

Registered number: 1254437 (England and Wales)

ALFA CHEMICALS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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ALFA CHEMICALS LIMITED

COMPANY INFORMATION

DIRECTORS

M W Walker
P V Pisacane
S Walton

COMPANY NUMBER

1254437 (England and Wales)

REGISTERED OFFICE

Arc House
Terrace Road South
Binfield
Bracknell
Berkshire
RG42 4PZ

AUDITOR

James Cowper LLP
Chartered Accountants and Statutory Auditor
3 Wesley Gate
Queen's Road
Reading
Berkshire
RG1 4AP

ALFA CHEMICALS LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 14
 The following pages do not form part of the statutory financial statements	
Detailed profit and loss account and summaries	15 - 17

ALFA CHEMICALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The company's principal activity is the distribution of speciality raw materials from, primarily, overseas principals to the Pharmaceutical, Personal Care and Industrial markets in the UK and Ireland

There have been no changes in the company's activities in the year

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Although the markets in which the company operates have remained highly competitive, the company has continued to perform well. Turnover has increased by 3.2% to £7.5 million. As a result of the increased turnover and the focus on reducing the cost structure, profit before tax for the year has increased from £0.5 million to £1.3 million.

The company remained in a strong financial position at the year end with net current assets of £2.4 million.

There have been no events since the balance sheet date which materially affect the position of the company and the company has continued to trade profitably. The company will continue to develop its key customer and supplier relationships.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 6 and shows the profit for the year.

Interim dividends of £22.64 per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

KEY PERFORMANCE INDICATORS

Turnover, margin and net profit are the main measures used to monitor the performance of the company. Each of these measures has been substantially maintained during the year, as set out in the business review.

PRINCIPAL RISKS AND UNCERTAINTIES

The company seeks to manage the risk of losing Principals by the provision of added value services that they would be unable to provide. In addition the company focuses on retaining and increasing its customer base by improving the service to customers by reducing response times in the supply of products and also in the handling of customer queries, while maintaining strong relationships and local representation with key customers.

The main financial risks arising from the company's activities are credit risk, exchange rate and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and to monitor payments against contractual agreements for existing customers.

The company's policy in respect of exchange rate risk is to maintain bank accounts denominated in Euros and US Dollars to facilitate day to day trading transactions, exposure to movements in exchange rates is mitigated by transferring funds into sterling accounts on a timely basis.

The company's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure the company has sufficient funds for operation.

ALFA CHEMICALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions of £2,254 (2009 - £Nil) There were no political contributions

DIRECTORS

The directors who served during the year were

M W Walker
P V Pisacane
S Walton
M I Farmer (resigned 30 May 2010)
S B Evans (resigned 5 March 2010)
T G Page (resigned 5 March 2010)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 of 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 estimates that are reasonable and prudent,
- 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.

PROVISION 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 information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

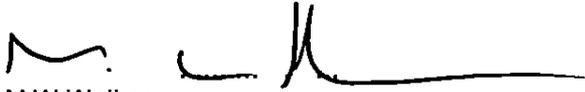
AUDITOR

The auditor, James Cowper LLP, was appointed during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

ALFA CHEMICALS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

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



M W Walker
Director

Date 25/3/11

ALFA CHEMICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALFA CHEMICALS LIMITED

We have audited the financial statements of Alfa Chemicals Limited for the year ended 31 December 2010, set out on pages 6 to 14. 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 Statement of directors' responsibilities, 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 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.

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 2010 and of its profit 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

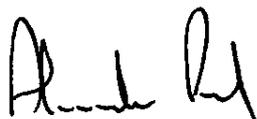
ALFA CHEMICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALFA CHEMICALS 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



Mr Alexander Peal (Senior Statutory Auditor)
for and on behalf of

James Cowper LLP

Chartered Accountants and Statutory Auditor

3 Wesley Gate

Queen's Road

Reading

Berkshire

RG1 4AP

Date 29 March 2011

ALFA CHEMICALS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1,2	7,508,854	7,268,362
Change in stocks of finished goods and work in progress		219,229	(340,000)
Other operating income		407,939	487,009
Raw materials and consumables		(5,551,169)	(5,038,068)
Other operating charges		(326,986)	(451,400)
Staff costs		(1,022,711)	(1,447,337)
Depreciation and amortisation		(83,391)	(91,210)
OPERATING PROFIT	3	1,151,765	387,356
Income from associated undertaking		132,000	64,000
Interest receivable and similar income	6	2,696	6,259
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,286,461	457,615
Tax on profit on ordinary activities	7	(340,473)	(112,584)
PROFIT FOR THE FINANCIAL YEAR	14	945,988	345,031

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

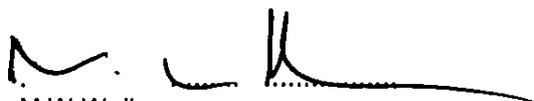
The notes on pages 8 to 14 form part of these financial statements

ALFA CHEMICALS LIMITED
REGISTERED NUMBER 1254437 (ENGLAND AND WALES)

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	8		1,012,248		1,066,179
Investment in associated undertaking	9		2,000		2,000
			1,014,248		1,068,179
CURRENT ASSETS					
Stocks	10	610,529		391,300	
Debtors amounts falling due after more than one year	11	838,137		1,000,638	
Debtors amounts falling due within one year	11	1,263,075		1,003,767	
Cash at bank and in hand		1,093,219		2,811,249	
			3,804,960		5,206,954
CREDITORS: amounts falling due within one year	12		(1,407,531)		(1,545,385)
NET CURRENT ASSETS			2,397,429		3,661,569
TOTAL ASSETS LESS CURRENT LIABILITIES			3,411,677		4,729,748
CAPITAL AND RESERVES					
Called up share capital	13		100,000		100,000
Profit and loss account	14		3,311,677		4,629,748
SHAREHOLDERS' FUNDS	15		3,411,677		4,729,748

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


M W Walker
Director


P V Pisacane
Director

Date 25/3/11

The notes on pages 8 to 14 form part of these financial statements

ALFA CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 accounting standards

1.2 Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Classicvale Limited and the company is included in consolidated financial statements

1.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales

1.4 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	-	2% straight line per annum
Motor vehicles	-	2.5% straight line per month
Fixtures and fittings	-	2% straight line per month

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

1.6 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

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.

1.8 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.

ALFA CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

2 TURNOVER

An analysis of turnover by geographical market is as follows

	2010 £	2009 £
United Kingdom	6,692,903	6,235,118
Europe	778,671	1,007,403
Rest of the world	37,280	25,841
	7,508,854	7,268,362

Turnover is wholly attributable to the principal activity of the company

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of tangible fixed assets - owned by the company	83,391	91,210
Exchange differences	(31,714)	37,941
Auditors' remuneration	4,750	9,000
Pension costs	76,257	142,840
Profit on sale of tangible fixed assets	(5,400)	(8,400)
	76,294	172,591

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	792,619	1,170,700
Social security costs	153,835	133,797
Other pension costs	76,257	142,840
	1,022,711	1,447,337

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

	2010 No.	2009 No.
Trading	19	15
Administration	6	10
	25	25

ALFA CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

5 DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>496,497</u>	<u>843,862</u>
Company contributions to defined contribution pension schemes	<u>30,000</u>	<u>92,668</u>

During the year retirement benefits were accruing to 1 director (2009 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £270,247 (2009 - £389,543) Company pension contributions of £30,000 (2009 - £30,000) were made to a defined contribution pension scheme on his behalf

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Bank deposits	<u>2,696</u>	<u>6,259</u>

7 TAXATION

	2010 £	2009 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	340,473	117,370
Adjustments in respect of prior periods	-	(4,786)
Tax on profit on ordinary activities	<u>340,473</u>	<u>112,584</u>

ALFA CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>1,286,461</u>	<u>457,615</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	360,209	128,132
Effects of		
Expenses not deductible for tax purposes	18,057	6,951
Depreciation for period in excess of capital allowances	(833)	1,538
Marginal rate relief	-	(1,331)
Adjustments to tax charge in respect of prior periods	-	(4,786)
Dividends from UK companies	(36,960)	(17,920)
Current tax charge for the year (see note above)	<u><u>340,473</u></u>	<u><u>112,584</u></u>

8 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2010	1,687,681	182,216	272,581	2,142,478
Additions	-	28,263	1,197	29,460
Disposals	-	(29,646)	-	(29,646)
At 31 December 2010	<u>1,687,681</u>	<u>180,833</u>	<u>273,778</u>	<u>2,142,292</u>
Depreciation				
At 1 January 2010	730,453	106,348	239,498	1,076,299
Charge for the year	33,732	36,877	12,782	83,391
On disposals	-	(29,646)	-	(29,646)
At 31 December 2010	<u>764,185</u>	<u>113,579</u>	<u>252,280</u>	<u>1,130,044</u>
Net book value				
At 31 December 2010	<u><u>923,496</u></u>	<u><u>67,254</u></u>	<u><u>21,498</u></u>	<u><u>1,012,248</u></u>
At 31 December 2009	<u><u>957,228</u></u>	<u><u>75,868</u></u>	<u><u>33,083</u></u>	<u><u>1,066,179</u></u>

ALFA CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

9 FIXED ASSET INVESTMENTS

	Investment in associated undertaking £
Cost or valuation	
At 1 January 2010 and 31 December 2010	2,000
Net book value	
At 31 December 2010	2,000
At 31 December 2009	2,000

The investment in the associated undertaking represents 40% of the issued share capital (2,000 Ordinary B Shares of £1 each) of Gattefosse (UK) Limited, a company incorporated in England. The principal activity of the company is that of a chemical importer and distributor.

10 STOCKS

	2010 £	2009 £
Finished goods and goods for resale	610,529	391,300

There is no material difference between the replacement cost of stocks and the amounts stated above.

11 DEBTORS

	2010 £	2009 £
Due after more than one year		
Amounts owed by group undertakings	838,137	1,000,638
Due within one year		
Trade debtors	642,741	892,538
Amounts owed by group undertakings	259,898	88,804
Amounts owed by associated undertakings	41,469	22,425
Directors' loan accounts	300,000	-
Other debtors	18,967	-
	1,263,075	1,003,767

ALFA CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12 CREDITORS

Amounts falling due within one year

	2010 £	2009 £
Trade creditors	696,262	814,600
Corporation tax	299,628	29,340
Social security and other taxes	209,519	242,542
Accruals and deferred income	202,122	458,903
	1,407,531	1,545,385

13 SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

14 RESERVES

		Profit and loss account £
At 1 January 2010		4,629,748
Profit for the year		945,988
Dividends		(2,264,059)
At 31 December 2010		3,311,677

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	4,729,748	4,624,717
Profit for the year	945,988	345,031
Dividends (Note 16)	(2,264,059)	(240,000)
Closing shareholders' funds	3,411,677	4,729,748

16 DIVIDENDS

	2010 £	2009 £
Dividends paid on equity capital	2,264,059	240,000

ALFA CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

17 DIRECTORS' BENEFITS ADVANCES, CREDITS AND GUARANTEES

During the year the company made a loan of £300,000 to M W Walker. This amount was outstanding at the balance sheet date. The maximum amount outstanding during the year was £300,000. The loan is interest free and there are no fixed dates for repayment.

18 RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Classicvale Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Classicvale Limited or other wholly owned subsidiaries within the group.

Other related party transactions are as follows:

	2010 Gattefosse (UK) Limited £	2009 Gattefosse (UK) Limited £
Purchases from associated undertaking	75,968	49,916
Amounts owed by associated undertaking	41,469	22,425
Management charge and sales receivable from associated undertaking	330,427	321,384

19 ULTIMATE PARENT UNDERTAKING AND PARENT UNDERTAKING OF LARGER GROUP

The company is a subsidiary of Alfa Technical Industries Limited, a company incorporated in England. The ultimate parent company is Classicvale Limited, a company incorporated in England.

The largest and smallest group in which the results of the company are consolidated is that headed by Classicvale Limited. The consolidated accounts of this company are available to the public from:

The Registrar of Companies
Companies House
3 Crown way
Cardiff
CF4 3UZ

No other group accounts include the results of the company.