

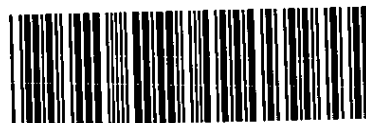
Tessengerlo Holding UK Limited

**Directors' report and financial
statements**

Registered number 3514787

31 December 2012

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activity is to act as a holding company

The company's immediate parent is Tessenderlo Chemie NV, a company registered in Belgium

Results and dividends

The results for the year are given in the profit and loss account on page 6. The directors made a inter-company loan payment of £15,000,000 (2011 £Nil), after receiving a dividend of £15,000,000 from Eurocell PLC

Eurocell was sold on August 31st 2013. As a result, the directors have recorded an impairment of £11,046,482 in these accounts.

Share capital

There was no increase in share capital during 2012

Loan Payment

The company made a intercompany loan of £15,000,000 to Tessenderlo Chemie NV (£9.3m) and Tessenderlo NL Holding BV (£5.7m). The applied deposit interest rate is LIBOR x 0.9 which is in this case average LIBOR 15 June 2012-31 December 2012 of 0.5% x 0.9 = 0.45%.

Directors

The directors who served during the year were as follows:

AMM Van Walleghem
GA Marchand
M DeVoghe
FPR Coenen

Donations

The company made no charitable donations in 2012 (2011 £Nil). The company made no political donations during the year (2011 £Nil).

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.

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will not be re-appointed and KPMG LLP will no longer continue in office.

By order of the Board

M Evans
Secretary



Unit A6 Severn Road
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
Wales
CF37 5SQ

27 January 2014

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

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 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 judgments 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 the 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

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
United Kingdom

Independent auditor's report to the members of Tessengerlo Holding UK Limited

We have audited the financial statements of Tessengerlo Holding UK Limited for the year ended 31 December 2012 set out on pages 6 to 15. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 2012 and of its profit 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

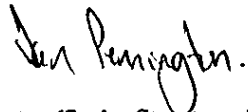
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Tessengerlo Holding 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



Ian Pennington (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

29 January 2014

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £	2011 £
Administration expenses		(191,906)	(160,581)
Operating (loss) on ordinary activities before interest and taxation	2	(191,906)	(160,581)
Profit on sale of fixed asset investments		-	963,437
Amounts written off investments	6	(11,046,482)	-
Interest receivable and similar income	3	2,172,603	1,664,667
Interest payable and similar charges	4	(3,543,687)	(3,378,786)
Release of inter-company tax provision		4,288,514	-
Dividends Received		15,000,000	-
Profit/(loss) on ordinary activities before taxation		6,679,042	(911,263)
Tax on profit/(loss) on ordinary activities	5	413,647	587,929
Profit/(loss) for the financial year	11	7,092,689	(323,334)

The current and previous years' results derive from continuing operations

The above results represent the total recognised gains and losses for both financial years

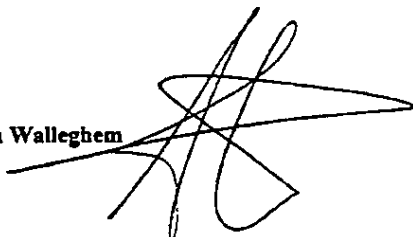
Balance sheet
at 31 December 2012
Company registered number 3514787

	Note	£	2012	£	£	2011	£
Fixed assets							
Investments	6		27,937,722			38,984,204	
Current assets							
Debtors	7	65,744,556			45,229,884		
Cash at bank and in hand		575,846			602,867		
		66,320,402			45,832,751		
Creditors: amounts falling due within one year	8	(9,012,642)			(6,664,162)		
Net current assets							
Due within one year			30,407,760			23,368,589	
Debtors due after more than one year			26,900,000			15,800,000	
			57,307,760			39,168,589	
Total assets less current liabilities			85,245,482			78,152,793	
Creditors: amounts falling due after more than one year	9		(52,000,000)			(52,000,000)	
Net assets			33,245,482			26,152,793	
Capital and reserves							
Called up share capital	10		71,000,000			71,000,000	
Profit and loss account – accumulated losses	11		(37,754,518)			(44,847,207)	
Shareholders funds - equity	12		33,245,482			26,152,793	

These financial statements were approved by the board of directors on 27 January 2014 and were signed on its behalf by:

AMM Van Walleghem

Director



Notes

(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 company's financial statements

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 under section 408 of the Companies Act 2006 from the requirement to prepare group accounts, since the results of the company and its subsidiaries are consolidated into the financial statements of its immediate parent undertaking, Tessenderlo Chemie NV, a company incorporated in Belgium.

Accordingly, these financial statements present information about Tessenderlo Holding UK Limited as an individual undertaking and not about its group.

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that 100% of the voting rights are controlled within the group and the consolidated financial statements are publicly available.

Going Concern

The financial statements have been prepared on a going concern basis. The balance sheet shows a net current asset position of £57,307,760 (2011 £39,168,589) indicating that the Company is able to meet its liabilities as they fall due.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The credit/charge for taxation is based on the result 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 they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes (continued)

2 Operating loss

Operating loss is stated after charging

	2012 £	2011 £
<i>Auditors' remuneration</i>		
Audit of these financial statements	3,500	3,500
Other services relating to taxation	1,500	11,032
	<u> </u>	<u> </u>

3 Interest receivable and similar income

	2012 £	2011 £
Interest on loans to group undertakings	2,172,603	1,645,913
Bank interest	-	4,182
Net exchange gains	-	14,572
	<u> </u>	<u> </u>
	2,172,603	1,664,667
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2012 £	2011 £
Interest on other loans	3,530,014	3,365,930
Other financial charges	10,127	12,856
Net exchange losses	3,546	-
	<u> </u>	<u> </u>
	3,543,687	3,378,786
	<u> </u>	<u> </u>

Notes (continued)

5 Tax on loss on ordinary activities

	2012 £	2011 £
UK corporation tax credit	(462,230)	(615,974)
Adjustment in respect of previous year	48,583	28,045
Total current tax credit	<u>(413,647)</u>	<u>(587,929)</u>

Factors affecting the tax credit for the year:

The tax credit assessed for the year (24.5%) (2011: 26.5%) is higher than the expected tax rate for the year end. The differences are explained below.

	2012 £	2011 £
Current tax reconciliation		
Profit/(loss) before tax	6,679,042	(911,263)
Profit/(loss) multiplied by the effective rate of corporation tax in the UK of 24.5% (2011: 26.5%)	1,636,365	(241,485)
Effects of		
Non taxable dividend income	(3,675,000)	-
Non taxable income	(121,133)	(374,489)
Expenses not deductible for tax purposes (primarily impairment)	2,748,224	-
Release of provision re intercompany debt	(1,050,686)	-
Adjustment in respect of previous years	48,583	28,045
Total current tax credit for the year	<u>(413,647)</u>	<u>(587,929)</u>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

The company has unrecognised deferred tax asset of £927,000 at 31 December 2012 in relation to tax losses (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date).

Notes (continued)

6 Fixed asset investments

	Shares in subsidiary undertakings	
	2012	2011
	£	£
<i>Cost</i>		
At beginning of year	80,755,496	91,730,180
Additions	-	(10,974,684)
Disposals	-	-
At end of year	80,755,496	80,755,496
<i>Provisions</i>		
At beginning of year	41,771,292	41,771,292
Impairment Eurocell PLC	11,046,482	-
At end of year	52,817,774	41,771,292
Net book value at end of year	27,937,722	38,984,204

Eurocell plc was sold in the post year end period and its investment book value has been written down accordingly. The book value of PB Gelatins has been written down to reflect its net asset position

Subsidiary undertakings at the end of the year are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
PB Gelatins UK Limited	England and Wales	Manufacture and sale of photographic and pharmaceutical gelatines	100% ordinary
Britphos Limited	England and Wales	Ceased trading in March 2011	100% ordinary
Eurocell plc (formerly Fairbrook)	England and Wales	Participation in industrial companies specialising in the manufacture and sale of window profiles and dies	100% ordinary

Notes (continued)

7 Debtors

	2012 £	2011 £
Amounts falling due within one year		
Amounts due from group undertakings	37,822,805	29,415,467
Other debtors	14,416	14,417
Group loss relief receivable	1,007,335	-
	<u>38,844,556</u>	<u>29,429,884</u>
Due after one year		
Amounts due from group undertakings	26,900,000	15,800,000
	<u>65,744,556</u>	<u>45,229,884</u>

Amounts due from group undertakings after one year consist of £21,600,000 due from Eurocell Plc (2011 £8,800,000) and £5,300,000 due from PB Gelatins UK Limited (2011 £7,000,000). Interest is received, according to loan agreements, at LIBOR x0.9 per annum.

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft	34	3,634
Amounts due to group undertakings	9,000,361	3,860,411
Other creditors and accruals	12,247	7,516
Group loss relief payable	-	2,792,601
	<u>9,012,642</u>	<u>6,664,162</u>

9 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Amounts due to group undertakings	<u>52,000,000</u>	<u>52,000,000</u>

Amounts due to group undertakings after one year of £52,000,000 are due to Tessenderlo Chemie NV, payable on the 22 October 2015. Interest is charged at 6.3217% per annum.

Notes (continued)

10 Called up share capital

	2012 £	2011 £
<i>Authorised, issued, called up and fully paid</i>		
Ordinary shares of £1 each	71,000,000	71,000,000

11 Profit and loss account – accumulated losses

	2012 £	2011 £
At beginning of year	(44,847,207)	(44,523,873)
Profit/(loss) for the financial year	7,092,689	(323,334)
At end of year	(37,754,518)	(44,847,207)

12 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit/(loss) for the financial year	7,092,689	(323,334)
Opening shareholders' funds	26,152,793	26,476,127
Closing shareholders' funds	33,245,482	26,152,793

13 Immediate and ultimate parent undertaking

The company's immediate parent undertaking is Tessenderlo Chemie NV, a company registered in Belgium

The ultimate parent undertaking is Tessenderlo Chemie NV, a company registered in Belgium

The results of the company are included in the consolidated financial statements of these companies. Copies of these accounts are publicly available and may be obtained from Rue de Trone 130, B-1050 Brussels and 62 Rue Jeanne d'Arc, 75641 Paris Cedex 13 respectively

Notes (continued)

14 Related Party Disclosures

The directors consider the following companies are related parties and the material transactions with these related parties are as follows:

	2012 £	2011 £
<i>Tessenderlo NL Holding BV (Sister company)</i>		
Profit & loss		
Interest receivable	13,908	-
Balance sheet		
Receivables – Intercompany loan	5,713,908	-
<i>Tessenderlo Chemie NV (Parent Company)</i>		
Profit & loss		
Interest paid	3,365,789	3,350,742
Interest receivable	22,692	-
Balance sheet		
Payable within one year	7,441,511	708,445
Payable after one year	52,000,000	52,000,000
Receivables – intercompany loan	9,322,692	5,528,130
<i>PB Gelatins UK Ltd (Sister Company)</i>		
Profit & loss		
Interest receivable	494,419	443,455
Management charges payable	30,000	24,000
Balance sheet		
Payable within one year	187,656	7,516
Receivables within one year	6,505,000	3,497,446
Receivables after one year	5,300,000	7,000,000
<i>Eurocell PLC (Sister Company)</i>		
Profit & loss		
Interest receivable	1,637,033	1,197,645
Balance sheet		
Payable within one year	606,840	1,315,077
Receivables within one year	14,300,200	14,889,789
Receivables after one year	21,600,000	8,800,000
<i>JD Pipes (Sister Company)</i>		
Profit & loss		
Interest receivable	4,551	-
Interest payable	-	15,188
Balance sheet		
Payable within one year	734,781	1,565,915

Notes (continued)

14 Related Party Disclosures (continued)

Brilphos (Sister Company)

Balance sheet

Payable within one year	226,589	226,589
Receivables within one year	1,717	1,717

Dyka UK (Sister Company)

Receivables within 1 year	1,979,288	1,979,288
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15 Post Balance Sheet Events

Eurocell PLC was sold on the 31st August 2013 for £27 750m, in line with the current group strategy.