Registered No 4444980

Milacron UK Limited

Report and Consolidated Financial Statements

31 December 2008

Registered No 4444980

Directors
R D Brown (resigned 30 November 2008)
C C F Taylor
G van Deventer

Secretary
G Crisell

Auditors
Baker Tilly UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers
HSBC Bank plc
17 Market Place
Banbury
OX16 5ED

Solicitors
Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Registered Office
100 New Bridge Street
London
EC4V 6JA

Directors' report

The directors present their report and consolidated financial statements for the year ended 31 December 2008

Principal activities and review of the business

The principal activity of the company during the period was the sale and servicing of capital and ancillary equipment to the plastics industry

The continued tough trading climate during 2008 made trading in the plastics industry very difficult however a growth in sales was achieved by the continuing operations giving rise to a small profit at the operating profit before exceptional items level The fall of the euro against the pound during the year and the revaluation of the inter-company euro loans gave rise to large exchange losses resulting in a large overall loss for the year

Comparison of the continuing operations' key performance indicators (KPIs) were used to monitor business performance during the year These are as follows

	2008	*2007*
KPI		
Revenue growth/(fall)	8 2%	(23 4%)
Operating margin/(loss)- excluding 2007 exceptional credit	0 7%	(0 2%)

Other non-financial indicators are used in respect of customer service and employee satisfaction levels

The loss for the year, before taxation, amounted to £929,927 (2007 profit of £177,077) The profit and loss account is presented on page 6 The directors do not recommend the payment of any dividend

Events since the year end

Several events of major significance have occurred since the year end The ultimate parent undertaking Milacron Inc filed for Chapter 11 bankruptcy in March 2009 In August 2009 agreement was reached with Avenue Capital Group and DDJ Capital Management LLC to acquire the assets of Milacron Inc in a newly formed company called Milacron LLC As an indirect result of this action, the company's share in Plastic Moulding Supplies Limited, a related party investment, was sold in August 2009 crystallising a loss on disposal of £261,542

Further to this, the company has been involved in discussion with its immediate parent company, Milacron BV, regarding capitalisation of an element of its euro loan in order to reduce exposure to the impact of currency movements on this inter-group balance and to strengthen the company's equity position at the same moment In November 2009 the directors passed a resolution to issue Milacron BV with 2,270,000 ordinary £1 shares at par In lieu of payment of the share issue, the monies owed by Milacron BV have been set against part of the debt owed by Milacron UK Limited to Milacron BV

Principal risks and uncertainties

The company has in place a procedure for identifying, assessing, monitoring and reporting risk The company's policies and procedures allow it to be able to react suitably to any risks identified It also helps the company to develop its long term strategies by linking these factors into effective solutions

The company trades mainly in sterling and as such the risk from any exchange rate fluctuations as a result of normal trading is minimised Furthermore, when sales are in foreign currency, wherever practical, the company purchases are denominated in the same currency to mitigate the exposure to foreign currencies exchange rate fluctuations

Directors' report

Principal risks and uncertainties (continued)

The company did not participate in any form of hedging transactions during the current financial year As the company does not use forward exchange contracts relating to inter-group foreign currency exposure, as these matters are considered on a group wide basis this foreign currency risk is borne by the company In 2008 the significant inter-group euro loans gave rise to large exchange losses due to the movement of the euro against the pound

The company is funded by loans from its immediate parent undertaking, Milacron BV Day-to-day liquidity risk is managed by maintaining positive cash balance as the company has no third party borrowing facility

Competitor risk is managed by providing value added services to customers, high quality product, excellent customer service and developing strong relationships

There are no other material exposures of the company relating to price risk, credit risk, liquidity risk and cash flow risk which is material for the assessment of the assets, liabilities, financial position and results of the company

Directors

The directors who served the company during the year were as follows

R D Brown (resigned 30 November 2008)
C C F Taylor
G van Deventer

Auditors

On 16 June 2009, Ernst & Young LLP resigned as auditors and subsequently Baker Tilly UK Audit LLP were appointed as auditors

A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to the members at the annual general meeting

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed above Each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

Colin Taylor
Director

8th FEB 2010

Statement of directors' responsibilities in respect of the financial statements

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 the group and of the profit or loss of the group for that period In preparing those 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 and group will continue in business

The directors are responsible for keeping proper accounting records that 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report to the Members of Milacron UK Limited

for the year ended 31 December 2008

We have audited the financial statements on pages 6 to 24

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 the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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

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 the group's and parent company's affairs as at 31 December 2008 and of the group's loss 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

BAKER TILLY UK AUDIT LLP Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF
10 February 2010

Consolidated Profit and loss account

for the year ended 31 December 2008

	Notes	2008 Continuing operations £	2007 (Restated) Continuing operations £	Discontinued operations £	Total £
Turnover	2	3,976,958	3,676,984	967,806	4,644,790
Cost of sales		(2,866,928)	(2,579,829)	(762,254)	(3,342,083)
Gross profit		1,110,030	1,097,155	205,552	1,302,707
Distribution costs		(511,998)	(467,038)	(124,338)	(591,376)
Administrative expenses		(568,552)	(641,832)	(150,355)	(792,187)
Administrative expenses – exceptional item	22	-	500,000	-	500,000
Operating profit/(loss)	3	29,480	488,285	(69,141)	419,144
Profit on disposal of Ferromatik division	5	-			141,358
Profit on ordinary activities before interest and taxation		29,480			560,502
Interest receivable and similar income	6	577,492			172,594
Interest payable and similar charges	7	(1,536,899)			(556,019)
(Loss)/profit on ordinary activities before taxation		(929,927)			177,077
Tax on (loss)/profit on ordinary activities	8	-			-
(Loss)/profit for the financial year	16	(929,927)			177,077

Consolidated Statement of total recognised gains and losses

	Notes	2008 £	Restated 2007 £
(Loss)/profit for the financial year		(929,927)	177,077
Actuarial gains/(losses) on defined benefit plans	14	171,000	(15,000)
Total recognised gains and losses for the year		(758,927)	162,077
Prior year adjustment (as explained in note 22)		451,506	
Total losses recognised since last annual report		(307,421)	

Consolidated Balance sheet

at 31 December 2008 **Company Registration No. 4444980**

	Notes	2008 £	Restated 2007 £
Fixed assets			
Investments	9	339,862	609,862
		339,862	609,862
Current assets			
Stocks	10	183,939	267,811
Debtors due within one year	11	1,360,327	1,296,531
Debtors due after more than one year	11	2,438,908	2,588,440
Cash at bank and in hand		392,964	493,808
		4,376,138	4,646,590
Creditors amounts falling due within one year	12	(300,723)	(432,124)
Net current assets		4,075,415	4,214,466
Total assets less current liabilities		4,415,277	4,824,328
Creditors amounts falling due after more than one year	13	(5,027,293)	(4,532,417)
Net (liabilities)/assets excluding pension liabilities		(612,016)	291,911
Pension liability	14	(123,000)	(268,000)
Net (liabilities)/assets including pension liabilities		(735,016)	23,911
Capital and reserves			
Called up share capital	15	355,001	355,001
Profit and loss account	16	(1,090,017)	(331,090)
Equity shareholders' (deficit)/funds	17	(735,016)	23,911

The financial statements on pages 6 to 24 were approved by the Board of Directors and authorised for issue on 2010 and are signed on its behalf by

Colin Taylor
Director

Company Balance sheet

at 31 December 2008 **Company Registration No. 4444980**

	Notes	2008 £	Restated 2007 £
Fixed assets			
Investments	9	2,126,092	2,396,092
		2,126,092	2,396,092
Current assets			
Stocks	10	183,939	267,811
Debtors due within one year	11	1,360,327	1,296,531
Debtors due after more than one year	11	2,438,908	2,588,440
Cash at bank and in hand		392,964	493,808
		4,376,138	4,646,590
Creditors amounts falling due within one year	12	(300,723)	(432,124)
Net current assets		4,075,415	4,214,466
Total assets less current liabilities		6,201,507	6,610,558
Creditors amounts falling due after more than one year	13	(6,813,523)	(6,318,647)
Net (liabilities)/assets excluding pension liabilities		(612,016)	291,911
Pension liability	14	(123,000)	(268,000)
Net (liabilities)/assets including pension liabilities		(735,016)	23,911
Capital and reserves			
Called up share capital	15	355,001	355,001
Profit and loss account	16	(1,090,017)	(331,090)
Equity shareholders' (deficit)/funds	17	(735,016)	23,911

The financial statements on pages 6 to 24 were approved by the Board of Directors and authorised for issue on 8 February 2010 and are signed on its behalf by

C Taylor

Colin Taylor
Director

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

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

The consolidated financial statements incorporate those of Milacron UK Limited and its dormant subsidiary undertaking All financial statements are made up to 31 December 2008 All intra-group balances are eliminated on consolidation

Going concern

The company is dependent upon continuing financial assistance being made available by its immediate parent, Milacron BV, to enable it to continue operating and meeting its liabilities as they fall due This finance and support is available for a period of at least twelve months after the date of these financial statements and has been confirmed in writing to the directors and the directors believe that it is therefore appropriate to prepare financial statements on a going concern basis

Cash flow statement

The company has taken advantage of the small group exemption from preparing a cash flow statement under the terms of FRS 1

Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Operating lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Investments

Long-term investments are classified as fixed assets Short-term investments are classified as current assets

Fixed asset investments are stated at cost in the company balance sheet Provision is made for any impairment in the value of fixed asset investments

Impairments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value-in-use, are recognised as impairments Impairment losses are recognised in the profit and loss account

Notes to the financial statements

at 31 December 2008

1. Accounting policies (continued)

Pension costs

The company operates a defined benefit scheme The assets of the scheme are held separately from those of the company in an independently administered fund

Full actuarial valuations of the company's defined benefit scheme is carried out every three years with interim reviews in the intervening years, these valuations are updated to the company's financial year end, each year by qualified independent actuaries A full actuarial valuation was carried out at 6 April 2006, and updated at 31 December 2008 For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on the basis of triennial valuation using the 'Projected Unit Credit method', these liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term

The pension surplus or deficit is included on the company's balance sheet net of the related amount of deferred tax

The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme's net assets, net of the impact of the unwinding of the discount on scheme's liabilities, is included within other finance income or cost

Actuarial gains and losses, including differences between the expected an actual return on scheme assets, are recognised, net of related deferred tax, in the statement of recognised gains and losses

In the prior year, the company also operated a defined contribution pension scheme Contributions were charged in the profit and loss account as they become payable in accordance with the rules of the scheme

2. Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year

An analysis of turnover by geographical market is given below

	2008	*2007*
	£	*£*
United Kingdom	3,574,632	4,183,520
Other EC countries	175,005	368,493
Rest of the world	227,321	92,777
	3,976,958	4,644,790

3. Operating profit/(loss)

This is stated after charging/(crediting)

			Restated
		2008	*2007*
		£	*£*
Auditor's remuneration	- audit services	25,524	33,594
	- non-audit services	2,500	2,344
Depreciation of owned fixed assets		-	3,471
Operating lease rentals	- land and buildings	18,000	18,000
	- plant and machinery	51,476	94,886
Exceptional items (note 22)		-	(500,000)

Notes to the financial statements

at 31 December 2008

4. Staff costs and directors' emoluments

(a) Staff costs

	2008	*2007*
	£	*£*
Wages and salaries	399,347	548,302
Social security costs	31,065	60,336
Other pension costs (note 14)	39,000	59,255
	469,412	667,893

Included in other pension costs are £39,000 (2007 £43,000) in respect of defined benefit scheme and £Nil (2007 £16,255 relating to the discontinued operation) in respect of the defined contribution scheme

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

	2008	*2007*
	No	*No*
Sales	9	12
Administration	2	3
	11	15

(b) Directors' emoluments

	2008	*2007*
	£	*£*
Aggregate emoluments in respect of qualifying services	60,231	65,536

	2008	*2007*
	No	*No*
Number of directors accruing benefits under defined benefit scheme	1	1

Notes to the financial statements

at 31 December 2008

5. Non-operating exceptional item

	2008	*2007*
	£	*£*
Profit on disposal of Ferromatik division	-	141,358

The profit on disposal of Ferromatik division relates to the disposal of this division during the previous year The tax effect in the profit and loss account relating to the exceptional items below operating profit was £Nil

6. Interest receivable and similar income

		Restated
	2008	*2007*
	£	*£*
Bank interest receivable	19,573	18,153
Interest from group undertakings	45,465	81,556
Other interest received	-	7,784
Exchange gain on euro loan to group companies	222,454	65,101
Dividend income from related party investment	290,000	-
	577,492	172,594

For the year ended 31 December 2008 the exchange gain arising on the retranslation of the euro loans to group companies has been recognised as "Interest receivable and similar income", previously this gain was recognised within "Administrative expenses" The comparative figure for the year ended 31 December 2007 has been restated accordingly

7. Interest payable and similar charges

		Restated
	2008	*2007*
	£	*£*
Net interest payable on pension scheme liabilities (note 14)	12,000	2,000
Interest payable to group companies	262,900	280,703
Exchange loss on euro loans from group companies	1,261,999	273,316
	1,536,899	556,019

For the year ended 31 December 2008 the exchange loss arising on the retranslation of the euro loans from group companies has been recognised as "Interest payable and similar charges", previously this loss was recognised within "Administrative expenses" The comparative figure for the year ended 31 December 2007 has been restated accordingly

Notes to the financial statements

at 31 December 2008

8. Taxation on ordinary activities

(a) Tax on (loss)/profit on ordinary activities

The tax charge/(credit) is made up as follows

	2008	*2007*
	£	*£*
Current tax		
UK Corporation tax on (loss)/profit for the year	-	-
Adjustments in respect of previous years	-	-
Total current tax (note 8(b))	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
	-	-

(b) Factors affecting current tax charge/(credit)

The tax assessed for the year differs from the standard rate of corporation tax in the UK 28 5% (2007 30%) The differences are explained below

		Restated
	2008	*2007*
	£	*£*
(Loss)/profit on ordinary activities before tax	(929,927)	177,077

	2008	*2007*
	£	*£*
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28 5% (2007 30%)	(265,004)	53,123
Effect of		
Non taxable income	(82,650)	-
Disallowable expenses	10,198	17,040
Depreciation in excess of capital allowances	-	(2,003)
Other timing differences	-	(4,050)
Tax losses unrelieved/(utilised)	337,456	(42,985)
Capital gains	-	(21,125)
Total current tax (note 8(a))	-	-

Notes to the financial statements

at 31 December 2008

8. Taxation on ordinary activities (continued)

(c) Deferred taxation

The deferred taxation at 28% (2007 30%) not recognised in the financial statements is as follows

	Not recognised	
	2008	*2007*
	£	£
Depreciation in excess of capital allowances	22,816	24,446
Other timing differences	23,485	25,162
Unutilised tax losses	456,198	133,533
	502,499	183,141

The deferred tax asset is not recognised due to the uncertainty over the timing of future profits and cash flows

9. Investments

Group

	Related party investment	*Other investments*	*Total*
	£	£	£
Cost			
At 1 January 2008	339,862	270,000	609,862
Disposals	-	(270,000)	(270,000)
At 31 December 2008	339,862	-	339,862
Amounts provided			
At 1 January 2008 and 31 December 2008	-	-	-
Net book value			
At 31 December 2008	339,862	-	339,862
At 31 December 2007	339,862	270,000	609,862

Notes to the financial statements

at 31 December 2008

9. Investments (continued)

Company

	Subsidiary undertakings	*Related party investment*	*Other investments*	*Total*
	£	£	£	£
Cost				
At 1 January 2008	1,786,230	339,862	270,000	2,396,092
Disposals	-	-	(270,000)	(270,000)
At 31 December 2008	1,786,230	339,862	-	2,126,092
Amounts provided				
At 1 January 2008 and 31 December 2008	-	-	-	-
Net book value				
At 31 December 2008	1,786,230	339,862	-	2,126,092
At 31 December 2007	1,786,230	339,862	270,000	2,396,092

The company owns 100% of the share capital, with 100% of the voting rights, of the dormant subsidiary undertaking MIPMS Ltd, a company based in England

In 2006 the company invested in a 50% share of Plastic Moulding Supplies Limited, a company based in England This investment has been accounted for as a fixed asset investment on the basis that this company does not have shared control over the entity, as the interests of Milacron Inc in this venture were monitored and controlled by officers based elsewhere in the Milacron Inc group This investment has been disposed of since the year end, as detailed in Note 20 It is included in the company's balance sheet at cost at the date of investment, being the value of the assets contributed to the entity

During the year, the company realised other investments of £270,000

10. Stocks

Group and Company	*2008*	*2007*
	£	£
Finished goods	183,939	267,811

Notes to the financial statements

at 31 December 2008

11. Debtors

	Group *2008* £	*Restated* *2007* £	*Company* *2008* £	*Restated* *2007* £
Due within one year				
Trade debtors	881,242	687,547	881,242	687,547
Amounts owed by fellow group undertakings	214,113	346,698	214,113	346,698
Other debtors	189,376	189,376	189,376	189,376
Prepayments and accrued income	75,596	66,910	75,596	66,910
Corporation tax	-	6,000	-	6,000
	1,360,327	1,296,531	1,360,327	1,296,531
Due after one year				
Other debtors	336,408	595,087	336,408	595,087
Amounts owed by fellow group undertakings	2,102,500	1,993,353	2,102,500	1,993,353
	3,799,235	3,884,971	3,799,235	3,884,971

For the year ended 31 December 2008 the loans owed by fellow group undertakings, where settlement is not anticipated within 12 months of the balance sheet date, and that element of deferred consideration within Other Debtors, which is not due within 12 months, have been reclassified as being due after one year The comparative figures have been restated accordingly

12. Creditors: amounts falling due within one year

	Group *2008*	*2007*	*Company* *2008* £	*2007* £
Amounts invoiced in advance	-	5,234	-	5,234
Trade creditors	22,215	19,943	22,215	19,943
Amounts owed to group undertakings	91,252	187,234	91,252	187,234
Other taxation and social security costs	100,319	115,855	100,319	115,855
Accruals and deferred income	86,937	103,858	86,937	103,858
	300,723	432,124	300,723	432,124

13. Creditors: amounts falling due after more than one year

	Group *2008*	*2007*	Company *2008* £	*2007* £
Amounts owed to fellow group undertakings	5,027,293	4,532,417	5,027,293	4,532,417
Amounts owed to subsidiary undertaking	-	-	1,786,230	1,786,230
	5,027,293	4,532,417	6,813,523	6,318,647

Notes to the financial statements

at 31 December 2008

14. Pension and similar obligations

The company operates a defined benefit pensıon scheme, the Mılacron UK Pensıon Plan, a multı-employer scheme, open to employees of Unıloy Mılacron, one of the company's tradıng dıvısıons These members were prevıously part of the Wıdıa Valenıte (U K) Pensıon Plan Thıs scheme ıs now closed to new members The pensıon cost ıs assessed ın accordance wıth the advıce of a qualıfied actuary usıng the 'Projected Unıt Credıt method'

The major assumptıons used by the actuary were

	2008	*2007*	*2006*
Rate of ıncrease ın salarıes	4 10%	4 90%	4 50%
Rate of ıncrease ın pensıons ın payment	2 60%	3 40%	3 00%
Dıscount rate	6 50%	5 70%	5 16%
Inflatıon assumptıon	2 60%	3 40%	3 00%

The mortalıty assumptıons used ın the valuatıon of the pensıon lıabılıtıes used the S1PA serıes year of bırth tables (2007 PA 92 serıes (C2025) table) and long cohort projectıons wıth a normal retırement age Based on these mortalıty after retırement assumptıons the lıfe expectatıons used to place value on the plan's lıabılıtıes were as follows

	Lıfe expectancy	
	Male Years	Female Years
Member aged 65 at the effectıve date of the calculatıons	22 3	24 9
Member aged 65 at a date 20 years after the effectıve date of the calculatıons	23 6	26 0

The expected return on plan assets was determıned by consıderıng the expected returns avaılable on the assets underlyıng the current ınvestment portfolıo Expected yıelds on bonds are based on gross redemptıon yıelds at the balance sheet date whılst the expected returns on the equıty and property ınvestments reflect the long-term real rates of return experıenced ın the respectıve markets

Informatıon relatıng to the scheme ıs set out below

Analysıs of amount charged to operatıng profit	*2008* £	*2007* £
Current servıce cost	39,000	43,000

Analysıs of amount charged/(credıted) to other finance costs/(ıncome)	*2008* £	*2007* £
Expected returns on pensıon scheme assets	(50,000)	(49,000)
Interest on pensıon scheme lıabılıtıes	62,000	51,000
Net charge	12,000	2,000

Notes to the financial statements

at 31 December 2008

14. Pension and similar obligations (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	*2008* £	*2007* £
Actuarial return less expected return on pension scheme assets	(188,000)	(4,000)
Change in assumptions underlying the present value of liabilities	386,000	(72,000)
Experience (losses)/gains arising on scheme liabilities	(27,000)	61,000
Actuarial gain/(loss) recognised in the STRGL	171,000	(15,000)
Cumulative amount of actuarial gains and losses recognised in the STRGL	229,000	58,000

Changes in the present value of the defined benefit obligations	*2008* £	*2007* £
Opening defined benefit obligations	1,064,000	960,000
Current service cost	39,000	43,000
Interest cost	62,000	51,000
Contributions by employee	9,000	10,000
Actuarial (gain)/loss	(359,000)	11,000
Benefits paid	(16,000)	(11,000)
Closing defined benefit obligations	799,000	1,064,000

Changes in the fair value of plan assets	*2008* £	*2007* £
Opening plan assets	796,000	724,000
Expected return on scheme assets	50,000	49,000
Actuarial losses	(188,000)	(4,000)
Contributions by employer	25,000	28,000
Contributions by employee	9,000	10,000
Benefits paid	(16,000)	(11,000)
Closing plan assets	676,000	796,000

The actual return on plan assets was a loss of £138,000 (2007 £45,000 gain)

Notes to the financial statements

at 31 December 2008

14. Pension and similar obligations (continued)

	2008 £	2007 £
Present value of funded obligations	(799,000)	(1,064,000)
Fair value of plan assets	676,000	796,000
Pension deficit	(123,000)	(268,000)

Major categories of plan assets as a percentage of fair value of total plan assets	2008 %	2007 %
Equities	44%	48%
Property	17%	18%
Corporate bonds	20%	19%
Gilts	19%	15%
Cash	0%	0%

	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Defined benefit obligation	(799)	(1,064)	(960)	(772)
Plan assets	676	796	724	623
Pension deficit	(123)	(268)	(236)	(149)
Experience adjustment on plan liabilities	(27)	61	(121)	49
Experience adjustment on plan assets	(188)	(4)	29	32

The company expected to contribute £22,000 to the plan in the next financial period

Notes to the financial statements
at 31 December 2008

15. Share capital

Company

		Authorised
	2008	*2007*
	£	*£*
Ordinary shares of £1 each	500,000	500,000

	Allotted, called up and fully paid			
		2008		*2007*
	No	*£*	*No*	*£*
Ordinary shares of £1 each	355,001	355,001	355,001	355,001

16. Profit and loss account

	2008	*2007*
	£	*£*
At 1 January – as previously stated	(782,596)	(493,167)
Prior year adjustment (note 22)	451,506	-
At 1 January – as restated	(331,090)	(493,167)
(Loss)/profit for the year	(929,927)	177,077
Actuarial gain/(loss) on defined benefit pension scheme	171,000	(15,000)
At 31 December	(1,090,017)	(331,090)

17. Reconciliation of shareholders' (deficit)/funds

		Restated
	2008	*2007*
	£	*£*
(Loss)/profit for the year	(929,927)	177,077
Other recognised gains and losses relating to the year	171,000	(15,000)
Net (reduction)/addition to shareholders' (deficit)/funds	(758,927)	162,077
Opening shareholders' deficit – as previously stated	(427,595)	(138,166)
Prior year adjustment (note 22)	451,506	-
Opening shareholders' funds/(deficit) – as restated	23,911	(138,166)
Closing shareholders' (deficit)/funds	(735,016)	23,911

Notes to the financial statements

at 31 December 2008

18. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below

		2008		*2007*
	Land and buildings	*Plant and machinery*	*Land and buildings*	*Plant and machinery*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	-	7,550	18,000	31,074
In two to five years	-	26,619	4,500	24,480
In greater than 5 years	18,875	-	-	-
	18,875	34,169	22,500	55,554

19. Related party transactions

During the year the company traded with a number of fellow group undertakings The aggregate of the transactions with these fellow group undertakings is set out below

	2008
	£
Transactions	
Aggregate sales	58,501
Aggregate purchases	2,202,042
Interest payable	262,900
Interest receivable	45,465
Year end balances	
Amounts included in debtors (note 11)	2,316,613
Amounts included in creditors (notes 12 and 13)	5,118,545

Included in related party debtors above, are loans to fellow group undertakings of £1,150,000 (2007 £1,150,000) and €1,000,000 (2007 €1,150,000) These loans are repayable on demand, although as it was not anticipated that these loans would be settled within 12 months of the balance sheet date, they are disclosed as being due after more than one year The loans bore interest at rates between 0 79% and 3 625% issued by Milacron Inc on a quarterly basis, which are based on LIBOR plus 0 5% and EURIBOR plus 0 5% The loans are unsecured but Milacron BV has confirmed that in the event of default by the other group undertakings, these amounts can be offset against the company's loan to Milacron BV

Notes to the financial statements

at 31 December 2008

19. Related party transactions (continued)

Included in related party creditors above are loans to Milacron BV of €5,297,208 (2007 €5,850,000) and £Nil (2007 £319,738) Milacron BV has confirmed that they will not call for these loans to be repaid prior to 31 December 2009 and, consequently they are disclosed as falling due after more than one year These loans had borne interest at rates between 1 249% and 3 625% issued by Milacron Inc on a quarterly basis, which are based on EURIBOR plus 0 5% During 2008, the company made a repayment of £250,000 against these loans and agreed to other sums received by Milacron BV on behalf of the company to be offset against these loan balances As detailed in Note 20, an element of these loans have been converted to equity since the balance sheet date

20. Post balance sheet event

The company's ultimate parent undertaking, Milacron Inc filed for Chapter 11 bankruptcy in March 2009 Subsequently, agreement has been reached with two major bondholders, Avenue Capital Group and DDJ Capital Management LLC to acquire the business and assets of Milacron Inc via Milacron LLC and undertake a comprehensive financial restructuring of the group

In November 2009, as part of this restructuring programme, the directors of Milacron UK Limited passed a resolution to allot 2,270,000 ordinary £1 shares to Milacron BV at par, its immediate parent company The proceeds of this issue of shares have been set against the amount owed by the company to Milacron BV as detailed in Note 19

Subsequent to the year end, as an indirect consequence of Milacron Inc filing for Chapter 11 bankruptcy, the interest in the related party investment shown under fixed asset investment was disposed of for consideration of £78,320 resulting in a loss of £261,542

21. Ultimate parent company

The company's immediate parent undertaking is Milacron BV, a company incorporated in the Netherlands

At 31 December 2008 the company's ultimate parent undertaking and controlling party was Milacron Inc , incorporated in the United States of America

As of August 21 2009, following the event referred to in note 20 above, the ultimate parent company became Milacron LLC, which is incorporated in the United States of America The address for correspondence is 4165 Half Acre Road, Batavia, Ohio 45103

Notes to the financial statements

at 31 December 2008

22. Prior year adjustments

At 31 December 2006 the company held a provision against the carrying value of an amount owed by a fellow group undertaking of £500,000 During the year ended 31 December 2007, the amount due was repaid, however, the provision was not released

Also during the year ended 31 December 2007, an exchange gain of £48,494 was recognised on the retranslation of an amount owed by a fellow group undertaking This adjustment was not necessary

The balance sheet for the prior year has been restated to reflect the correct balance due from the fellow group undertaking, with corresponding increase in the result for the year of £451,506 The resultant impact on the corporation tax charge is, in the directors opinion, not material and no amendment to this charge is recognised

The impact of the above prior year adjustment on the comparative financial statements is as follows

	2007
	£
Debtors	
As previously stated	3,433,465
Release of provision no longer requires correction of error on retranslation of year end balance	500,000
Correction of error on retranslation of year end balance	(48,494)
As restated	3,884,971

		2007
	£	*£*
Profit for the financial year		
As previously stated – loss for the year		(274,429)
Release of provision no longer required relating to inter group receivable, recognised within Administrative expenses as an exceptional item	500,000	
Correction of error on retranslation of year end balance recognised within administrative expenses	(48,494)	
		451,506
As restated – profit for the year		177,077

Details of further restatements resulting from reclassification changes are detailed in Note 6, 7 and 11

In addition, an investment referred to in the 2007 financial statements as being a joint venture has been reclassified as related party fixed asset investment and accounted for as an investment at cost rather than as a joint venture or associate, on the basis the company does not have control over this entity, as the interests of Milacron Inc in this venture was monitored and controlled by officers based elsewhere in the Milacron Inc group This change has not resulted in any adjustments to the financial statements as consolidated financial statements were not prepared at 31 December 2007 as, at that date, the company was a subsidiary of Milacron Inc, which prepared and filed group accounts