Chemtura Manufacturing (UK) Limited

Directors' report and financial statements

Registered number 2624692

For the year ended 31 December 2010

Contents

Directors and advisers

Directors
Stephen James
Billie S Flaherty
Stephen C Forsyth
Hafeez Mohammed

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Directors' report

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

Results and Dividends

The loss for the year, after taxation, amounted to £1,319,000 (*2009 profit £1,822,000*) No dividends were paid in the year *(2009 £nil)*

Principal activities and business review

The principal activity of the Company is the manufacture of speciality chemicals

Emergence from Chapter 11 by Ultimate Holding Company Chemtura Corporation USA

On 10 November 2010 the Company's parent Company, Chemtura Corporation, and 26 of its US affiliates announced that it had successfully completed its financial restructuring and emerged from protection under Chapter 11 of the United States Bankruptcy Code

As a non-US subsidiary the Company was not included in the financial restructuring and was not subject to the requirements of the US Bankruptcy Code The basis on which the Directors have prepared the financial statements under the going concern assumption is set out in note 1

Strategy

The business strategy is to generate growth in sales and profitability through technology-led innovation, participating in the growth of the faster growing regions of the world, creating a performance driven culture among its employees and actively managing its business portfolio and costs

Performance during 2010

Financial Summary

Overall turnover was up 25% due increased sales volumes in 2010 as the industry began to recover from the economic downturn in electronics and building industries in 2009

Gross profit decreased by 5% due to increases in raw material prices and a prior years Royalty credit of £1 4m in 2009

	2010	2009
	£000	£000
Turnover	69,544	55,571
Gross Profit	9,896	10,435
Operating profit	340	3,385
Retained (loss)/ profit for the financial year excluding actuarial gain/loss	(1,319)	1,822
On time delivery to customers	86%	81%

Directors' report (continued)

Key Risks and Uncertainties

Key risks to the business are recognised as

- Additional regulatory requirements in environmental, health and safety and product registration
- Global foreign exchange rate volatility, particularly for the Euro and US dollar
- Availability and pricing of raw materials and energy
- Declining order volumes

To mitigate risk both employees and external advisors are used to monitor compliance with specific laws and regulations

- Actions have been taken to reduce fixed costs, adjust plant production rates to meet reduced customer demand and manage working capital
- Whilst we attempt to match raw material or energy prices increases with corresponding product price increases we may not be able to do so immediately Ultimately, our ability to pass on increases depends on market conditions

Key Performance Indicators

The Company monitors the business internally using a number of performance indicators these include sales, on time delivery to customers and profitability (see page 2)

Production performance is monitored using various productivity indicators, safety, quality, ship to request and stock levels

The Ultimate Parent company produces an annual business plan, plus monthly forecasts showing future sales, profits and cash flow to enable us to monitor ongoing business performance

Research and Development

The Company undertakes research and development on an ongoing basis to enhance its market position

Directors

The Directors of the Company during the year ended 31 December 2010 and to the date of signing of these financial statements were as follows

Stephen James
Billie S Flaherty
Stephen C Forsyth
Hafeez Mohammed

Employment Involvement

During the year the policy of providing employees with information about the Company has been continued through Company journals, notice boards and conferences Regular meetings are held between local management and employees to allow a free flow of information and ideas

Political and charitable contributions

The Company made no political contributions during the year *(2009 £nil)* Donations to UK charities amounted to £nil *(2009 nil)*

Directors' report (continued)

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to section 487 of the Companies Act 2006 the auditors will deemed to be reappointed and will therefore continue in office

On behalf of the board

Stephen James

Director

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgements and 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, and
- 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 its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Chemtura Manufacturing (UK) Limited

We have audited the financial statements of Chemtura Manufacturing (UK) Limited for the year ended 31 December 2010 set out on pages 8 to 24 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm.

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 loss for the year then ended
- have been properly prepared in accordance with UK 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

Independent auditors' report to the members of Chemtura Manufacturing (UK) Limited *(continued)*

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

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

Date 30 September 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	2010 £000	Restated 2009 £000
Turnover	2	**69,544**	55,571
Cost of sales	3	**(59,648)**	(45,136)
Gross profit		**9,896**	10,435
Distribution costs	3	**(1,477)**	(676)
Administrative expenses	3	**(8,079)**	(6,374)
Operating profit		**340**	3,385
Profit before interest and tax		**340**	3,385
Interest receivable and similar income	6	**6,324**	5,588
Interest payable and similar charges	7	**(7,999)**	(6,441)
(Loss)/profit on ordinary activities before taxation		**(1,335)**	2,532
Tax on (loss)/profit on ordinary activities	8	**16**	(710)
(Loss)/Profit on ordinary activities after taxation		**(1,319)**	1,822

The notes on pages 11-24 are an integral part of the financial statements

Statement of total recognised gains and losses

for the year ended 31 December 2010

	Notes	2010 £000	Restated 2009 £000
(Loss)/Profit for the financial year		**(1,319)**	1,822
Actuarial gain/(loss) recognised in the pension scheme		**4,117**	(14,843)
Deferred tax arising on gain/(loss) in the pension scheme		**(1,153)**	4,156
Total recognised gain/(loss) relating to the financial year		**1,645**	(8,865)

Balance Sheet
at 31 December 2010

	Notes	2010 £000	Restated 2009 £000
Fixed assets			
Tangible assets	9	**20,032**	20,764
Investments	10	**43,307**	43,307
		63,339	64,071
Current assets			
Stocks	11	**8,287**	7,499
Debtors	12	**105,313**	106,211
Cash at bank and in hand		**254**	662
		113,854	114,372
Creditors amounts falling due within one year	13	**(12,232)**	(114,147)
Net current assets		**101,622**	225
Total assets less current liabilities		**164,961**	64,296
Creditors amounts falling due after one year	14	**(402)**	(415)
Provisions for liabilities and charges	15	**(2,305)**	(2,683)
Net Assets excluding pension liabilities		**162,254**	61,198
Pension liabilities	21	**(33,762)**	(34,661)
Net assets including pension liabilities		**128,492**	26,537
Capital and reserves			
Share capital	16	**100,310**	-
Share premium account	17	**25,000**	25,000
Profit and loss account	17	**3,182**	1,537
Total shareholder's funds - equity		**128,492**	26,537

The notes on pages 11-24 are an integral part of the financial statements

These financial statements were approved by the board of directors on the 28 September 2011 and were signed on its behalf by

Stephen James
Director

Registered number 2624692

Reconciliation of movements in shareholder's funds
at 31 December 2010

	2010	*Restated*
	2010	*2009*
	£000	*£000*
(Loss)/profit for the year	**(1,319)**	1,822
Issuance of Ordinary Shares	**100,310**	-
Net addition to shareholder's funds	**98,991**	1,822
Opening shareholder's funds (2009 restated by £24,143,000 for 31 December 2008 pension liability net of deferred tax)	**26,537**	35,402
Other recognised gain/(loss) relating to the year (net)	**2,964**	(10,687)
Closing shareholder's funds	**128,492**	26,537

On 25 February 2010 the Company owed the net sum of £100,309,973 to its parent Great Lakes Europe Unlimited The directors concluded that to promote the success Chemtura Manufacturing UK Limited, the Company issued new ordinary shares of £1 each in the share capital of Chemtura Manufacturing (UK) Limited at an aggregate subscription price of £100,309,973 being equal to the full net amount owed to Great Lakes Europe Unlimited

Notes to the accounts

Forming part of the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt from the requirement to prepare group accounts under Section 400 of the Companies Act 2006 These financial statements present information about the company as an individual undertaking, and not about it's group

The Company's consolidated accounts are included in those of the Ultimate Parent company, Chemtura Corporation, which is incorporated in the USA

As a wholly owned subsidiary the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions with fellow members of the Chemtura Corporation group

The Company has not prepared a cash flow statement as it has taken advantage of the exemption conferred by Financial Reporting Standard 1 (revised 1996)

Going concern

On 10 November 2010 the Company's parent Company, Chemtura Corporation, and 26 of its US affiliates announced that it had successfully completed its financial restructuring and emerged from protection under Chapter 11 of the United States Bankruptcy Code

As a non-US subsidiary, the Company was not included in the financial restructuring and was not subject to the requirements of the US Bankruptcy Code

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes to the accounts

Forming part of the financial statements

1. Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less the estimated residual value, by equal instalments over their estimated useful economic lives as follows

Buildings	-	Between 7 and 40 years
Plant and machinery	-	Between 3 and 15 years

Freehold land is not depreciated

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows

Raw materials and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Post retirement benefits

The Company pension scheme has a defined contribution section and a defined benefit section The latter section provides benefits based on final pensionable pay and was closed to future accruals at 31st May 2008 The assets of the scheme are held separately from those of the Company

The defined benefit section, liabilities are measured using the projected unit method and relate to past service only as members are not accruing any benefits in the scheme

The defined benefit section, deficit is recognised in full The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Prior Year Restatement

The FRS17 pension liability is being recognised within the financial statements for the first time The prior year comparative figures have been restated to reflect the inclusion of the FRS17 pension liability net of deferred tax of £34,661,000 as at 31st December 2009 and £10,518,000 within 2009 Statement of Total Recognised Gains and Losses and pension operating costs and finance items

Notes to the accounts (continued)

Forming part of the financial statements

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered

Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholder's funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds

Turnover

Turnover excludes intra-business turnover and value added taxes The Company generates revenue through sales of specialty chemicals and related services in the open market, through raw material conversion agreements and supply and development contracts Revenue is recognised when significant risks and rewards in respect of ownership of the products are passed to the customer or when services have been rendered

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Notes to the accounts (continued)

Forming part of the financial statements

2. Turnover and segmental analysis

Turnover is attributable to one business segment, the manufacture and sale of speciality chemicals
Analysis of turnover by geographical market is as follows

	2010	*2009*
	£000	*£000*
Continuing operations		
Europe	**58,009**	46,152
Americas	**11,535**	9,419
	69,544	55,571

3. Operating Profit

This is stated after charging/(crediting)	*2010*	*2009*
	£000	*£000*
Auditors' remuneration - audit of these financial statements	**24**	33
- non-audit services	**-**	-
Depreciation of owned fixed assets	**2,333**	2,419
Research and development costs	**794**	532
Operating lease rentals – plant and machinery	**360**	410
Government grants	**(13)**	(13)

4. Directors' emoluments

The emoluments of Directors of the Company are as stated below

	2010	*2009*
	£000	*£000*
Emoluments	**144**	213
	No	*No*
Members of group defined benefit pension schemes	**1**	2

The emoluments of the highest paid Director of the Company are as stated below

	2010	*2009*
	£000	£000
Emoluments	**144**	182

Notes to the accounts (continued)

Forming part of the financial statements

5. Staff Costs

	2010	Restated 2009
	£000	£000
Wages and salaries	6,310	5,570
Social security costs	697	648
Other pension costs	314	301
	7,321	6,519

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

	2010	2009
	No	No
Administration	71	83
Manufacturing	107	80
	178	163

6. Interest receivable and similar income

	2010	Restated 2009
	£000	£000
Tax refund interest	9	7
Expected return on pension scheme assets	5,721	4,775
Group undertakings	594	806
	6,324	5,588

7 Interest payable and similar charges

	2010	Restated 2009
	£000	£000
Other interest payable	-	1
Interest on pension scheme liabilities	7,999	6,440
	7,999	6,441

Notes to the accounts (continued)

Forming part of the financial statements

8. Tax on profit on ordinary activities

(a) Analysis of (credit)/charge in period	*2010*	Restated *2009*
	£000	*£000*
Current tax		
UK Corporation tax on profits of the period	**251**	718
Adjustments in respect of previous periods	**273**	4
Total current tax (note 8b)	**524**	722
Deferred tax		
Origination & reversal of timing differences (note 15)	**(348)**	(78)
Reversal of provision on Industrial Buildings Allowance	**(31)**	-
Tax on profit on ordinary activities	**145**	644
Adjustment in respect of pension scheme liability	**(623)**	66
Adjustment in respect of pension scheme liability – change in deferred tax rate	**462**	-
	(16)	710

(b) Factors affecting tax (credit)/charge for year

The tax (credit)/charge for the year is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28 0%) The differences are explained below

	2010	Restated *2009*
	£000	*£000*
(Loss)/Profit on ordinary activities before tax	**(1,335)**	2,532
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28 0% (2009 28 0%)	**(373)**	709
Effects of		
Disallowable expenses	**15**	(12)
Capital allowances less than / (in excess of) depreciation	**13**	87
Adjustments to tax charge in respect of previous periods	**273**	4
Other timing differences	**(27)**	-
Pension provision	**623**	(66)
Total current tax (note 8a)	**524**	722

Notes to the accounts (continued)

Forming part of the financial statements

Factors that may affect future tax charges

The Government announced in June 2010 that it intended to reduce the rate of corporation tax from 28% to 24% over four years, and Finance Act 2010, which was substantially enacted in July 2010, included provisions to reduce the rate of corporation tax to 27% with effect from 1 April 2011

Accordingly, deferred tax balances have been revalued to the lower rate of 27% in these accounts, which has resulted in a charge to the profit and loss account of £ 377,000

On 23 March 2011 the government announced that it intends to further reduce the rate of corporation tax to 26% with effect 1 April 2011 and then by 1% per annum to 23% by 1 April 2014 As this legislation was not substantively enacted by 31 December 2010, the impact of the anticipated rate change is not reflected in tax provisions reported in these accounts If the deferred tax assets and liabilities of the company were all to reverse after 1 April 2014, the effect of the changes from 27% to 23% would be to reduce the net deferred tax asset by £1,508,000 To the extent that the deferred tax reverses more quickly than this the impact on the net deferred tax asset will be reduced

9. Tangible fixed assets

	Freehold land and buildings £000	*Plant and machinery £000*	*Total £000*
Cost·			
At 1 January 2010	5,637	50,768	56,405
Additions	110	1,492	1,602
Disposals	(3)	(81)	(84)
At 31 December 2010	**5,744**	**52,179**	**57,923**
Depreciation.			
At 1 January 2010	1,698	33,943	35,641
Charge for the year	122	2,211	2,333
Disposals	(2)	(81)	(83)
At 31 December 2010	**1,818**	**36,073**	**37,891**
Net book value·			
At 31 December 2010	**3,926**	**16,106**	**20,032**
At 31 December 2009	3,939	16,825	20,764

Notes to the accounts (continued)

Forming part of the financial statements

10. Investments

	Subsidiary undertakings £000
Cost and net book value	
At 1 January 2010 and 31 December 2010	**43,307**

Details of the investments in which the Company holds more than 20% of the nominal value of any class of share capital are as follows

Name of company	*Country of incorporation*	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
G L Development Ltd	Cayman Islands	Ordinary shares	52 1%	Investment Company

11 Stocks

	2010 *£000*	*2009* *£000*
Raw materials and consumables	**1,976**	1,533
Work in progress	**225**	5
Finished goods	**6,086**	5,961
	8,287	7,499

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

12. Debtors

	2010 *£000*	*2009* *£000*
Trade debtors	**69**	85
Amounts owed by group undertakings	**103,764**	105,195
Prepayments and accrued income	**634**	487
Other	**846**	444
	105,313	106,211

Notes to the accounts (continued)

Forming part of the financial statements

13. Creditors: amounts falling due within one year

	2010	*2009*
	£000	*£000*
Trade creditors	**5,230**	2,560
Amounts owed to group undertakings	**5,605**	110,064
Accruals and deferred income	**1,134**	722
Corporation tax	**104**	573
Other tax and social security	**146**	215
Government grants	**13**	13
	12,232	114,147

Amounts owed to group undertakings are shown as due within one year as they are repayable on demand

14. Creditors: amounts falling due after one year

	2010	*2009*
	£000	*£000*
Deferred Grants	**59**	85
Other	**343**	343
	402	428

15. Provisions

	Deferred Tax Provision £000
At 1 January 2010	2,683
Credited to the income statement in the year	(293)
Effect of change in deferred tax rate	(85)
At 31 December 2010	**2,305**

The elements of deferred taxation are set out below

		Restated
	2010	*2009*
	Provided	*Provided*
	£000	*£000*
Capital allowances in advance of depreciation	**2,317**	2,746
Other timing differences	**(12)**	(63)
	2,305	2,683

Notes to the accounts (continued)

Forming part of the financial statements

16. Share Capital

	2010		2009	
	No	*£*	*No*	*£*
Allotted, called up and fully paid				
Ordinary shares of £1 each	**100,310,025**	**100,310,025**	52	52

On 25 February 2010 the Company owed the net sum of £100,309,973 to its parent Great Lakes Europe Unlimited The directors concluded that to promote the success Chemtura Manufacturing UK Limited, the Company issued new ordinary shares of £1 each in the share capital of Chemtura Manufacturing (UK) Limited at an aggregate subscription price of £100,309,973 being equal to the full net amount owed to Great Lakes Europe Unlimited

17. Reserves

	Share Capital £000	*Share premium £000*	*Restated Profit and loss £000*	*Restated Total £000*
At 1 January 2010 restated	-	25,000	1,537	26,537
Ordinary Shares Issued	100,310	-	-	100,310
Loss for the year	-	-	(1,319)	(1,319)
Other recognised gain relating to year	-		2,964	2,964
At 31 December 2010	**100,310**	**25,000**	**3,182**	**128,492**

The opening profit and loss account has been amended to include FRS17 pension liability net of deferred tax of £34,661,000 as at 31 December 2009

18. Capital commitments

	2010 £000	*2009 £000*
Contracted, not provided	**60**	28

Notes to the accounts (continued)

Forming part of the financial statements

19. Other financial commitments

At 31 December 2010, the Company had annual commitments under non-cancellable operating leases, none of which related to land and buildings, as set out below

	2010	*2009*
	£000	*£000*
Operating leases which expire		
Within one year	**8**	17
In two to five years	**17**	77
	25	94

20. Contingent liabilities

Contingent liabilities in respect of duty deferment bonds entered into in the ordinary course of business totalled £nil at 31 December 2010 (*2009 nil*)

21. Pension commitments

The Company pension scheme has a defined contribution section and a defined benefit section The latter section provides benefits based on final pensionable pay as at 31st December 2008

The Company made a contribution to the defined contribution scheme in 2010 of £314,000 (2009 £300,000) matching the employee contribution rate upto a maximum of 7%

The defined benefit scheme is being recognised in these financial statements for the first time as the Company is the sole employer Previously, it had been accounted for as if it was a defined contribution scheme and the FRS17 impact was included within the Pension commitment note only The 2009 comparative figures have been amended to include the FRS 17 pension liability (net of deferred tax) of £34,661,000 as at 31 December 2009 and shareholders' funds reduced by £34,661,000

The latest full actuarial valuation was carried out at 31 December 2008 and updated for FRS17 purposes to 2010 by a qualified independent actuary

The assets of the scheme are held separately from those of the Company in Trustee administered funds

Movement in defined benefit obligation

	2010	*2009*
	£000	*£000*
At beginning of year	**142,497**	118,443
Current service cost	**1,848**	-
Interest cost	**7,999**	6,440
Actuarial loss	**1,692**	24,505
Benefits paid from Plan/Company	**(4,322)**	(6,891)
Expenses paid	**(1,848)**	-
Benefit obligation at end of year	**147,866**	142,497

Notes to the accounts (continued)

Forming part of the financial statements

21 Pension Cost *(continued)*

Movement in scheme assets

	2010	*2009*
	£000	*£000*
Fair value of Plan assets at beginning of year	**94,357**	84,911
Expected return on Plan assets	**5,721**	4,775
Actuarial gain on Plan assets	**5,809**	9,662
Employer contributions	**1,900**	1,900
Benefits paid from Plan/Company	**(4,322)**	(6,891)
Expenses paid	**(1,848)**	-
Fair value of Plan assets at end of year	**101,617**	94,357

Amounts recognised in the Balance Sheet

	2010	*2009*
	£000	*£000*
Present value of wholly or partly funded obligations	**147,866**	142,497
Fair value of Plan assets	**101,617**	94,357
Deficit	**46,249**	48,140
Related deferred tax liability/(asset)	**(12,487)**	(13,479)
Net liability	**33,762**	34,661

Expense recognised in Profit and Loss Account

	2010	*2009*
	£000	*£000*
Current service cost	**1,848**	-
Interest cost	**7,999**	6,440
Expected return on scheme assets	**(5,721)**	(4,775)
Total	**4,126**	1,665

Amounts recognised in Statement of Total Recognised Gains and Losses

	2010	*2009*
	£000	*£000*
Actuarial (gains)/losses immediately recognised	(4,117)	14,843
Total	**(4,117)**	14,843
Cumulative losses recognised	**20,743**	24,860

Notes to the accounts (continued)

Forming part of the financial statements

21 Pension Cost *(continued)*

Principal actuarial assumptions

	2010	2009
Weighted average assumption to determine benefit obligations		
Discount rate	**5.30%**	5 70%
Rate of price inflation (RPI)	**3.70%**	3 80%
Rate of price inflation (CPI)	**3 20%**	-
Rate of pension increases *	**3 00%**	3 00%
'* or as otherwise guaranteed by the Plan rules		

	2010	2009
Weighted average assumption to determine net pension cost		
Discount rate	**5.70%**	5 60%
Expected long term rate of return on plan assets	**6.27%**	5 85%
Rate of price inflation (RPI)	**3.80%**	3 00%
Rate of pension increases	**3.00%**	3 00%
Weighted average life expectancy on post-retirement mortality table Used to determine benefit obligations		
Male member age 65 (current life expectancy)	**22 5**	22 4
Male member age 45 (life expectancy at age 65)	**24 5**	24 4

Plan assets

	2010	2009
Percentage of Plan assets by asset allocation		
Equity securities	**64 80%**	63 90%
Debt securities	**33 60%**	34 90%
Other	**1 60%**	1 20%
Expected return on assets by asset allocation		
Equity securities	**7.20%**	7 40%
Debt securities	**4 20%**	4 40%
Cash	**0 50%**	0 50%
Total	**6 08%**	6 27%

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 the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the actual asset allocation at the start of the year to develop the expected long term rate of return on assets assumption for the portfolio This resulted in the selection of an assumption of 6 27% per annum for the 2010 financial year

Notes to the accounts (continued)

Forming part of the financial statements

21 Pension Cost *(continued)*

History of experience gains and losses

	2010 *£000*	*2009* *£000*	*2008* *£000*	*2007* *£000*	*2006* *£000*
Defined benefit obligation	**147,866**	142,497	118,443	129,257	132,600
Fair value of plan assets	**101,617**	94,357	84,911	103,727	98,749
Deficit	**46,249**	48,140	33,532	25,530	33,851

Experience adjustments

	2010 **£000/%**	2009 £000/%	2008 £000/%	2007 £000/%	2006 £000/%
Difference between the expected and actual return on plan assets	**(5,809)**	(9,662)	23,391	142	(2,887)
As a percentage of plan assets	**(6 0%)**	(10 0%)	28 0%	0 0%	(3 0%)
Experience adjustments on plan liabilities	-	3,559	-	(5,658)	-
As a percentage of present value of plan liabilities	-	2 0%	-	(4 0%)	-

As discussed in note 23, in May 2011 the Company has entered into a recovery plan that provides it will make cash contribution of £30,000,000 in the 2011 financial year

22. Parent undertaking and controlling party

The immediate parent undertaking is Great Lakes Europe Unlimited, a company registered in England and Wales Copies of Great Lakes Europe Unlimited's accounts can be obtained from the registered office at Tenax Road, Trafford Park, Manchester, M17 1WT

The ultimate parent undertaking and controlling party is Chemtura Corporation which is incorporated in the USA The accounts of that Company may be obtained from 199 Benson Road, Middlebury, Connecticut, CT 06749, USA

23 Post Balance Sheet Events

In May 2011 the Company and the trustees of the pension scheme entered into a recovery plan that provided for cash contribution of £60,000,000 to be made in a period of just over 3 years The initial contribution of £30,000,000 was made in May 2011 A cash contribution of £15,000,000 will be made on the first anniversary of the 2011 payment and £7,500,000 cash contribution will be paid on the next two anniversaries

To underpin its obligations to the pension scheme, the Ultimate Parent company has guaranteed up to $25 million of the agreed cash contribution and the Company has granted the Trustees a lien over a loan it had made to its ultimate parent company, Chemtura Corporation, with a value of £34,816,777 and interest that accrues under the loan, until the liabilities in respect of all members' pensions or other benefits have been discharged in full by the purchase of annuities of the kind described in section 74(3)(c) of the Pensions Act 1985