

MetalFx Technology Limited

Directors' report and financial statements

Registered Number 4372394

Year ended 31 December 2009



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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activity and review of business

The principal activity of the company has been to establish and sell a global standard for metallic printing technology

On the 19th December 2008 the Ciba group decided to close the MetalFx business. The main reason for this was due to the business not fitting within Ciba Coating Effects core business. This followed an assessment by the Ciba group on the future potential of this business and how it fitted to the portfolio of products within the Coating Effect business. The conclusion of this assessment was that the MetalFX business was a small and peripheral part of the portfolio and that it was unlikely to generate future benefits to its shareholders Ciba (UK) Investment plc. The company had made losses from 2006 to 2008 and this was not expected to change, for this reason the closure should have a beneficial effect on its shareholder.

On 9 April 2009 BASF SE completed the purchase of 95.8% of the shares of Ciba Holding Inc giving it effective control.

Results and dividends

The profit for the year after tax is £10,199 (2008: loss £723,790). The directors do not recommend the payment of a dividend (2008: £Nil).

Directors

The directors who held office during the year were as follows:

A H Dimery	Resigned 1 March 2010
R Wilkinson	Resigned 1 March 2010
E M Castle	Resigned 1 March 2010

The following directors were appointed after 31 December 2009:

T Jensen	Appointed 1 March 2010
S Hatton	Appointed 1 March 2010
T Urwin	Appointed 1 March 2010

Financial instruments

The company makes little use of financial instruments other than an operational bank account.

The risks arising from price, credit, currency, liquidity and cash flow are not material to the assessment of assets, liabilities and result of the company.

Charitable and political donations

During the period the company made charitable and political donations of £Nil (year ended 31 December 2008: £Nil).

Directors' report (continued)

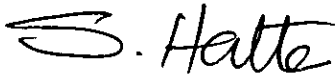
Disclosure of information to auditors

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

During the year KPMG LLP were appointed as auditors Pursuant to section 487 for the Companies Act 2006, KPMG LLP were deemed to be reappointed, and therefore will continue in office

By order of the board



S Hatton
Secretary

Earl Road
Cheadle Hulme
SK8 6QG

16th June 2010

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of MetalFx Technology Limited

We have audited the financial statements of MetalFx Technology Limited for the year ended 31 December 2009 set out on pages 6 to 14. 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 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 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/UKNP.

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 2009 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 MetalFx Technology 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



6 July 2010

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M26DS

Profit and loss account
for the year ended 31 December 2009

	<i>Notes</i>	Discontinued Operations 2009 £	Discontinued Operations 2008 £
Turnover	<i>2</i>	-	366,546
Cost of sales		-	(159,134)
		<hr/>	<hr/>
Gross profit		-	207,412
Administrative expenses		(9,022)	(888,356)
		<hr/>	<hr/>
Operating loss	<i>3</i>	(9,022)	(680,944)
Interest payable	<i>4</i>	-	(48,702)
Interest receivable	<i>5</i>	2,143	657
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(6,879)	(728,989)
Tax on loss on ordinary activities	<i>6</i>	17,078	5,199
		<hr/>	<hr/>
Profit for the financial period after taxation	<i>14</i>	10,199	(723,790)
		<hr/>	<hr/>

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

There were no recognised gains and losses other than those reflected in the above profit and loss account

All activity arises from discontinued operations

Balance sheet
as at 31 December 2009

	<i>Notes</i>	2009 £	2009 £	2008 £	2008 £
Current assets					
Debtors	9	-		320,213	
Cash at bank and in hand		-		2	
Creditors: amounts falling due within one year	10	(1,263,316)		320,215 (1,512,450)	
Net current assets/ (liabilities)			(1,263,316)		(1,192,235)
Total assets less current liabilities			(1,263,316)		(1,192,235)
Provisions for liabilities and charges	11		-		(81,280)
Net liabilities			(1,263,316)		(1,273,515)
Capital and reserves					
Called up share capital	12		100		100
Share Premium account	13		102,400		102,400
Profit and loss account	13		(1,365,816)		(1,376,015)
Equity shareholders' funds	14		(1,263,316)		(1,273,515)

The accompanying notes on pages 8 to 14 form an integral part of this balance sheet

These financial statements were approved by the board of directors on 16th June 2010 and were signed on its behalf by


T Urwin
 Director

Notes to 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 on the historical cost basis of accounting and in accordance with applicable accounting standards

The company has taken the exemption, under s400 of the Companies Act 2006, from preparing consolidated accounts. Consolidated accounts have been prepared by the ultimate parent undertaking of the company, BASF SE, a company incorporated in Germany.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement as the company is a wholly owned subsidiary undertaking of a company incorporated in Germany and a consolidated cash flow statement is included in that company's financial statements, which are publicly available.

Going Concern

The company's liabilities exceed the assets by £1,263,316 (2008 £1,273,515). The financial statements have been prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The directors having made appropriate enquiries and having regard to continuing support from the company's parent undertaking, consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover is defined as the amounts invoiced for goods supplied excluding value added tax or equivalent overseas sales taxes.

Revenue from sales is recognised when a signed contract exists and where delivery to a customer has occurred with no significant completion obligations remaining. In instances where a significant completion obligation exists, revenue recognition is delayed until the obligation has been satisfied.

Research and development

All research and development expenditure borne by the company, including all expenditure in respect of patents and trademarks is written off as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost includes an appropriate allocation of overheads. Provision is made for obsolete and slow moving stocks. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion.

Translation of foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the year end. Exchange gains and losses are taken to trading profit.

Pensions and post-retirement benefits

The company participates in the Ciba defined contribution scheme funded by contributions from members and from the company.

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 substantially enacted by the balance sheet date.

Deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits is uncertain. Deferred tax assets and liabilities have not been discounted.

Notes to the financial statements (continued)

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2 Turnover

Turnover originates wholly within the UK and is analysed by destination as follows

	2009 £	2008 £
United Kingdom	-	18,328
Rest of world	-	348,218
	<u>-</u>	<u>366,546</u>

Further segmental information has been excluded as the directors believe disclosure would be seriously prejudicial to the company.

3 Operating loss on ordinary activities

Operating loss on ordinary activities is stated after charging the following

	2009 £	2008 £
Auditors' remuneration		
- audit	-	-
- other assurance services	-	-
Closure costs	3,300	154,378
Operating leases	-	38,121
Research and development	-	86,445
	<u>-</u>	<u>278,944</u>

The auditor's remuneration was borne by BASF Performance Products plc, a group undertaking. This was £1,000 in 2009 and £5,000 in 2008.

Notes to the financial statements (continued)

4 Net interest payable

	2009 £	2008 £
<i>Interest payable</i>		
Group interest	-	48,702
	<u>-</u>	<u>48,702</u>

5 Net interest receivable

	2009 £	2008 £
<i>Interest receivable</i>		
Group interest	(2,143)	-
Other interest receivable	-	(657)
	<u>(2,143)</u>	<u>(657)</u>

6 Tax on loss on ordinary activities

	2009 £	2008 £
Current tax		
UK corporation tax charge	-	-
Adjustments in respect of prior periods	(17,078)	(4,001)
Deferred tax		
Adjustments in respect of prior periods	-	(1,198)
Total tax credit on loss on ordinary activities	<u>(17,078)</u>	<u>(5,199)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(6,879)</u>	<u>(728,989)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2008: 28.5%)	(1,926)	(207,742)
Effects of		
Adjustments to prior periods	(17,078)	(4,001)
Expenses not deductible for tax purposes	20	16,803
Timing difference between capital allowances and depreciation	-	(122)
Utilisation of tax losses and other deductions	-	(61)
Group relief surrendered before payment	2,054	191,122
Other short term timing differences	(148)	-
Current tax charge for period	<u>(17,078)</u>	<u>(4,001)</u>

Notes to the financial statements (continued)

6 Tax on loss on ordinary activities (continued)

Deferred tax

Deferred tax assets of £Nil (2008 - £3,252) comprising carried forward losses of £Nil (2008 - £Nil) and fixed asset timing differences of £Nil (2008 - £3,252) have not been recognised as it is not considered certain that taxable profits will arise in the foreseeable future

7 Employees

- (a) The monthly average number of persons employed by the company (including executive directors) during the period, analysed by category, was as follows

	2009 Number	2008 Number
Production	-	4
Administration	-	1
	<u>-</u>	<u>7</u>

- (b) Cost of employees, including executive directors

	2009 £	2008 £
Wages and salaries	14,530	185,536
Social security costs	676	21,073
Pension costs	-	8,316
	<u>15,206</u>	<u>214,925</u>

8 Directors

	2009 £	2008 £
(a) Emoluments of directors		
Payments to executive directors	<u>-</u>	<u>27,500</u>

Included in payments to executive directors is £Nil (period ended 31 December 2008 £Nil) receivable under long term incentive schemes

The directors no longer receive remuneration from the Company in their capacity as directors

Notes to the financial statements (continued)

9 Debtors

	2009 £	2008 £
Other debtors	-	5,274
Corporation tax	-	1,198
Amount owed by Group undertakings	-	58,679
Amount owed by Group Treasury	-	255,062
	<u>-</u>	<u>320,213</u>
	<u>-</u>	<u>320,213</u>

10 Creditors amounts falling due within one year

	2009 £	2008 £
Trade creditors	-	11,748
Accruals and deferred income	-	100,702
Amount owing to Group undertakings	1,263,316	1,400,000
	<u>1,263,316</u>	<u>1,512,450</u>
	<u>1,263,316</u>	<u>1,512,450</u>

11 Provisions for liabilities and charges

	Closure costs £	Total £
At 1 January 2009	81,280	81,280
Utilised during the year	(84,580)	(84,580)
Charged to profit and loss account	3,300	3,300
	<u>-</u>	<u>-</u>
At 31 December 2009	-	-
	<u>-</u>	<u>-</u>

The closure costs provision represents full provision for severance costs which were required for closure of the business

Notes to the financial statements (continued)

12 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

13 Reserves

	Share Premium £	Profit and loss account £
At 1 January 2009	102,400	(1,376,015)
Profit for the year	-	10,199
	<hr/>	<hr/>
At 31 December 2009	102,400	(1,365,816)
	<hr/>	<hr/>

14 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit / (Loss) for the financial year	10,199	(723,790)
	<hr/>	<hr/>
Net deduction to shareholders' funds	10,199	(723,790)
Opening shareholders' funds	(1,273,515)	(549,725)
	<hr/>	<hr/>
Closing shareholders' funds	(1,263,316)	(1,273,515)
	<hr/>	<hr/>

Notes to the financial statements (continued)

15 Operating lease commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2009	2008
	£	£
Commitments expiring		
Within one year	-	15,000
between two and five years	-	-
After 5 years	-	-
	<hr/>	<hr/>
At 31 December 2007	-	15,000
	<hr/>	<hr/>

All operating leases related to land and buildings

16 Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Ciba UK Investment plc, a company incorporated in England and Wales

The directors consider that the ultimate parent company is BASF Societas Europaea (BASF SE), a company incorporated in Germany

BASF SE is the parent undertaking of the smallest group of which MetalFx Technology Limited is a member and for which group financial statements are drawn up. Copies of these group financial statements are available from Press Office, BASF SE, 67056 Ludwigshafen, Germany. This represents a change in the year from the previous ultimate parent company, Ciba Holding Inc.

As a subsidiary undertaking of BASF SE, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose transactions with other members of the group.