2015 as compared to the same period in 2014, driven by increased sales volumes of polypropylene and polyethylene, partially offset by lower sales volumes of olefins. The appreciation of the US dollar by approximately 20% against the euro in the three month period ended June 30, 2015 as compared to the same period of 2014 has increased reported euro revenues, which has partially offset the overall decrease.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment increased by €44.9 million, or 19.0%, to €280.8 million for the three month period ended June 30, 2015 as compared to €235.9 million in the same period in 2014. The business has continued to benefit from its flexibility to be able to utilise cheaper gas feedstock to maintain healthy margins. The US cracker business environment was strong, with top of cycle margins and high operating rates throughout the three month period ended June 30, 2015. The results for the three month period ended June 30, 2015 were higher than the same period in 2014, due to higher volumes and the appreciation of the US dollar. Increased sales volumes were driven primarily by higher polypropylene and polyethylene sales, partially offset by lower ethylene sales volumes. The higher polyethylene sales volumes in the three month period ended June 30, 2015 were mainly driven by strong production figures and increased industry demand across most sectors. The appreciation of the US dollar by approximately 20% against the euro in the three month period ended June 30, 2015 as compared to the same period in 2014, has had a favourable impact on the euro reported results. Partially offsetting this increase were inventory holding losses of approximately €19 million in the three month period ended June 30, 2015, as compared to inventory holding losses of approximately €6 million in the same period in 2014.

O&P Europe

Revenue. Revenue in the O&P Europe segment decreased by €372.0 million, or 19.8%, to €1,511.4 million for the three month period ended June 30, 2015 as compared to €1,883.4 million for the same period in 2014. The Group divested the O&P South business on July 1, 2014 which has impacted revenues, although the O&P South business along with the previously divested O&P UK business still continue to utilise some of the Group's distribution companies in Europe after their divestitures, which has partially offset the reduction in segment volumes and revenues following their respective disposals. The decrease in revenues within the remaining O&P North business is primarily driven by a decrease in prices. The general price environment in the second quarter of 2015 was much lower than the same quarter in 2014 with crude oil prices falling to an average of $62/bbl for the three month period ended June 30, 2015 as compared to an average of $110/bbl for the three month period ended June 30, 2014. The impact on prices was lessened by continued competitor outages in the second quarter of 2015, which led to supply side constraints and a reduced level of decline in product prices as compared to raw material price decreases. The decrease in revenues was partially offset by higher volumes in the three month period ended June 30, 2015 as compared to the same period in 2014. Strong demand and a lack of any internal supply constraints in the quarter led to higher sales volumes of ethylene and propylene as compared to the same period in 2014. Polymer sales volumes were slightly down on the same quarter in 2014, primarily as a result of a force majeure at the Lillo site in the second quarter of 2015.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment increased by €78.7 million or 99.1% to €158.1 million for the three month period ended June 30, 2015, as compared to €79.4 million in the same period in 2014. The results for the three month period ended June 30, 2015 have increased compared to the same period in 2014, primarily due to increased margins and higher inventory gains. Overall margins improved in the three month period ended June 30, 2015 as compared to same period in 2014 as a result of tight supply in both the olefin (ethylene / propylene) and polymer markets. The lack of available ethylene supply also had an adverse impact on polymer availability. The depreciation of the euro against the US dollar also improved export opportunities and reduced import pressures, which helped increase margins. In addition inventory holding gains were approximately €32 million in the three month period ended June 30, 2015 as compared to gains of approximately €1 million in the same period in 2014. Partially offsetting the increase was the divestment of the O&P South business on July 1, 2014 whose results were included in the three month period ended June 30, 2014.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €154.3 million, or 7.3%, to €1,952.9 million for the three month period ended June 30, 2015 as compared to €2,107.2 million for the same period in 2014. The Oxide business revenues increased in the three month period ended June 30, 2015 as compared to the same period in 2014, driven by higher volumes, although this increase was partially offset by the divestment of the Lavera business on July 1, 2014 and a fall in selling prices. Excluding the divested business, volumes increased significantly in the three month period ended June 30, 2015 due to improved market conditions as the European economy experienced the positive effects of lower oil prices and a weaker euro. Export opportunities opened up again due to the weaker euro and this also provided protection against certain imports which were no longer competitive. Sales volumes in the second quarter of 2014 were also adversely impacted by a turnaround at the Antwerp site. Overall prices decreased in the three month period ended June 30, 2015 as compared to the same period in 2014, as pricing closely followed the fall in underlying raw material costs, although the global shortage for glycols led to price increases for these products. The Oligomers business revenues were effectively flat in the three month period ended June 30, 2015 as compared to the same period in 2014, driven by an increase in prices, partially offset by lower volumes. Feedstock related contract prices make up the majority of the Oligomers business pricing arrangements and regional prices moved largely in line with the underlying raw material prices. Despite lower ethylene and naphtha prices in the three month period ended June 30, 2015 as compared to the same period in 2014, revenues increased driven by the appreciation of the US dollar, strong demand and holding firm on price adders across most products. Partially offsetting this increase was lower sales volumes in the three month period ending June 30, 2015 as compared to the same period in 2014 as good market conditions for all products was offset by the ongoing adverse impact on European PAO sales following the Feluy fire in August 2014 and the divestment of the PIB business at Lavera from the Group on July 1, 2014.

Nitriles revenues decreased in the three month period ended June 30, 2015 as compared to the same period in 2014, largely driven by lower selling prices and to a lesser extent lower volumes. Average acrylonitrile sales prices fell approximately 10% in the three month period ended June 30, 2015 as compared to the same period in 2014 driven by a significant fall in feedstock costs which were down on average by approximately 28% in the first quarter of 2015 as compared to the same quarter in 2014. In addition new capacities coming on line in China have started to put some pressure on selling prices. Acrylonitrile sales volumes were down approximately 3% in the three month period ended June 30, 2015 as compared to the same period in 2014, predominately due to a loss of volume in the European market. Revenues of the Phenol business decreased in the three month period ended June 30, 2015 as compared to the same period in 2014, primarily driven by lower prices. The decrease in finished goods prices moved in line with the underlying raw material prices which have fallen significantly in the three month period ended June 30, 2015 as compare to the same period in 2014. Benzene prices decreased in both Europe and the US, leading to lower phenol prices of approximately 24% in the three month period ended June 30, 2015 as compared to the same period in 2014. In addition the average acetone price decreased by approximately 23% in the three month period ended June 30, 2015 as compared to the same period in 2014, following lower propylene prices in both Europe and the US. Partially offsetting the decrease was higher sales volumes in the three month period ended June 30, 2015 as compared to the same period in 2014, with higher phenol volumes being driven mainly by the European market.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €39.6 million, or 30.0%, to €171.4 million for the three month period ended June 30, 2015 as compared to €131.8 million for the same period in 2014. The Oxide business results in the three month period ended June 30, 2015 increased as compared to the same period in 2014, largely driven by improved margins and higher underlying volumes. Margins have increased significantly in the glycol and solvents businesses in the three month period ending June 30, 2015 as compared to the same period in 2014 due to supply side restrictions as a result of a number of competitor outages. In addition the EOA product range has seen margins increase significantly as a result of the improved economics in Europe compared to the US due to the weaker euro. The weaker euro and lower selling prices as a result of lower raw material costs have also led to an increase in sales volumes. Sales volumes were also adversely impacted in the second quarter of 2014 due to a turnaround at the Antwerp site. Partially offsetting this increase was the divestment of the Lavera business on July 1, 2014. The Oligomers business profitability increased in the three month period ended June 30, 2015 as compared to the same period in 2014, driven primarily by higher margins and the appreciation of the US dollar. Margins improved across the product portfolio in the second quarter of 2015 as compared to the same period in 2014 as the business successfully held many formula price adders, whilst benefitting from lower raw material prices. The appreciation of the US dollar by approximately 20% against the euro in the three month period ended June 30, 2015 as compared to the same period in 2014, has had a favourable impact on the North American results. The Nitriles business experienced an increase in profitability in the three month period ended June 30, 2015 as compared to the same period in 2014, primarily due to higher margins. Total average acrylonitrile margins rose significantly in the three month period ended June 30, 2015 as compared to the same period in 2014. This increase in margins was a result of the falling feedstock costs not being fully passed on to customers. The Phenol business profitability increased in the three month period ended June 30, 2015 as compared to the same period in 2014, primarily due to higher sales volumes and improved margins. The higher sales volumes were driven by an increase in phenol volumes, mainly driven by the European market. Margins increased in the three month period ended June 30, 2015 as compared to the same period in 2014, as lower raw material costs from US imports improved European margins.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt service requirements, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, and to fund growth in our working capital.

Our primary sources of liquidity are cash flows from operations of subsidiaries, cash on our balance sheet and borrowings under the Securitization Program. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

We believe that our operating cash flows, together with the cash resources and future borrowings under the Securitization Program, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case.

Financing Arrangements

On March 27, 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and $625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019. The new Term Loans mature in March 2022.

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem in full the Senior Secured Notes due 2020.

In June 2015 the Group amended and extended a proportion of the Senior Secured Term Loans due 2018. The maturities of €1,115 million and $890 million of Term Loans were extended from May 2018 to December 2020.

The Group also has a €1,000 million Securitization Program in place, which matures in December 2016.

The Group has a €300.0 million Letter of Credit facility. Under the terms of the facility the Group undertakes to provide cash collateral to cover any letters of credit, guarantees, bonds or indemnities issued under the facility.

As of June 30, 2015, the Group had a total of €4,731.1 million Senior Secured Term Loans, €1,108.0 million Senior Notes due 2018, €1,129.1 million Senior Notes due 2019, and €770.0 million Senior Secured Notes due 2023 outstanding.

Capital Expenditures

As part of our strategy to focus capital investments on improving returns, we have instituted measures to ensure the most efficient uses of capital investment. We intend to manage capital expenditures to maintain our well-invested asset base.

Capital expenditure incurred during the six months ended June 30, 2015 was €158.0 million (€172.4 million in the six months ended June 30, 2014) analysed by business segment as follows:

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	(€ in millions)	
O&P North America	63.0	74.1
O&P Europe	37.2	38.0
Chemical Intermediates	57.8	60.3
	158.0	172.4

The main capital expenditures in the six month period ended June 30, 2015 related to a number of smaller projects within the O&P North America and O&P Europe segments. There was also expenditure on a DIB debottlenecking project at the Oligomers site in Koln, Germany. The remaining capital expenditure related primarily to sustenance expenditure.

The main capital expenditures in the six month period ended June 30, 2014 were expenditures in the O&P North America segment on feedstock pipelines to Mont Belvieu and a furnace expansion. The majority of the O&P Europe capital expenditures related to cash payments in respect of the Koln cracker turnaround at the end of 2013. In additional there was capital expenditure on scheduled turnarounds at the Oxide site in Antwerp, Belgium and the Nitriles site in Seal Sands, England. The remaining capital expenditure related primarily to sustenance expenditure.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material costs, which affect inventory and account receivables levels, and sales volumes. Working capital levels typically develop in line with raw material prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under our Receivables Securitization Facility.

Cash Flows

During the six month period ended June 30, 2015 and 2014, our cash flow was as follows:

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	(€ millions)	
Cash flow from operating activities	816.4	453.9
Cash flow from investing activities	(76.0)	(244.0)
Cash flow from financing activities	(373.3)	(251.6)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €816.4 million for the six month period ended June 30, 2015 (inflow of €453.9 million in the six month period ended June 30, 2014). The inflow was due to the profit generated from operations, partially offset by working capital outflows of €212.5 million in the six month period ended June 30, 2015 (outflow of €236.4 million in the six month period ended June 30, 2014). The working capital outflow reflects the higher working capital levels as a result of the strong results achieved in the first half of the year.

Taxation payments of €88.9 million were made in the six month period ended June 30, 2015 (payments of €148.6 million in the six month period ended June 30, 2014). The payments in the six month period ended June 30, 2015 primarily reflect payments made to the tax authorities in the US and Belgium. The payments in the six month period ended June 30, 2014 primarily payments made to the tax authorities in the US, Belgium, Canada and Germany.

Cash flows from investing activities

On July 1, 2014, the Group successfully completed the Lavera Divestiture for a total consideration of €200 million in the form of loan notes. During the six month period ended June 30, 2015 the Group received €79.3m of further proceeds. As at June 30, 2015 all of the disposal proceeds had been received.

During the six month period ended June 30, 2015 there were no loans granted to related parties (€83.1 million in the six month period ended June 30, 2014). Following the divestment of the Grangemouth petrochemical business in 2013, the Group put in place a €200 million shareholder loan facility to fund the ongoing operations and investments required at the site. This facility matures on July 28, 2021 and is secured on a second lien basis on the assets of the Grangemouth petrochemical business. As at June 30, 2015 €130.8 million (June 30, 2014: €103.1 million) was outstanding under the facility (including capitalised interest).

There were no other significant cash flows from investing activities in the six month period ended June 30, 2015 and 2014 other than the acquisition of property, plant and equipment (refer to the "Capital Expenditure" section).

Cash flows from financing activities

Interest payments of €348.1 million were made in the six month period ended June 30, 2015 (€226.3 million in the six month period ended June 30, 2014). The interest payments during the first six months of 2015 relate to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the Senior Notes due 2018 and Senior Notes due 2019, a final interest payment and early prepayment premium of €66.0 million on the 2019 Senior Secured Notes which were redeemed in March 2015 and a final interest payment and early prepayment premium of €39.1 million on the 2020 Senior Secured Notes which were redeemed in May 2015. The interest payments during the first six months of 2014 relate to monthly cash payments in respect of the Senior Secured Term Loans, semi-annual interest payments on the 2019 Dollar Fixed Rate Notes, Senior Notes due 2018, Senior Secured Notes due 2020 and a final interest payment on the Senior Notes due 2016 which were redeemed in February 2014 and a quarterly interest payments on the 2019 Euro Floating Rate Notes.

The Group made a repayment of €56.7 million on the Securitization Program during the six month period ended June 30, 2015 (no repayment or drawdown in the six month period ended June 30, 2014).

The Group made scheduled repayments (including Excess Cash Flow payments) of €23.1 million on the Senior Secured Term Loans during the six month period ended June 30, 2015 (scheduled repayments of €16.1 million in the six month period ended June 30, 2014).

The Group made scheduled repayments of €1.8 million on a bilateral bank loan agreement to fund some specific capital expenditure at the Koln, Germany site, during the six month period ended June 30, 2015 (no repayment in the six month period ended June 30, 2014).

In March 2015, the Group entered into an incremental term loan facility under the Senior Secured Term Loan Agreement to borrow an additional €850 million and $625 million, resulting in a combined cash inflow of €1,407.3 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019 of €1,391.7 million. The Group paid associated debt issue costs of €18.2 million in relation to the issue of the incremental term loan facility during the six month period ended June 30, 2015.

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem in full the Senior Secured Notes due 2020 of €695.1 million. The Group paid associated debt issue costs of €8.7 million in relation to the issue of Senior Secured Notes due 2023 during the six month period ended June 30, 2015.

In June 2015 the Group amended and extended a proportion of the Senior Secured Term Loans due 2018. The maturities of €1,115 million and $890 million of Term Loans were extended from May 2018 to December 2020. The Group paid associated debt issue costs of €7.0 million in relation to the issue of the extended term loan facility during the six month period ended June 30, 2015.

In February 2014 the Group issued new Senior Notes due 2019 of $590 million and €600 million, resulting in a combined cash inflow of €1,034.9 million. The proceeds from the Senior Notes due 2019 were used to redeem the remaining euro-denominated Senior Notes due 2016 of €1,032.1 million. The Group paid associated debt issue costs of €11.2 million in relation to the issue of the Senior Notes due 2019 and the repricing of the Senior Secured Term Loans during the six month period ended June 30, 2014.

Net debt

Total net debt as at June 30, 2015 was €6,361.6 million (December 31, 2014: €6,322.4 million). The Group held net cash balances of €1,855.4 million as at June 30, 2015 (December 31, 2014: €1,434.6 million) which included restricted cash of €265.6 million used as collateral against bank guarantees and letters of credit. The Group had availability under undrawn working capital facilities of €216.6 million as at June 30, 2015.

The Group entered into two interest rate caps in May 2012 to hedge the variable interest rate exposures on the €500.0 million Floating Rate Senior Secured Notes due 2019. The interest rate caps had a strike price of 1.25% per annum, which was in line with the EURIBOR floor on the Floating Rate Notes of 1.25% per annum. These derivative instruments expired in May 2015.