Chemtura Manufacturing (UK) Limited

Directors' report and financial statements

Registered number 2624692

31 December 2008

Contents

Directors and advisers

Directors
Stephen James
Mario Mathieson (Resigned 4 March 2009)
Billie S Flaherty (Appointed 13 July 2009)
Stephen C Forsyth (Appointed 13 July 2009)
Hafeez Mohammed (Appointed 13 July 2009)

Secretary
Christina Huben (Resigned 4 March 2009)
Arthur C Fullerton (Appointed 13 July 2009)

Auditors
KPMG LLP
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Directors' report

The Directors present their report and financial statements for the year ended 31 December 2008.

Results and Dividends

The profit for the year, after taxation, amounted to £2,731,000 (*2007: £6,829,000*). No dividends were paid in the year *(2007: £nil)*.

Principal activities and business review

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

Filing for Chapter 11 by Ultimate Holding Company Chemtura Corporation USA

On 18 March 2009 the Company's parent company, Chemtura Corporation, and 26 of its US affiliates filed for relief under Chapter 11 of title 11 of the US Bankruptcy Code. Chemtura Corporation's non-US subsidiaries were not included in the filing and are not subject to the requirements of the Bankruptcy Code.

As a non-US subsidiary the Company was not included in the filing. The basis on which the Directors have prepared the financial statements under the going concern assumption is set out in note 1.

All communications related to the filing will be posted to the Chemtura Corporation web site www.chemtura.com within 'Financial Restructuring'. In addition there is a 'Restructuring Information Hotline' in the US at 866-967-0261 or internationally at 001-310-751-2661.

Strategic Objectives

The Company's strategy is to strengthen its business portfolio and to reduce operating costs. To achieve these goals the Company is focussing its resources on its core businesses and divesting non-core businesses and assets and looking to acquire business and assets that will enhance its business portfolio.

Performance during 2008

Financial summary

	2008 **£000**	2007 £000
Turnover	**74,425**	66,543
Gross profit	**9,563**	10,236
Operating (loss)/profit	**(898)**	4,273
Retained profit for the financial year	**2,731**	6,829
On time delivery to customers	97%	94%

Directors' report

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
- Uncertainties associated with the US parent company and US affiliates being in Chapter 11.

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 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 and their Interests

The Directors of the Company during the year ended 31 December 2008 and to the date of signing of these financial statements were as follows:

S R James
M Mathieson (Resigned 4 March 2009)
B S Flaherty (Appointed 13 July 2009)
S C Forsyth (Appointed 13 July 2009)
H Mohammed (Appointed 13 July 2009)

Disabled Employees

The Company gives a high priority to recruitment and subsequent career development of disabled employees.

Directors' report

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 *(2007: £nil)*. Donations to UK charities amounted to £1,076 *(2007: £1,295)*.

Disclosure of information to auditors

The Directors who held office at the 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

In accordance with s384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

Stephen James

Director

16 Dec 09

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).

The financial statements are required by law to 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 proper accounting records which 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 1985. 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 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Reconciliation of Movements in Shareholder's Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding the Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The ultimate parent Company's filing for relief under Chapter 11 of title 11 of the US Bankruptcy Code and the associated implications for the recoverability of intercompany balances as explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The accounts do not include the adjustments that would result if the Company were unable to continue as a going concern.

KPMG LLP 17 December 2009

KPMG LLP
Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 31 December 2008

	Notes	*2008* *£000*	*2007* *£000*
Turnover	2	**74,425**	66,543
Cost of sales	3	**(64,862)**	(56,307)
Gross profit		**9,563**	10,236
Distribution costs	3	**(1,981)**	(1,657)
Administrative expenses	3	**(8,480)**	(4,306)
Operating (loss)/profit		**(898)**	4,273
(Loss)/profit before interest and tax		**(898)**	4,273
Interest receivable and similar income	6	**4,522**	4,448
Interest payable and similar charges	7	**(1)**	(36)
Profit on ordinary activities before taxation		**3,623**	8,685
Tax on profit on ordinary activities	8	**(892)**	(1,856)
Profit on ordinary activities after taxation		**2,731**	6,829

All results relate to continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2008

The Company has no recognised gains and losses in either the current or preceding year other than those passing through the profit and loss account and therefore no separate statement of total recognised gains and losses has been prepared.

Balance sheet
at 31 December 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	9	**22,830**	23,749
Investments	10	**43,307**	43,307
		66,137	67,056
Current assets			
Stocks	11	**7,525**	7,616
Debtors	12	**108,583**	104,835
Cash at bank and in hand		**340**	454
		116,448	112,905
Creditors: amounts falling due within one year	13	**(119,851)**	(126,649)
Net current liabilities		**(3,403)**	(13,744)
Total assets less current liabilities		**62,734**	53,312
Creditors: amounts falling due after one year	14	**(428)**	(454)
Provisions for liabilities and charges	15	**(2,761)**	(3,045)
Net Assets		**59,545**	49,813
Capital and reserves			
Share capital	16	**-**	-
Share premium account	17	**25,000**	25,000
Profit and loss account	17	**34,545**	24,813
Total shareholder's funds - equity		**59,545**	49,813

These financial statements were approved by the board of directors on 16 Dec 09 and were signed on its behalf by:

Stephen James

Director

16 Dec 09

Reconciliation of movements in shareholder's funds
at 31 December 2008

	2008	*2007*
	£000	*£000*
Profit for the year	**2,731**	6,829
Capital contribution	**7,001**	-
Net addition to shareholder's funds	**9,732**	6,829
Opening shareholder's funds	**49,813**	42,984
Closing shareholder's funds	**59,545**	49,813

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.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Great Lakes Europe Unlimited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Great Lakes Europe Unlimited, within which this Company is included, can be obtained from the address given in note 22.

Going concern

On 18 March 2009 the Company's parent Company, Chemtura Corporation, and 26 of its US affiliates ("the US Group") filed for relief under Chapter 11 of title 11 of the US Bankruptcy Code. Under these proceedings the US Group is afforded an automatic stay on its liabilities during which time no creditor can take action to pursue its debts while the US Group develops a plan of reorganisation to enable it to settle its obligations and continue as a going concern. Chemtura Corporation's non-US subsidiaries were not included in the filing and are not subject to the requirements of the Bankruptcy Code.

As a non-US subsidiary the Company was not included in the filing. The Company currently acts as a manufacturer for the Group and therefore is largely dependent on the greater group to continue trading. However, since the Company's products are unique, the directors of the Company consider that they could be sold direct to the end customer if necessary. Therefore, in forming their conclusions in relation to going concern, the directors of the Company have considered the possibility of trading direct with the end customer as well as the financial position of the group as a whole, including the probable outcome of the US Group's reorganisation.

Specifically, there are significant intercompany receivable balances of £35m due from US subsidiaries and £38m due from Crompton Financial Holdings ("Crompton"), which is a non-US subsidiary, at year end. Crompton operates a cash pooling arrangement for certain of the non-US subsidiaries and therefore the balance represents cash held in the cash pool which is repayable to the Company. Crompton itself has intercompany receivables and payables with certain of the US subsidiaries. Whilst at the balance sheet date and at the date of approval of these financial statements there is no indication that the amount due from Crompton will not be recovered, there is uncertainty over the effects (if any) of the US Group's reorganisation.

The US Group has not yet filed its plan of reorganisation with the US Bankruptcy Court, which is subject to review by the Court and then the vote of the Company's creditors. Following the vote of the creditors, the Court will determine whether it can confirm the plan of reorganisation. The plan of reorganisation will describe the treatment and thereby the ultimate recoverability of secured and unsecured claims against the US subsidiaries, and will serve as a basis for determining if there will be any adjustments to intercompany payables to non-US subsidiaries.

Notes to the accounts

Forming part of the financial statements

The Directors have prepared projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. These forecasts have been stress tested by the Directors and take into account potential delays in repayment of amounts due from US subsidiaries. On the basis of this cash flow information and discussions with the US Group's directors, the directors consider that the Company will continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, the directors acknowledge that there can be no certainty with respect to the final outcome of the US Group reorganisation. As a result, this material uncertainty may cast significant doubt on the Company's ability to continue as a going concern. The Company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business but the financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

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 14 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 participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes to the accounts (continued)

Forming part of the financial statements

1. Accounting Policies (cont.)

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.

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:

	2008	*2007*
	£000	*£000*
Continuing operations:		
Europe	**63,884**	51,503
Americas	**10,541**	15,040
	74,425	66,543

3. Operating Profit/(Loss)

This is stated after charging/(crediting):	*2008*	*2007*
	£000	*£000*
Auditors' remuneration - audit of these financial statements	**27**	45
- non-audit services	**4**	104
Depreciation of owned fixed assets	**2,490**	2,858
Research and development costs	**530**	661
Operating lease rentals – plant and machinery	**408**	431
Government grants	**(13)**	(13)

4. Directors' emoluments

The emoluments of Directors of the Company are as stated below:

	2008	*2007*
	£000	*£000*
Emoluments	**355**	218
	No.	*No.*
Members of group defined benefit pension schemes	**2**	2

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

	2008	*2007*
	£000	£000
Emoluments	**251**	120

Notes to the accounts (continued)

Forming part of the financial statements

5. Staff costs

	2008 £000	2007 £000
Wages and salaries	**6,364**	6,827
Social security costs	**699**	662
Other pension costs	**2,332**	2,913
	9,395	10,402

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

	2008 No.	2007 No.
Administration	**78**	96
Manufacturing	**98**	102
	176	198

6. Interest receivable and similar income

	2008 £000	2007 £000
Tax refund (2005) interest	**4**	-
Group undertakings	**4,518**	4,448
	4,522	4,448

7. Interest payable and similar charges

	2008 £000	2007 £000
Other interest payable	**1**	36

Notes to the accounts (continued)

Forming part of the financial statements

8. Tax on profit on ordinary activities

(a) Analysis of charge in period

	2008	*2007*
	£000	*£000*
Current tax:		
UK Corporation tax on profits of the period	**648**	912
Adjustments in respect of previous periods	**31**	749
Total current tax (note 8b)	**679**	1,661
Deferred tax:		
Origination & reversal of timing differences (note 15)	**168**	625
Reversal of provision on IBAs	**45**	(430)
Tax on profit on ordinary activities	**892**	1,856

(b) Factors affecting tax charge for year
The tax charge for the year is lower than the standard rate of corporation tax in the UK (28.5%, 2007: 30%). The differences are explained below:

	2008	*2007*
	£000	*£000*
Profit on ordinary activities before tax	**3,623**	8,685
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	**1,033**	2,606
Effects of:		
Disallowable expenses	**(161)**	(1,306)
Capital allowances in (excess of)/less than depreciation	**(83)**	(388)
Adjustments to tax charge in respect of previous periods	**31**	749
Other timing differences	**(141)**	-
Total current tax (note 8a)	**679**	1,661

The corporation tax rate applicable to the Company changed from 30% to 28% from 1 April 2008. The deferred tax asset has been calculated at 28% in accordance with FRS 19.

Notes to the accounts (continued)

Forming part of the financial statements

9. Tangible fixed assets

	Freehold land and buildings £000	*Plant and machinery £000*	*Total £000*
Cost:			
At 1 January 2008	5,891	60,101	65,992
Additions	-	1,574	1,574
Disposals	(254)	(11,239)	(11,493)
At 31 December 2008	**5,637**	**50,436**	**56,073**
Depreciation:			
At 1 January 2008	1,703	40,540	42,243
Charge for the year	125	2,365	2,490
Disposals	(251)	(11,239)	(11,490)
At 31 December 2008	**1,577**	**31,666**	**33,243**
Net book value:			
At 31 December 2008	**4,060**	**18,770**	**22,830**
At 31 December 2007	4,188	19,561	23,749

10. Investments

	Subsidiary undertakings £000
Cost and net book value:	
At 1 January 2008 and 31 December 2008	**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

Notes to the accounts (continued)

Forming part of the financial statements

11. Stocks

	2008 £000	2007 £000
Raw materials and consumables	**1,608**	2,488
Work in progress	**64**	307
Finished goods	**5,853**	4,821
	7,525	7,616

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

12. Debtors

	2008 £000	2007 £000
Trade debtors	**795**	126
Amounts owed by group undertakings	**106,627**	103,649
Prepayments and accrued income	**445**	623
Corporation tax	**611**	-
Other	**105**	437
	108,583	104,835

13. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	**6,212**	4,729
Amounts owed to group undertakings	**111,930**	116,856
Accruals and deferred income	**1,530**	2,583
Corporation tax	-	2,282
Other tax and social security	**166**	199
Government grants	**13**	-
	119,851	126,649

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

Notes to the accounts (continued)

Forming part of the financial statements

14. Creditors: amounts falling due after one year

	2008	*2007*
	£000	*£000*
Deferred Grants	**85**	111
Other	**343**	343
	428	454

15. Provisions

	Environmental Provision	*Deferred Tax Provision*	*Total*
	£000	*£000*	*£000*
At 1 January 2008	497	2,548	3,045
Provided/(released) in the year	(434)	213	(221)
Utilised	(63)		(63)
At 31 December 2008	-	**2,761**	**2,761**

The environmental provision relates to land remediation costs, of which £63,000 was paid in 2008 and the balance of £434,000 released, due to the full expected liability not arising.

The elements of deferred taxation are set out below:

	2008 Provided £000	*2007 Provided £000*
Capital allowances in advance of depreciation	**2,808**	2,690
Other timing differences	**(47)**	(142)
	2,761	2,548

16. Share Capital

	2008 No.	*2008 £*	*2007 No.*	*2007 £*
Authorised:				
Ordinary shares of £1 each	**100**	**100**	100	100

	2008 No.	*2008 £*	*2007 No.*	*2007 £*
Allotted, called up and fully paid:				
Ordinary shares of £1 each	**52**	**52**	52	52

Notes to the accounts (continued)

Forming part of the financial statements

17. Reserves

	Share premium £000	*Profit and loss £000*	*Total £000*
At 1 January 2008	25,000	24,813	49,813
Inter Company write back (capital contribution)	-	7,001	7,001
Profit for the year	-	2,731	2,731
At 31 December 2008	**25,000**	**34,545**	**59,545**

The inter-company balance write back had previously been eliminated through the consolidated accounts of Great Lakes Europe Unlimited but is now accounted for at the legal entity level as the holding company has taken the advantage of not having to prepare consolidated accounts.

18. Capital commitments

	2008 £000	*2007 £000*
Contracted, not provided	108	86

19. Other financial commitments

At 31 December 2008, the Company had annual commitments under non-cancellable operating leases, none of which related to land and buildings, as set out below:

	2008 £000	*2007 £000*
Operating leases which expire:		
Within one year	-	-
In two to five years	146	189
	146	189

20. Contingent liabilities

The Company is party to bank overdraft set-off arrangements with the parent and other fellow subsidiary undertakings.

Contingent liabilities entered into in the ordinary course of business in respect of tender guarantees and duty deferment bonds totalled £100,000 at 31 December 2008 *(2007: £129,400)*. The bonds were subsequently cancelled in 2009 creating a liability of £nil

Notes to the accounts (continued)

Forming part of the financial statements

21. Pension commitments

The Company is a member of a larger group pension scheme which provided benefits based on final pensionable pay and was closed to future accruals at 31st May 2007. Because the Company is unable to identify it's share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. The updated FRS 17 valuation at 31 December 2008 indicates that the group scheme has a deficit of £33,532,000 (prior to adjusting for a deferred tax asset of £9,389,000) at that date.

The latest full actuarial valuation was carried out at 31 December 2006 and updated for FRS17 purposes to 2007 by a qualified independent actuary. The contribution for the year was £2,354,000 (2007: £3,486,000).

An employer contribution rate to the defined contribution scheme matched employee contribution rate up to a maximum of 7%. An annual contribution was made by the employer to the defined benefit scheme.

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 event

On 18 March 2009 the Company's parent company, Chemtura Corporation, and 26 of its US affiliates filed for relief under Chapter 11 of title 11 of the US Bankruptcy Code. Chemtura Corporation's non-US subsidiaries were not included in the filing and are not subject to the requirements of the Bankruptcy Code.

As a non-US subsidiary the Company was not included in the filing. The basis on which the Directors have prepared the financial statements under the going concern assumption is set out in note 1.

All communications related to the filing will be posted to the Chemtura Corporation web site www.chemtura.com within 'Financial Restructuring'. In addition there is a 'Restructuring Information Hotline' in the US at 866-967-0261 or internationally at 001-310-751-2661