Company Registration No. 4050539

CSI WOOD PROTECTION LIMITED

Report and Financial Statements

31 December 2007

REPORT AND FINANCIAL STATEMENTS 2007

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S B Ainscough
T J Riordan
M R Miles

SECRETARY

Clifford Chance Secretaries Limited

REGISTERED OFFICE

10 Upper Bank Street
London
E14 5JJ

BANKERS

Barclays Bank PLC
28 George Street
Luton
LU1 2AE

Bank Mendes Gans nv
PO Box 198
1000 AD Amsterdam
Herengracht 619

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool
United Kingdom

DIRECTORS' REPORT

The dırectors present theır annual report and audıted financıal statements for the year ended 31 December 2007

ACTIVITIES

The company ıs prıncıpally engaged ın the productıon of wood preservatıves for use by sawmılls and wood yards

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

There have not been any changes ın the company's prıncıpal actıvıtıes ın the year under revıew The dırectors are not aware, at the date of thıs report, of any major lıkely changes ın the company's actıvıtıes ın the next year

As shown ın the company's profit and loss account on page 6, the company's annual sales have decreased by 6% over the prıor year Gross profit has decreased by 55% on the prıor year The operatıng result has decreased on the prıor year by 360%

The balance sheet on page 7 of the financıal statements shows that the company's net asset posıtıon at the year end has declıned on the prıor year as a result of the payment of a dıvıdend of £7mıllıon offset by the profit for the year of £5,457,000 by the profit realısed on the sale of the ACA preservatıon (see below)

On 1st January 2007 the company sold ıts ACQ preservatıve busıness to Vıance Lımıted, a company jointly owned by Rockwood Inc and Rohm and Haas Inc, for U S $ 21 mıllıon CSI Wood Protectıon has retaıned the fixed assets for thıs busıness and contınues to manufacture the ACQ products, whıch are then sold to Vıance Lımıted at an agreed prıce For thıs reason the dırectors belıeve that the ACQ preservatıve busıness should not be treated as a dıscontınued operatıon ın the financıal statements

CSI Wood Protectıon Lımıted ıs a wholly owned subsıdıary of Rockwood Specıaltıes Lımıted, company regıstered ın England The ultımate holdıng company ıs Rockwood Holdıngs Inc, a company regıstered ın the Unıted States of Amerıca For thıs reason, the company's dırectors belıeve that further key performance ındıcators for the company are not necessary or appropriate for an understandıng of the development, performance or posıtıon of the busıness

PRINCIPAL RISKS AND UNCERTAINTIES

The company's sales overseas are made ın foreıgn currency, prımarıly the Euro and the USD, and ıt ıs therefore exposed to the movement ın exchange rates Thıs ıs partıally mıtıgated by the fact that the company also purchases raw materıals ın the same foreıgn currencıes

The company ıs financed by equıty and reserves There ıs no thırd party debt

DIVIDENDS

A final dıvıdend of £7,000,000 (2006 £nıl) was paıd ın the year

DIRECTORS AND THEIR INTERESTS

The dırectors who served durıng the year were as follows

S B Aınscough
T J Rıordan
M R Mıles

None of the dırectors had any ınterests ın the shares of the company or of any other group company at the year end

DIRECTORS' REPORT (continued)

AUDITORS

In so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors 24th October 2008
and signed on behalf of the Board

M R Miles

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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) 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, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSI WOOD PROTECTION LIMITED

We have audited the financial statements of CSI Wood Protection Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19 These financial statements have been prepared on the basis of 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice) are set out in the Statement of Directors' Responsibilities

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 our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Annual Report, as described in the contents section, and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2007 and of the profit of the company 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool
United Kingdom

31 October 2008

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
TURNOVER	2	7,834	8,304
Cost of sales		(6,838)	(6,052)
GROSS PROFIT		996	2,252
Distribution costs		(2)	(447)
Administrative expenses		(635)	(1,727)
OPERATING PROFIT	4	359	78
Profit on disposal of operations	7	5,575	-
Interest receivable and similar income		130	55
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,064	133
Tax on profit on ordinary activities	5	(607)	(196)
RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	14,15	5,457	(63)

There have been no recognised gains and losses or movements in shareholders' funds other than the profit for the current and loss for the prior year and accordingly, no separate statement of total recognised gains and losses is shown

All operations are continuing

BALANCE SHEET
31 December 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Intangible assets	7	758	6,009
Tangible assets	8	744	793
		1,502	6,802
CURRENT ASSETS			
Stocks	9	689	471
Debtors	10	1,054	1,800
Cash and bank		10,014	5,641
		11,757	7,912
CREDITORS: amounts falling due within one year	11	(2,326)	(2,238)
NET CURRENT ASSETS		9,431	5,674
TOTAL ASSETS LESS CURRENT LIABILITIES		10,993	12,476
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Share premium		9,119	9,119
Profit and loss account	15	814	2,357
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	10,933	12,476

These financial statements were approved by the Board of Directors on 24th October 2008

Signed on behalf of the Board of Directors

M R Miles

M R Miles

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards The particular accounting policies which have been applied consistently to the current and prior year, are described below

Accounting convention

The financial statements are prepared under the historical cost convention

Depreciation

Depreciation is provided at rates appropriate to the write off of fixed assets over their expected useful lives Annual rates of depreciation most widely used are

Land	nil
Freehold buildings	over 50 years
Plant, machinery and equipment	over 3 to 15 years

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Operating leases

Costs incurred in respect of operating leases are charged in arriving at the operating profit for the year

Pensions

The company makes pension contributions to the Rockwood UK Retirement Plan (the 'Plan') This is a funded pension plan, which provides pensions on a defined benefit basis for services until 20 May 2001 and a defined contribution basis for service after 20 May 2001

The defined benefit plan is accounted for as a multi-employer plan under FRS 17 Contributions are charged to the profit and loss account as they become payable

The employers pension costs for the defined contribution plan are charged to the profit and loss account as they become payable

The company has continued to account for pensions in accordance with FRS 17 "Retirement Benefits" during the year

Goodwill and intangible fixed assets

On the acquisition of a business fair values are attributed to the company's share of net assets Where the costs of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition The profit or loss on disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account Goodwill is amortised over its expected useful life up to a maximum of 20 years

Stocks

Stocks are stated at the lower of cost and net realisable value Provision is made for obsolete, slow moving and defective stocks

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

1 ACCOUNTING POLICIES (continued)

Cashflow statement

The company has taken advantage of the exemption included in Financial Reporting Standard No 1 "Cashflow Statements" for a subsidiary undertaking where 90% or more of the voting rights are controlled within the group to present a cashflow statement provided the consolidated financial statements are publicly available

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax Turnover is recognised on the despatch of goods and provision of services

Geographical analysis, by destination	2007 £'000	2006 £'000
United Kingdom	988	1,961
Europe	2,525	3,182
Other	4,321	3,161
	7,834	8,304

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All the directors receive no emoluments in respect of services to the company

Average number of persons employed	2007 No.	2006 No
Production	10	10
Sales and distribution	-	8
Administration	3	3
	13	21

	£'000	£'000
Staff costs during the year		
Wages and salaries	329	562
Social security costs	27	61
Pension costs	22	82
	378	705

4. OPERATING PROFIT

	2007 £'000	2006 £'000
Operating profit is stated after charging the following items:		
Depreciation of tangible fixed assets	95	112
Goodwill amortisation	59	433
Rentals under operating leases		
Other operating leases	8	40
Auditors' remuneration		
For the audit of the company's annual accounts	5	12
For non-audit work	-	-

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
Current tax		
UK corporation tax at 30% based on the profit for the year (2006 30%)	805	205
Adjustments in respect of prior period	-	(9)
Total current tax	805	196
Deferred tax		
Current year	(11)	-
Adjustments in respect of prior years	(187)	-
Total deferred tax	(198)	-
Total tax on profit on ordinary activities	607	196

Factors affecting tax charge for the current year

The tax assessed for the year is higher (2006 higher) than that resulting from applying the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	6,064	133
Tax at 30% (2006 30%) thereon	1,819	40
Effects of:		
Expenses not deductible for tax purposes	18	135
Capital allowances in excess of depreciation	28	30
Prior year adjustment	-	(9)
Difference between taxable gain and profit on disposal of goodwill	(1,060)	-
Current tax charge for year	805	196

6. DIVIDENDS

	2007 £'000	2006 £'000
Equity dividend paid of £7 per share (2006 £nil)	7,000	-

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

7. INTANGIBLE FIXED ASSETS

	Goodwill on acquisition £'000
Cost	
At 1 January 2007	8,664
Disposals	(7,486)
At 31 December 2007	1,178
Accumulated depreciation	
At 1 January 2007	2,655
Disposals	(2,294)
Charge for the year	59
At 31 December 2007	420
Net book value	
At 31 December 2007	758
At 31 December 2006	6,009

Intangible assets with a net book value of £5,192,000 were sold in the year for consideration of £10,767,000 giving a profit on disposal of £5,575,000

8. TANGIBLE FIXED ASSETS

	Land and buildings leasehold £'000	Plant and machinery and equipment £'000	Total £'000
Cost			
At 1 January 2007	507	923	1,430
Additions	1	52	53
Disposals	-	(14)	(14)
At 31 December 2007	508	961	1,469
Accumulated depreciation			
At 1 January 2007	73	564	637
Charge for the year	11	84	95
Disposals	-	(7)	(7)
At 31 December 2007	84	641	725
Net book value			
At 31 December 2007	424	320	744
At 31 December 2006	434	359	793

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

9. STOCKS

	2007 £'000	2006 £'000
Raw materials and consumables	170	290
Finished goods and goods for resale	519	181
	689	471

10. DEBTORS

	2007 £'000	2006 £'000
Trade debtors	-	923
Amounts owed by group companies	788	508
Prepayments and accrued income	16	92
Other debtors	52	277
Deferred tax (see note 12)	198	-
	1,054	1,800

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Trade creditors	1,384	1,328
Amounts owed to group companies	2	5
Group relief payable	805	729
Taxation and social security	20	21
Other creditors	45	11
Accruals and deferred income	70	144
	2,326	2,238

12. DEFERRED TAXATION

	£'000
Balance at 1 January 2007	-
Credit for the period	198
Balance at 31 December 2007	198

Deferred taxation is recognised as below

	2007 £'000	2006 £000
Difference between accumulated depreciation and capital allowances	194	-
Other timing differences	4	-
	198	

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

13 CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised		
5,000,000 ordinary shares of £1 each	5,000	5,000
Called up, allotted and fully paid		
1,000,000 ordinary shares of £1 each	1,000	1,000

14. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Profit/(loss) on ordinary activities after taxation	5,457	(63)
Dividends paid (note 6)	(7,000)	-
Net reduction in shareholders' funds	(1,543)	(63)
Opening shareholders' funds	12,476	12,539
Closing shareholders' funds	10,933	12,476

15. RESERVES

	£'000
At 1 January 2007	2,357
Profit for the year	5,457
Dividends (note 6)	(7,000)
At 31 December 2007	814

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption given in FRS8 - Related Party Disclosures - in not disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties

17. COMMITMENTS

There were no capital commitments at 31 December 2007 At 31 December 2007 the company had annual commitments under non-cancellable operating leases - other as set out below

	2007 £'000	2006 £'000
Amounts due relating to leases expiring		
Within one year	-	4
Within two to five years	-	31
	-	35

18. PENSIONS

The company participates in the Rockwood UK Retirement Plan, which all permanent employees of Rockwood companies in the UK are eligible to join This is a funded pension plan, which provides pensions on a defined benefit basis for services until 20 May 2001 and a defined contribution basis for service after 20 May 2001

The charge to the profit and loss account is respect of the pension plan was £22,000 (2006 £82,000)

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

18. PENSIONS (continued)

The Rockwood UK Retirement Plan is a multi-employer scheme covering all Rockwood companies in the UK CSI Wood Protection Limited is unable to identify its share of the underlying assets (and liabilities) of the plan because the assets are not separately assigned to the individual members The assets of the plan are invested on an aggregated basis with no identification of assets relating to an individual employer A proportion of the liability within the plan for deferred and pensioner members relates to employers who no longer participate in the plan Contributions are set for the plan as a whole rather than reflecting the actuarial characteristics of the employees of the individual employer Splitting the plan in these circumstances would have to be done in an arbitrary manner and would therefore not reflect a realistic value As a result the company has taken advantage of the exemption permitted by FRS 17 not to bring the assets and liabilities of the plan onto the company balance sheet

FRS 17, under the multi-employer accounting, requires the company to account for its defined benefit plan as a defined contribution plan The future contributions of the company will be affected by the deficit on the group plan, details of which are disclosed below

The assets in the plan and the expected rates of return at 31 December were

	2007 long term rate of return expected	2007 value £'000	2006 long term rate of return expected	2006 value £'000	2005 long term rate of return expected	2005 value £'000
Equities	8 40%	6,757	8 10%	6,738	7 95%	6,425
Bonds	5 80%	4,337	5 10%	4,195	4 75%	2,083
Cash	4 50%	1,176	4 60%	5	4 10%	355
Total market value of assets		12,270		10,938		8,863
Present value of scheme liabilities		(13,095)		(15,600)		(21,362)
Deficit in scheme		(825)		(4,662)		(12,499)
Related deferred tax asset		248		-		-
Net pension liability		(577)		(4,662)		(12,499)

The figures shown above were calculated on the basis of the following assumptions

Assumptions	As at 31 December 2007	As at 31 December 2006	As at 31 December 2005
Discount rate	5 80%	5 10%	4 75%
Price inflation	5 40%	3 20%	3 00%
Salary increases	4 40%	4 70%	4 50%
Deferred pensions	3 40%	3 00%	3 00%
Pension increases in payment	3 40%	3 00%	3 00%

19. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company and ultimate controlling party is Rockwood Holdings Inc Rockwood Holdings Inc is the parent undertaking of the smallest and largest group to consolidate the accounts of this company Copies of group accounts can be obtained from 100 Overlook Centre, Princeton, New Jersey, USA