

Registered number: 00162303

---

**CRISTAL PIGMENT UK LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

FRIDAY



\*A46Z5HDT\*

A28

08/05/2015

#121

COMPANIES HOUSE

---

**CRISTAL PIGMENT UK LIMITED**

---

**COMPANY INFORMATION**

---

**DIRECTORS**

S A Box  
R McIntyre  
J S Scott (resigned 6 March 2015)  
C J Simpson  
S Morten  
K F L Docx  
J G Furling  
P A H Barnett (appointed 16 October 2014)

**COMPANY SECRETARY**

J G Furling

**REGISTERED NUMBER**

00162303

**REGISTERED OFFICE**

Laporte Road  
Stallingborough  
Grimsby  
DN40 2PR

**INDEPENDENT AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Leeds  
United Kingdom

---

**CRISTAL PIGMENT UK LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' Report</b>	1 - 2
<b>Directors' Responsibilities Statement</b>	3
<b>Strategic Report</b>	4 - 6
<b>Independent Auditor's Report</b>	7 - 8
<b>Profit and Loss Account</b>	9
<b>Statement of Total Recognised Gains and Losses</b>	10
<b>Balance Sheet</b>	11 - 12
<b>Notes to the Financial Statements</b>	13 - 32

---

## **CRISTAL PIGMENT UK LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

---

The directors present their annual report and the financial statements for the year ended 31 December 2014.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £3,211,000 (2013 - loss £3,337,000).

The directors do not recommend the payment of a dividend. (2013: £nil)

#### **DIRECTORS**

The directors who served during the year and subsequently were:

S A Box  
R McIntyre  
J S Scott (resigned 6 March 2015)  
C J Simpson  
S Morten  
K F L Docx  
J G Furling  
P A H Barnett (appointed 16 October 2014)

No director has any interest in the company's shares, share options or in the shares of any other group company.

#### **EVENTS SINCE THE END OF THE YEAR**

On 5th February 2015 the Company announced a restructuring programme aimed at reducing costs to secure the long term future of its Stallingborough site. The programme, which includes both a reduction in headcount and investment in new technology, is being introduced in an effort to make a significant reduction in the plant's manufacturing costs to make the company more competitive in a challenging market. The reduction in the number of positions has not yet been finalised although it is estimated to be around 70.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The Company provides contract research and development services to fellow group subsidiaries. The group continues with research and development of its existing product range of titanium dioxide and the optimisation of the manufacturing process.

#### **EMPLOYEE INVOLVEMENT**

The company aims to offer a wide range of experience to employees. It offers competitive rates of pay and is committed to ongoing training and development. The directors recognise the value of keeping employees informed of business developments and business performance.

#### **DISABLED EMPLOYEES**

The company is committed to a policy of equal opportunity. It gives full and fair consideration to employing disabled people, having regard to their qualifications and abilities.

If an employee becomes disabled while employed by the company, they will continue, wherever possible, to be employed in the same job. If this action is not practicable or possible then every effort will be made to find suitable alternative employment.

---

**CRISTAL PIGMENT UK LIMITED**

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
**R McIntyre**  
Director

Date: 30 March 2015

---

## **CRISTAL PIGMENT UK LIMITED**

---

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

---

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

---

## CRISTAL PIGMENT UK LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### BUSINESS REVIEW

Demand from titanium dioxide consumers increased in 2014 compared to 2013 although is still less than historical averages. The production volume at the Company's only plant located in Stallingborough increased accordingly. The plant took an extended plant shutdown in April 2014 to enable the Company to invest heavily in proactive plant maintenance and capital expenditure both aimed at continually improving plant production reliability, safety, regulatory compliance and manufacturing costs.

Turnover for the year increased by 13% with additional sales income being generated from increased sales volumes which were partially offset by a reduction in sales price per unit. A significant proportion of sales continue to be of imported products which reduces the average operating profit margin percentage.

Net interest payable decreased by 1% as the Company continues to maintain intercompany debt as the main source for its working capital requirements. Foreign exchange revaluations on the Company's intercompany loans was comparable to 2013 with an aggregate loss in the year of £5.5 million (2013: loss of £5.2 million). This is attributable to the net debt position, the mix of loan currencies and also the underlying foreign exchange rate movements both during the year and at each year end. These movements, along with a reduced operating profit of £9.3 million (2013: profit of £9.9 million), caused the loss before tax to increase by £2.0 million to a loss of £4.3 million.

The increase in net current assets is mainly attributable to the differing maturities of intercompany debt. Overall net intercompany debt reduced by £58.1 million in the year as working capital requirements reduced due to a 21% reduction in stock balances and lower short term intercompany trading balances.

A decrease in shareholders' funds of 11% reflects the years retained loss, an actuarial loss relating to the defined benefit pension scheme and a net foreign exchange loss on equity investment net of foreign exchange loss on foreign currency borrowing.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's financing arrangements expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk, foreign exchange risk and interest rate risk.

Cristal Inorganic Chemicals Limited, a company registered in the Cayman Islands and one of the Company's parent undertakings, manages various financial risks on behalf of the worldwide group and as such none of these risks are managed at the individual company level.

The key risks relating to the company and the underlying businesses of its investments are set out below. The Company operates under a Contract Manufacturing Agreement and is therefore protected from many of these risks which in practice now only exist in some of the underlying businesses of its investments.

##### Price risk

The Company is protected from price risk under the Contract Manufacturing Agreement it operates under.

##### Credit risk

The Company only has exposure to the credit risk of fellow group subsidiaries.

##### Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Cristal USA Inc., a fellow subsidiary in the Cristal Inorganic Chemicals Limited Group selectively uses derivative instruments to manage the ratio of fixed-to-variable-rate debt on a group wide basis.

##### Foreign exchange risk

The Company's fellow subsidiaries market their products in a number of countries throughout the world and, as a result are exposed to changes in foreign exchange rates.

---

## CRISTAL PIGMENT UK LIMITED

---

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### Operational risk

The cost of raw materials and utilities as well as the reliability of their supply, the reliability of owned manufacturing plants and compliance to regulatory requirements may result in increased expenses or reduced results for the Company's or subsidiaries' operations. As a result the Company and its investments may not yield the expected benefits. The Company is protected from some operational risks under the Contract Manufacturing Agreement it operates under.

#### Market risk

External factors beyond the Company's control can cause fluctuations in demand for the Company's and subsidiaries' products and in their prices and margins, which may result in lower operating results. Examples include supply and demand of raw materials and utilities, changes in end user customer buying patterns and demand, general economic conditions, domestic and international events and circumstances, competitor actions, government regulation, severe weather and natural disasters. The Company is protected from some market risks under the Contract Manufacturing Agreement it operates under.

#### Regulatory risk

The Company and subsidiaries' operations and assets are subject to extensive environmental, health and safety and other laws and regulations, which could result in material costs or liabilities. These risks are mitigated by the Company's commitment to these areas, evidenced by the resources it makes available to ensure that safety remains an overriding value for all employees.

#### Liquidity risk

The Company is reliant on the availability of intercompany debt. As described below, the directors take various measures to ensure that they have a reasonable and proper expectation that the required intercompany debt continues to be available.

#### KEY PERFORMANCE INDICATORS (KPI)

The company operates in a highly complex environment and management use and review many performance measures. Particular attention is given to the company's number one priority which is its Safety, Health and Environmental performance.

KPI Description	2014	2013	KPI Background
Employee Lost Working Day Incidents (ELWDI)	-	1	Whilst the reduction to zero ELWDI's in 2014 is positive the focus continues to maximise the chance of staying at zero in future years.
Turnover growth	12.8%	14.3%	The main driver was an increase in sales volume.
Operating profit margin	3.7%	4.4%	The reduction is due to differing sales mix as a significant proportion of sales continue to be of imported products which reduces the average operating profit margin percentage.
Headcount increase	2.1%	4.7%	The company recruited in an attempt to provide the people resource required to meet the wider group's objective.

#### FUTURE DEVELOPMENTS

The TiO<sub>2</sub> market is currently going through an extremely challenging period, however, the global TiO<sub>2</sub> market traditionally moves in cycles and so the directors anticipate that the market will improve in the future. Until such times they want to ensure that the company is in the best and most cost effective position to be able to move with that cycle.

The key to maximising long term business profitability continues to be controlling manufacturing costs, maximising production and most importantly operating to the highest standards of Safety, Health and



---

**CRISTAL PIGMENT UK LIMITED**

---

**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

Environmental practice.

The Company also continues to be committed to investing in the reliability of the plant through maintenance and capital expenditure whilst also seeking continuous improvement in usage rates of raw materials and utilities with the aim of minimising the production cost per tonne of finished product.

On 5th February 2015 the Company announced a restructuring programme aimed at reducing costs to secure the long term future of its Stallingborough site. The programme, which includes both a reduction in headcount and investment in new technology, is being introduced in an effort to make a significant reduction in the plant's manufacturing costs to make the company more competitive in a challenging market. The reduction in the number of positions has not yet been finalised although it is estimated to be around 70.

**GOING CONCERN**

These financial statements have been prepared on the going concern basis. Funding is provided to the Company through intercompany loans. This intercompany debt is financed by profits generated by fellow group subsidiaries and external borrowings in the USA, Switzerland and Saudi Arabia. Whilst future trading performance and the availability of external borrowings within the group is inherently subject to uncertainty the directors, having received written assurances of support from a parent company and having assessed the ability of the company to provide this support, have a reasonable and proper expectation that the Company will continue to have adequate resources and that intercompany funds will continue to be available for the foreseeable future. Accordingly the going concern basis has been adopted in these financial statements.

This report was approved by the board on 30 March 2015 and signed on its behalf.



.....  
**R McIntyre**  
**Director**

---

## CRISTAL PIGMENT UK LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRISTAL PIGMENT UK LIMITED

---

We have audited the financial statements of Cristal Pigment UK Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

---

**CRISTAL PIGMENT UK LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRISTAL PIGMENT UK LIMITED**

---

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Scott Bayne ACA (Senior Statutory Auditor)  
for and on behalf of  
**Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Leeds  
United Kingdom

30 March 2015

**CRISTAL PIGMENT UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Note</b>	<b>2014 £000</b>	<b>2013 £000</b>
<b>TURNOVER</b>	1,2	<b>252,713</b>	224,018
Cost of sales		<b>(232,089)</b>	(203,127)
<b>GROSS PROFIT</b>		<b>20,624</b>	20,891
Distribution costs		<b>(1,983)</b>	(1,788)
Administrative expenses		<b>(9,369)</b>	(9,223)
<b>OPERATING PROFIT</b>	3	<b>9,272</b>	9,880
Income from shares in group undertakings		<b>440</b>	-
Profit on disposal of investments		-	1,217
Interest receivable and similar income	7	<b>6,200</b>	5,875
Interest payable and similar charges	8	<b>(19,682)</b>	(19,173)
Other finance expense	9	<b>(512)</b>	(103)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(4,282)</b>	(2,304)
Tax on loss on ordinary activities	10	<b>1,071</b>	(1,033)
<b>LOSS FOR THE FINANCIAL YEAR</b>	22	<b>(3,211)</b>	(3,337)

All amounts relate to continuing operations.

The notes on pages 13 to 32 form part of these financial statements.

---

**CRISTAL PIGMENT UK LIMITED**

---

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

	Note	2014 £000	2013 £000
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(3,211)</b>	<b>(3,337)</b>
Actuarial (loss)/gain related to pension scheme	25	<b>(3,807)</b>	3,666
Deferred tax attributable to actuarial (loss)/gain	25	<b>761</b>	(971)
Other movements in profit and loss reserve (see below)		<b>(12,274)</b>	4,536
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b>(18,531)</b>	<b>3,894</b>

The notes on pages 13 to 32 form part of these financial statements.

Other movements in profit and loss reserve comprises:

	2014 £000	2013 £000
Foreign exchange (loss)/gain on foreign currency equity investments	<b>(16,040)</b>	5,284
Foreign exchange gain/(loss) on related foreign currency borrowings	<b>3,766</b>	(748)
	<b>(12,274)</b>	4,536

The notes on pages 13 to 32 form part of these financial statements.

**CRISTAL PIGMENT UK LIMITED**  
**REGISTERED NUMBER: 00162303**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	£000	2014 £000	£000	2013 £000
<b>FIXED ASSETS</b>					
Intangible assets	11		2,902		2,924
Tangible assets	12		65,182		68,792
Investments	13		236,908		252,948
			<u>304,992</u>		<u>324,664</u>
<b>CURRENT ASSETS</b>					
Stocks	14	84,808		107,161	
Debtors: amounts falling due after more than one year	15	142,749		103,530	
Debtors: amounts falling due within one year	15	45,074		86,350	
Cash at bank		851		2,166	
		<u>273,482</u>		<u>299,207</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(52,811)</u>		<u>(144,167)</u>	
<b>NET CURRENT ASSETS</b>			<u>220,671</u>		<u>155,040</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>525,663</u>		<u>479,704</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17		<u>(366,954)</u>		<u>(300,776)</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	19	(2,042)		(3,952)	
Other provisions	20	(1,627)		(1,660)	
			<u>(3,669)</u>		<u>(5,612)</u>
<b>NET ASSETS EXCLUDING NET PENSION SCHEME LIABILITY</b>			<u>155,040</u>		<u>173,316</u>
Net defined benefit pension scheme liability	25		<u>(540)</u>		<u>(285)</u>
<b>NET ASSETS INCLUDING NET PENSION SCHEME LIABILITY</b>			<u>154,500</u>		<u>173,031</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		12,475		12,475
Share premium account	22		114,435		114,435
Capital contribution reserve	22		84,873		84,873
Profit and loss account	22		(57,283)		(38,752)
<b>SHAREHOLDERS' FUNDS</b>	23		<u>154,500</u>		<u>173,031</u>

---

**CRISTAL PIGMENT UK LIMITED**

---

**BALANCE SHEET (continued)  
AS AT 31 DECEMBER 2014**

---

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....  
**R McIntyre**  
Director

Date: 30 March 2015

The notes on pages 13 to 32 form part of these financial statements.

---

## CRISTAL PIGMENT UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Going concern

These financial statements have been prepared on the going concern basis. Funding is provided to the Company through intercompany loans. This intercompany debt is financed by profits generated by fellow group subsidiaries and external borrowings in the USA, Switzerland and Saudi Arabia. Whilst future trading performance and the availability of external borrowings within the group is inherently subject to uncertainty the directors, having received written assurances of support from a parent company and having assessed the ability of the company to provide this support, have a reasonable and proper expectation that the Company will continue to have adequate resources and that intercompany funds will continue to be available for the foreseeable future. Accordingly the going concern basis has been adopted in these financial statements.

##### 1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.4 Turnover recognition

Income is recognised when transfer of risks and rewards of the goods takes place and comprises the invoice value of goods supplied by the company during the year, excluding value added tax.

##### 1.5 Intangible fixed assets and amortisation

At each reporting date, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use.

Some licences are not amortised. It is the directors' opinion that without these licences the company cannot sell its products and as such the licences have an indefinite life.

Amortisation is provided at the following rates:

Amortised Licences	-	Straight line basis over the estimated useful life
--------------------	---	--



---

## CRISTAL PIGMENT UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	20 to 40 years
Plant & machinery	-	5 to 50 years
Motor vehicles	-	3 to 5 years
Fixtures & fittings	-	5 to 10 years

##### 1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment, except for those foreign currency equity investments financed by foreign currency borrowings as per the accounting policy for foreign currencies.

##### 1.8 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### 1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

##### 1.10 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

---

## CRISTAL PIGMENT UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### 1. ACCOUNTING POLICIES (continued)

##### 1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account, except that, where foreign currency borrowings have been used to finance equity investments in foreign currencies, exchange differences arising on the borrowings are dealt with through reserves to the extent that they are covered by exchange differences arising on the equity investments.

##### 1.13 Research and development

Research and development expenditure is written off in the year in which it is incurred.

##### 1.14 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

##### 1.15 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2012.

This has been rolled forward to 31 December 2014 by a qualified actuary.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

---

## CRISTAL PIGMENT UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### 1. ACCOUNTING POLICIES (continued)

##### 1.16 Fixed asset impairment

Fixed asset impairment is assessed by comparing the fixed asset carrying value to the higher of market value and the net present value of future cash flows derived from those assets using a projection period of five years, the period for which the company prepares detailed plans, for each income generation unit. After the projection period, a terminal year calculation is included. The discount factor used is based upon the group's average weighted cost of capital.

##### 1.17 Interest

Interest is recognised in the profit and loss account on an accruals basis.

##### 1.18 Environmental provision

Environmental provisions are recognised where there is an obligation resulting from past activities related to investigation, remediation and monitoring of contaminated sites where the amount of the liability can be reasonably estimated. Environmental provisions are not discounted unless the impact of doing so would be material.

#### 2. SEGMENTAL REPORTING

Turnover derives from one class of business, being contract services relating to the production and sale of the chemical titanium dioxide. These are supplied to end customers predominantly in the European geographical market.

#### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	11,228	13,386
Operating lease rentals:		
- plant and machinery	801	797
Difference on foreign exchange	1,811	(187)
Amortisation - intangible fixed assets	110	10
Research and development expenditure written off	371	432
Loss on disposal of fixed assets	952	1,336

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**4. AUDITOR'S REMUNERATION**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>206</b>	<b>210</b>
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	<b>23</b>	<b>16</b>
All taxation advisory services not included above	<b>19</b>	<b>38</b>

The company has incurred approximately £4,000 of audit costs on behalf of fellow group undertakings (2013: £4,000).

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>23,610</b>	<b>23,155</b>
Social security costs	<b>3,204</b>	<b>3,230</b>
Other pension costs (Note 25)	<b>2,142</b>	<b>1,987</b>
	<b>28,956</b>	<b>28,372</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Process/engineering	<b>344</b>	<b>343</b>
Administration	<b>136</b>	<b>127</b>
	<b>480</b>	<b>470</b>

**6. DIRECTORS' REMUNERATION**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Remuneration	<b>686</b>	<b>959</b>
Company pension contributions to defined contribution pension schemes	<b>85</b>	<b>152</b>

During the year retirement benefits were accruing to 7 directors (2013 - 7) in respect of defined contribution pension schemes.

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**6. DIRECTORS' REMUNERATION (continued)**

The highest paid director received remuneration of £180,000 (2013 - £197,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,000 (2013 - £21,000).

**7. INTEREST RECEIVABLE**

	2014 £000	2013 £000
Interest receivable from group companies	5,724	5,746
Other interest receivable	-	7
Foreign branches translation gain	476	122
	<u>6,200</u>	<u>5,875</u>

**8. INTEREST PAYABLE**

	2014 £000	2013 £000
Accretion of discount on loan notes due to fellow group undertakings	1,057	1,050
Interest on interest bearing loan notes due to fellow group undertakings	13,108	12,882
Foreign exchange losses on loan notes due to and from fellow group undertakings	5,517	5,241
	<u>19,682</u>	<u>19,173</u>

**9. OTHER FINANCE EXPENSE**

	2014 £000	2013 £000
Expected return on pension scheme assets	4,186	4,463
Interest on pension scheme liabilities	(4,698)	(4,566)
	<u>(512)</u>	<u>(103)</u>

**CRISTAL PIGMENT UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**10. TAXATION**

	2014 £000	2013 £000
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b> (see note below)		
Foreign tax on income for the year	143	(12)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,365)	669
Adjustment in respect of change in tax rate	-	(492)
Pension cost relief in excess of pension cost charge	697	779
Adjustment in respect of prior year deferred tax	(546)	89
<b>Total deferred tax</b> (see note 19)	(1,214)	1,045
<b>Tax on loss on ordinary activities</b>	(1,071)	1,033

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	(4,282)	(2,304)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	(921)	(536)
<b>Effects of:</b>		
Expenses not deductible for tax purposes and other permanent differences	108	37
Capital allowances for year in excess of depreciation	759	772
Utilisation of tax losses	-	(2,047)
Other timing differences leading to an increase (decrease) in taxation	(750)	(906)
Dividends not taxable	(95)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(351)	(160)
Unrelieved tax losses carried forward	(23)	183
Group relief	1,483	2,155
Overseas tax	143	(12)
Undeducted loan interest	(187)	526
Tax deductible amortisation of intangible assets	(23)	(24)
<b>Current tax charge/(credit) for the year</b> (see note above)	143	(12)

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**10. TAXATION (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**11. INTANGIBLE FIXED ASSETS**

	<b>Licences £000</b>
<b>Cost</b>	
At 1 January 2014	<b>2,934</b>
Additions including transfers between classes	<b>88</b>
At 31 December 2014	<b>3,022</b>
<b>Amortisation</b>	
At 1 January 2014	<b>10</b>
Charge for the year	<b>110</b>
At 31 December 2014	<b>120</b>
<b>Net book value</b>	
At 31 December 2014	<b>2,902</b>
At 31 December 2013	<b>2,924</b>

There has been a credit transfer from assets under construction to intangible assets of £30,000 during the year.

**CRISTAL PIGMENT UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. TANGIBLE FIXED ASSETS**

	Freehold property £000	Plant & machinery £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 January 2014	22,817	214,141	10,583	247,541
Additions	-	2,331	6,209	8,540
Disposals	-	(4,254)	(708)	(4,962)
Transfer between classes	447	8,618	(9,035)	30
Foreign exchange movement	-	(2)	-	(2)
At 31 December 2014	23,264	220,834	7,049	251,147
<b>Depreciation</b>				
At 1 January 2014	10,821	167,928	-	178,749
Charge for the year	664	10,564	-	11,228
On disposals	-	(4,010)	-	(4,010)
Foreign exchange movement	-	(2)	-	(2)
At 31 December 2014	11,485	174,480	-	185,965
<b>Net book value</b>				
At 31 December 2014	11,779	46,354	7,049	65,182
At 31 December 2013	11,996	46,213	10,583	68,792

There has been a credit transfer from assets under construction to intangible assets of £30,000 during the year.

**13. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2014	254,771
Foreign exchange movement	(16,040)
At 31 December 2014	238,731
<b>Impairment</b>	
At 1 January 2014 and 31 December 2014	1,823
<b>Net book value</b>	
At 31 December 2014	236,908
At 31 December 2013	252,948



---

## CRISTAL PIGMENT UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

---

#### 13. FIXED ASSET INVESTMENTS (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Millennium Inorganic Chemicals SAS	Ordinary	100%
Cristal Korea Limited	Ordinary	100%
Cristal Europe BVBA	Ordinary	100%
Millennium Inorganic Chemicals Lincolnshire Limited	Ordinary	100%
Cristal Italy SRL	Ordinary	95%

Name	Business	Country of registration
Millennium Inorganic Chemicals SAS	Holding and property investment company	France
Cristal Korea Limited	Sales office	Korea
Cristal Europe BVBA	Provision of warehousing and transport services	Belgium
Millennium Inorganic Chemicals Lincolnshire Limited	Investment company	England
Cristal Italy SRL	Sales office	Italy

The company indirectly owns 99% of the ordinary share capital and voting rights (35% of the total share capital) of Cristal Pigmentos do Brazil SA, a company incorporated in Brazil, whose principal activity is the manufacture of titanium dioxide and speciality chemicals. Cristal Pigmentos do Brazil SA in turn owns 99% of the share capital of Millennium Inorganic Chemicals Mineracao Ltda, a company incorporated in Brazil, whose principal activity is mining for ore.

The company indirectly owns 100% of the ordinary share capital and voting rights of Cristal France SAS, a company incorporated in France, whose principal activity is the manufacture of titanium dioxide and speciality chemicals.

During the year the directors carried out a review of the carrying value of the investments and no additional impairment charge has been made.

The value in use is generally calculated as the estimated discounted future net cash flows of the underlying businesses of Cristal Pigment UK Limited and its subsidiaries. Where subsidiaries shares are traded on a public stock exchange the value in use is calculated as the higher of market value as quoted on the public stock exchange and the estimated discounted future net cash flows for the underlying business. Where forecast cash flows are used they are based on current approved budgets and forecasts of the Cristal Inorganic Chemicals Limited Group.

The principal assumptions used in calculating the estimated discounted future net cash flows are the discount rates applied to each of the underlying businesses. The post tax discount rate is 8.27% which, in the opinion of the directors, reflects the risk inherent in those cash flows.

In the opinion of the directors the value of the investment in the subsidiary undertaking is not less than the aggregate amount at which it is stated in the balance sheet.

**CRISTAL PIGMENT UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**14. STOCKS**

	2014 £000	2013 £000
Raw materials and consumables	21,396	35,981
Work in progress	2,911	3,612
Finished goods and goods for resale	51,673	58,650
Engineering stores	8,828	8,918
	<u>84,808</u>	<u>107,161</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**15. DEBTORS**

	2014 £000	2013 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>142,749</u>	<u>103,530</u>
<b>Due within one year</b>		
Trade debtors	-	10
Amounts owed by group undertakings	43,616	84,606
Other debtors	756	1,088
Prepayments and accrued income	702	646
	<u>45,074</u>	<u>86,350</u>

Amounts due from fellow subsidiary undertakings falling due after more than one year include loan notes. Rolled up interest is included in these loan notes and they are unsecured. The loan notes are as follows:

Denomination	Terms	Repayable	2014 £000	2013 £000
USD	US LIBOR (3 months) + 3%	30 December 2016	40,827	6,667
	Euro SWAP Annual (5 years)			
Euro	+ 4.4%	14 December 2016	101,922	103,529
			<u>142,749</u>	<u>110,196</u>

**CRISTAL PIGMENT UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**16. CREDITORS:**  
**Amounts falling due within one year**

	2014 £000	2013 £000
Trade creditors	12,856	41,274
Amounts owed to group undertakings	15,357	97,674
Corporation tax	413	1,112
Other taxation and social security	2,389	151
Other bank financing	18,317	-
Other creditors	64	-
Accruals and deferred income	3,415	3,956
	<u>52,811</u>	<u>144,167</u>

Other bank financing represents a credit facility which can be used to extend payment terms on purchases of materials. A joint and several guarantee is provided by Cristal Inorganic Chemicals Limited in the full amount of the facility.

**17. CREDITORS:**  
**Amounts falling due after more than one year**

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>366,954</u>	<u>300,776</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £000	2013 £000
Repayable other than by instalments	<u>191,320</u>	<u>183,434</u>

**18. LOANS AND OTHER BORROWINGS**

	2014 £000	2013 £000
<b>Unsecured loans from fellow subsidiary undertakings</b>		
Repayable in under one year or on demand	1,937	93,699
Repayable between one and two years	31,814	1,759
Repayable between two and five years	143,820	115,583
Repayable in over five years	191,320	183,434
	<u>368,891</u>	<u>394,475</u>

**CRISTAL PIGMENT UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**LOANS AND OTHER BORROWINGS (continued)**

Rolled up interest is included in the above loan notes balance for the non discounted notes and for the discounted note the accretion of the discount is included within interest payable. The loan notes are as follows:

<b>Denomination</b>	<b>Terms</b>	<b>Repayable</b>	<b>2014 £000</b>	<b>2013 £000</b>
US Dollar	US LIBOR (3 months) + 3.0%	30 April 2018	<b>11,483</b>	10,482
US Dollar	Discounted note with imputed rate of 3.765%	15 February 2015	<b>1,937</b>	1,759
US Dollar	Discounted note with imputed rate of 4.67%	30 May 2014	<b>12,924</b>	11,627
US Dollar	Discounted note with imputed rate of 5.52%	27 June 2014	<b>8,392</b>	7,485
Sterling	BBA LIBOR + 2%	31 December 2016	<b>10,497</b>	10,201
US Dollar	US LIBOR (3 months) + 3.0%	14 December 2018	<b>13,684</b>	46,094
GBP	GBP LIBOR (3 months) + 4%	28 February 2018	<b>11,811</b>	11,282
Euro	EURIBOR (3 months) + 2.5%	31 December 2016	<b>11,339</b>	11,811
Euro	Fixed rate at 7.5%	31 December 2016	<b>28,716</b>	30,747
Euro	EURIBOR + 1%	31 December 2016	<b>15,883</b>	14,474
Sterling	BBA LIBOR + 4%	30 July 2021	<b>2,354</b>	17,555
Euro	Euro SWAP Annual (5 years) + 3.5%	28 October 2017	<b>50,905</b>	37,524
GBP	GBP LIBOR (3 month) + 2.4%	16 May 2023	<b>188,966</b>	183,434
			<b>368,891</b>	<b>394,475</b>

**19. DEFERRED TAXATION**

Deferred tax balances for the current and prior year are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. As such deferred tax balances have been recognised at 20% (2013: 20%).

	<b>2014 £000</b>	<b>2013 £000</b>
At beginning of year	<b>3,952</b>	3,686
(Credit)/charge for year	<b>(1,910)</b>	266
At end of year	<b>2,042</b>	<b>3,952</b>

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**19. DEFERRED TAXATION (continued)**

The provision for deferred taxation is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	3,892	4,607
Tax losses carried forward	(941)	(358)
Undeducted loan interest	(947)	(312)
Short term timing differences	(25)	(27)
Accelerated amortisation	63	42
	<u>2,042</u>	<u>3,952</u>

A deferred tax asset of £3,206,000 relating to non trading losses was not provided for at the year end (2013: £3,228,000) because in the opinion of the directors there will be no suitable taxable profits available in the foreseeable future.

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly, deferred tax balances have been measured at 20%.

**20. PROVISIONS**

	Environmental provision £000	Other provisions £000	Total £000
At 1 January 2014	105	1,555	1,660
Amounts used	(33)	-	(33)
At 31 December 2014	<u>72</u>	<u>1,555</u>	<u>1,627</u>

**Environmental provision**

The environmental provision was created to cover the cost of capping the landfill site and the subsequent maintenance and monitoring costs necessary to comply with legislation. The capping was completed in 2012. It is estimated that all required monitoring will have been completed and a certificate of completion issued by 2018 when the provision will have reversed out in full. The provision is based upon management's estimate of when the certificate of completion will be issued and their estimate of what maintenance and monitoring costs will be incurred up until this date.

**Other provisions**

Other provisions cover the directors' expected costs of settling ongoing claims made against the company. The directors consider it probable that the claims will be successful and settled between one and three years.

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**21. SHARE CAPITAL**

	2014 £000	2013 £000
<b>Authorised</b>		
13,538,443 Ordinary shares of £1 each	<u>13,538</u>	<u>13,538</u>
<b>Allotted, called up and fully paid</b>		
12,474,543 Ordinary shares of £1 each	<u>12,475</u>	<u>12,475</u>

**22. RESERVES**

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2014	114,435	84,873	(38,752)
Loss for the financial year	-	-	(3,211)
Pension reserve movement	-	-	(3,046)
Foreign exchange loss on equity investment not offset by foreign exchange gain on foreign currency borrowings	-	-	(12,274)
At 31 December 2014	<u>114,435</u>	<u>84,873</u>	<u>(57,283)</u>

The closing balance on the Profit and Loss Account includes a £540,000 (2013 - £285,000) debit, stated after deferred taxation of £135,000 (2013 - £71,000), in respect of pension scheme liabilities of the company pension scheme.

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014 £000	2013 £000
Opening shareholders' funds	173,031	169,137
Loss for the financial year	(3,211)	(3,337)
Other recognised gains and losses during the year	(15,320)	7,231
	<hr/>	<hr/>
Closing shareholders' funds	154,500	173,031
	<hr/>	<hr/>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS (continued)**

Other recognised gains and losses during the year comprises:

	2014 £000	2013 £000
Actuarial gain/(loss) on pension scheme	(3,807)	3,666
Movement on deferred tax relating to actuarial gain/(loss) in pension scheme	761	(971)
Foreign exchange loss on equity investment not offset by foreign exchange gain on foreign currency borrowings	(12,274)	4,536
	<hr/>	<hr/>
	(15,320)	7,231
	<hr/>	<hr/>

**24. CAPITAL COMMITMENTS**

At 31 December 2014 the company had capital commitments as follows:

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	1,400	806
	<hr/>	<hr/>

**25. PENSION COMMITMENTS**

**Defined Contribution Pension Scheme**

The total cost relating to defined contribution schemes was £2,142,000 (2013: £1,987,000) and represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2014 contributions of £399,000 (2013: £130,000) due in respect of the current reporting period had not been paid over to the schemes.

**Defined Benefit Pension Scheme**

The company operated a defined benefit pension scheme in the UK for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees.

The scheme is closed to new entrants and from 1 September 2009 was closed to future accrual. The company contributed £4,000,000 to the scheme in equal installments during the year ended 31 December 2014.

The company has agreed with the scheme's trustees to contribute at least £4,000,000 per annum from 1

---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**25. PENSION COMMITMENTS (continued)**

January 2013 to 31 May 2020 payable in equal monthly instalments. In addition the company has agreed to pay additional contributions based on the business performance of the Cristal Inorganic Chemicals Limited Group.

The last full actuarial valuation of the scheme for cash funding purposes was as at 31 March 2012 and was performed by a qualified independent actuary.

On 8 July 2010, the Minister of State for Pensions announced the Government's intention to move to using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) as the inflation measure for determining the minimum pension increases to be applied to the statutory index-linked features of retirement benefits.

The inflation assumption adopted takes account of this guidance where relevant.

The actuarial valuation at 31 December 2014 for the purposes of FRS 17 showed an increase in the deficit from £356,000 to £675,000.

The amounts recognised in the Balance Sheet are as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
Present value of funded obligations	<b>(117,774)</b>	<b>(105,531)</b>
Fair value of scheme assets	<b>117,099</b>	<b>105,175</b>
Deficit in scheme	<b>(675)</b>	<b>(356)</b>
Related deferred tax asset	<b>135</b>	<b>71</b>
Net liability	<b>(540)</b>	<b>(285)</b>

The amounts recognised in profit or loss are as follows:

	<b>2014 £000</b>	<b>2013 £000</b>
Interest on obligation	<b>(4,698)</b>	<b>(4,566)</b>
Expected return on scheme assets	<b>4,186</b>	<b>4,463</b>
Total	<b>(512)</b>	<b>(103)</b>
Actual return on scheme assets	<b>14,731</b>	<b>5,702</b>

Actuarial gains and losses have been reported in the statement of total recognised gains and losses. The actuarial gains/losses immediately recognised for the year amounted to a loss of £3,807,000 (2013: a gain of £3,666,000).



---

**CRISTAL PIGMENT UK LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

---

**25. PENSION COMMITMENTS (continued)**

Movements in the present value of the defined benefit obligation were as follows:

	<b>2014</b>	2013
	<b>£000</b>	£000
Opening defined benefit obligation	<b>105,531</b>	108,998
Interest cost	<b>4,698</b>	4,566
Actuarial (gains)/losses	<b>14,352</b>	(2,427)
Benefits paid	<b>(6,807)</b>	(5,606)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>117,774</b>	105,531
	<hr/> <hr/>	<hr/> <hr/>

Changes in the fair value of scheme assets were as follows:

	<b>2014</b>	2013
	<b>£000</b>	£000
Opening fair value of scheme assets	<b>105,175</b>	101,079
Expected return on assets	<b>4,186</b>	4,463
Actuarial gains	<b>10,545</b>	1,239
Contributions by employer	<b>4,000</b>	4,000
Benefits paid	<b>(6,807)</b>	(5,606)
	<hr/>	<hr/>
	<b>117,099</b>	105,175
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was a loss of £36,006,000 (2013 - £32,200,000).

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2014</b>	2013
European equities	<b>4.10 %</b>	11.80 %
European bonds	<b>8.00 %</b>	29.60 %
Diversified growth	<b>4.20 %</b>	8.90 %
Gifts/cash	<b>83.70 %</b>	49.70 %

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations of future returns for each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2014</b>	2013
Discount rate at 31 December	<b>3.55 %</b>	4.60 %
Expected return on scheme assets at 31 December	<b>4.60 %</b>	4.80 %
Future pension increases	<b>2.90 %</b>	3.20 %
Inflation rate	<b>2.05 %</b>	2.40 %

**CRISTAL PIGMENT UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**25. PENSION COMMITMENTS (continued)**

The assumed life expectations on retirement for a male member age 65 retiring today 22.3 years (2013: 22.2 years) and for a male member aged 40 today retiring in 25 years are 24.5 years (2013: 24.4 years).

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(117,774)	(105,531)	(108,998)	(101,146)	(95,081)
Scheme assets	117,099	105,175	101,079	93,823	82,476
Deficit	(675)	(356)	(7,919)	(7,323)	(12,605)
Experience adjustments on scheme assets	10,545	1,239	3,811	(1,958)	2,431

	2014 £000	2013 £000
At 1 January 2014	71	1,821
Profit and loss account	(697)	(779)
Deferred tax charged to the statement of total recognised gains and losses:		
- on actuarial gain/(loss)	761	(733)
- change in tax rate	-	(238)
At 31 December 2014	135	71

**26. OPERATING LEASE COMMITMENTS**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
<b>Expiry date:</b>		
Within 1 year	89	112
Between 2 and 5 years	239	267
After more than 5 years	3	28

---

## **CRISTAL PIGMENT UK LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

---

#### **27. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions provided under Financial Reporting Standard No 8 - "Related Party Disclosures" not to disclose transactions with other wholly owned companies within The National Industrialization Company Group.

#### **28. POST BALANCE SHEET EVENTS**

On 5th February 2015 the Company announced a restructuring programme aimed at reducing costs to secure the long term future of its Stallingborough site. The programme, which includes both a reduction in headcount and investment in new technology, is being introduced in an effort to make a significant reduction in the plant's manufacturing costs to make the company more competitive in a challenging market. The reduction in the number of positions has not yet been finalised although it is estimated to be around 70.

#### **29. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is Millennium Inorganic Chemicals Grimsby Limited, a company registered in England and Wales.

Cristal Inorganic Chemicals Limited, a company registered in the Cayman Islands, is the parent undertaking of the smallest group in which the accounts of the company are consolidated. Copies of the financial statements of Cristal Inorganic Chemicals Limited may be obtained from the Corporate Headquarters, 20 Wight Avenue, Suite 100, Hunt Valley, MD 21030, USA.

The company's ultimate parent undertaking, controlling party and parent undertaking of the largest group in which the accounts of the company are consolidated is The National Industrialization Company, a joint stock company incorporated in Saudi Arabia. Copies of the financial statements of The National Industrialization Company can be obtained from the Head Office, 7th Floor, Tower 2, New Akaria Building, Sitteen Street, PO Box 26707, Riyadh, 11496, Kingdom of Saudi Arabia.