

## **Chemtura Europe Limited**

Directors' report and financial statements

Registered number SC097824

For year ending 31 December 2009

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## Company information

### Directors

M Mathieson	(resigned 4 March 2009)
S James	
B Flaherty	(appointed 13 July 2009)
S Forsyth	(appointed 13 July 2009)
H Mohammed	(appointed 13 July 2009)

### Secretary

C E Huben	(resigned 4 March 2009)
A Fullerton	(appointed 13 July 2009)

### Auditors

KPMG LLP  
St James' Square  
Manchester  
M2 6DS

### Registered office

4<sup>th</sup> Floor  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

## Directors' report

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

### Principal activities

The principal activities of the Company is to act as agent for other Chemtura group companies in the marketing and technical support of agricultural and industrial chemicals.

### Emergence from Chapter 11 by Ultimate Holding Company Chemtura Corporation USA

On 10 November 2010 the Company's parent Company, Chemtura Corporation, and 26 of its US affiliates announced that it has successfully completed its financial restructuring and emerged from protection under Chapter 11 of the United States Bankruptcy Code.

As a non-US subsidiary, the Company was not included in the financial restructuring and was not subject to the requirements of the US Bankruptcy Code. The basis on which the Directors have prepared the financial statements under the going concern assumption is set out in note 1.

### Business review

The Company remains committed to removing non-value-added work throughout the organisation as it continues to position itself for the long-term success of the business.

### Strategy

The Group's strategy is to obtain revenue growth and maintain strong margins by the continued focus on the development of speciality chemicals.

The Strategy will include:

- The maximisation of existing Patented technology
- The strong development of new products, Patents and markets particularly in the speciality chemical industry
- Continued geographic expansion and use of worldwide network of distributors and agents

### Performance during 2009

	2009 £000	2008 £000
Turnover	14,681	17,379
Operating profit	1,387	1,457
Profit for the financial year	830	801

No dividend has been proposed for the current year (2008: £nil).

## **Directors' report** *(continued)*

### **Risk and Uncertainty**

The Directors of the Company are responsible for all risk management. This is accomplished by regular monthly reporting on all aspects of the business.

Another risk to the business is additional regulatory requirements in environmental, health and safety and product registration areas. The use of internal employees and external advisers to monitor compliance with specific laws and regulations will mitigate the risk where possible.

### **Key Performance Indicators**

The Group monitors the business internally with a number of performance indicators. These include for example, an Annual Business Plan, and monthly forecasts showing future expenditure and cashflow to help monitor business performance.

### **Branches**

The Company has branches in Hungary, Slovakia, Poland and the Czech Republic.

### **Research and development**

During 2009, Chemtura proprietary substances were tested and experiments conducted to generate biological and crop safety data essential for achieving registrations of products. New formulations of existing products were developed and tested; formulations were designed for major commercial Seed Treatment and other products; for support of factory manufacture as a consequence of withdrawal of supply of key raw materials from suppliers.

The Company has continued its support of existing active substances under EU Directive 91/414/EEC and 98/8/EEC review and resubmitted for five compounds. Following success with this step, re-registration at country level is undertaken in the EU and in addition, a number of country (re)registrations and extensions of registrations in Europe, Middle-East and Africa were achieved during this period for various end-use products based on our own active substances, as well as for end-use products from Strategic Partners.

### **Substantial shareholding**

The Directors have no substantial shareholding in the Company's issued share capital at the date of this report.

### **Political and charitable contributions**

The Company made no political contributions during the year (2008: £nil). Donations to UK charities amounted to £nil (2008: £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 aware, there is no relevant audit information of which the Company's auditors are unaware; and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office.

By order of the board



S. James  
Director

17 Dec 10

4th Floor  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EN

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

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable laws 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 the 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 accounts; 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 transaction and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.



## KPMG LLP

St James' Square  
Manchester  
M2 6DS  
United Kingdom

### **Independent auditors' report to the members of Chemtura Europe Limited**

We have audited the financial statements of Chemtura Europe Limited for the year ended 31 December 2009 set out on pages 7 to 19. 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 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](http://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 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 auditors' report to the members of Chemtura Europe 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.



21 December 2010

**David Bills (Senior Statutory Auditor)**  
*for and on behalf of KPMG LLP, Statutory Auditor*  
Chartered Accountants  
St James' Square  
Manchester  
M2 6DS



**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>2009 £000</b>	<b>2008 £000</b>
Turnover	2	14,681	17,379
Cost of sales		(13,294)	(15,922)
<b>Gross profit</b>		<b>1,387</b>	<b>1,457</b>
Operating profit	3-5	1,387	1,457
Other interest receivable and similar income	6	97	27
Interest payable and similar charges	7	(267)	(450)
<b>Profit on ordinary activities before taxation</b>		<b>1,217</b>	<b>1,034</b>
Tax on profit on ordinary activities	8	(387)	(233)
<b>Profit on ordinary activities after taxation</b>		<b>830</b>	<b>801</b>

All results derive from continuing operations.

The notes on page 9-19 are an integral part of the financial statements.

**Statement of Total Recognised Gains and Losses**  
*for the year ended 31 December 2009*

There were no recognised gains or losses other than those passing through the profit and loss account for the current and preceding financial year.

**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>Fixed assets</b>					
Intangible fixed assets	9		3,574		3,251
Tangible fixed assets	10		306		516
Investments	11		30,718		30,480
			<u>34,598</u>		<u>34,247</u>
<b>Current assets</b>					
Debtors	12	14,571		12,032	
Cash at bank and in hand		884		943	
		<u>15,455</u>		<u>12,975</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(19,928)</u>		<u>(17,917)</u>	
<b>Net current (liabilities)</b>			<u>(4,473)</u>		<u>(4,942)</u>
<b>Total assets less current liabilities</b>			<u>30,125</u>		<u>29,305</u>
<b>Provisions for liabilities and charges</b>	14		<u>(8)</u>		<u>(18)</u>
<b>Net assets</b>			<u>30,117</u>		<u>29,287</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,697		1,697
Capital contribution account	16		24,780		24,780
Profit and loss account	17		3,640		2,810
<b>Shareholders' equity</b>	18		<u>30,117</u>		<u>29,287</u>

The notes on page 9-19 are an integral part of the financial statements.

These financial statements were approved by the board of Directors on *17 Dec 10* and were signed on its behalf by:



**S James**  
*Director*

*Company number SC097824*

## 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 from preparing group accounts under s400 of the Companies Act 2006 since the Company is a wholly owned subsidiary of another company. The financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As 100% of the voting rights of the Company are controlled within the group headed by Chemtura Corporation, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures", and has, therefore, not disclosed transactions or balances with entities which form part of the group.

The financial statements of Chemtura Corporation, within which this Company is included, can be obtained from the address shown in note 21.

#### *Going Concern*

On 10 November 2010 the Company's parent Company, Chemtura Corporation, and 26 of its US affiliates announced that it has successfully completed its financial restructuring and emerged from protection under Chapter 11 of the United States Bankruptcy Code.

As a non-US subsidiary, the Company was not included in the financial restructuring and is not subject to the requirements of the US Bankruptcy Code. The Company currently acts as a service provider to the Group and is therefore largely dependent on the greater group to continue trading. However, in forming their conclusions in relation to going concern, the directors of the Company have considered the possibility of trading direct with the end customer as well as the financial position of the group as a whole, including the probable outcome of the US Group's reorganisation.

Specifically, there is a significant intercompany receivable balances of £3m due from US subsidiaries and £5m due from Crompton Financial Holdings ("Crompton"), which is a non-US subsidiary, at year end. Crompton operates a cash pooling arrangement for certain of the non-US subsidiaries and therefore the balance represents cash held in the cash pool which is repayable to the Company. Crompton itself has intercompany receivables and payables with certain of the US subsidiaries. Whilst at the balance sheet date and at the date of approval of these financial statements there is no indication that the amount due from Crompton will not be recovered.

The Chapter 11 proceedings caused uncertainty in our relationships with suppliers, customers and others with whom we conducted or sought to conduct business. Since we have emerged from Chapter 11 we expect relationships with suppliers, customers and others to return to normal industry practices.

## Notes (continued)

### 1 Accounting policies (continued)

The Directors have prepared projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. These forecasts have been stress tested by the Directors and take into account potential delays in repayment of amounts due from US subsidiaries. On the basis of this cash flow information and discussions with the US Group's directors, the Directors consider that the Company will continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

#### *Fixed assets and depreciation*

Fixed assets are included in the balance sheet at cost less accumulated depreciation and any provisions for impairment.

Depreciation is not provided on freehold land or assets in the course of construction. Depreciation is provided on other assets to write off cost less the estimated residual value in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Freehold buildings	-	4% per annum
Machinery, equipment, fixtures and fittings	-	6½% - 30% per annum

#### *Investments*

Investment in subsidiary and associates are included in the balance sheet at cost less any provision for impairment.

#### *Intangible assets and amortisation*

Licences obtained are valued on a historic cost basis. Amortisation is provided to write off the cost in equal instalments over a period of ten years once the licence has been brought into use.

#### *Turnover*

Turnover in Chemtura Europe Limited is a management recharge from Chemtura Europe Limited to other group companies for administrative services and research and development work provided, which is recognised net of VAT at the point in which the services have been rendered.

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### *Leases*

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases. The Company has no finance leases.

#### *Post-retirement benefits*

The Company operates a defined contribution pension scheme, which are open to all eligible employees. The assets of the scheme are held separately from those of the Company, by Scottish Widows and Standard Life. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

#### *Research and development*

Expenditure on research and development is capitalised where it meets the requirements of SSAP 13 'Research and Development'. Other expenditure on research and development it is written off as incurred.

#### *Classification of financial instruments issued by the Company*

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

## Notes (continued)

### 2 Turnover

	2009 £000	2008 £000
<b>By business sector</b>		
Provision of services	14,681	17,379
	<hr/>	<hr/>
<b>By geographical area</b>		
Rest of Europe	10,133	12,752
America	4,548	4,627
	<hr/>	<hr/>
	14,681	17,379
	<hr/>	<hr/>

### 3 Profit on ordinary activities before taxation

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting) :</i>		
Auditors' remuneration:		
Audit services	16	21
Tax	-	18
Depreciation and other amounts written off tangible fixed assets – owned	179	845
Amortisation on intangible assets	96	34
Hire of plant and machinery - rentals payable under operating leases	144	68
Hire of other assets - operating leases	379	344
Research and development expenditure	4,131	4,170
Exchange loss	171	213
Loss on sale of fixed assets	-	15
	<hr/>	<hr/>

#### *Auditors' remuneration:*

	2009 £000	2008 £000
Amounts receivable by auditors and their associates in respect of:		
Audit of these financial statements	16	21
	<hr/>	<hr/>

## Notes (continued)

### 4 Remuneration of directors

No remuneration or money purchase schemes was paid in 2009 (2008: *£nil*), as the Directors now receive remuneration from Chemtura Manufacturing UK Limited.

### 5 Staff numbers and costs

The average number of persons employed (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2009	2008
Selling and distribution	38	39
Administration	9	10
Research, development and technical advice	45	45
	<u>92</u>	<u>94</u>

The aggregate payroll costs of these persons were as follows:

	2009	2008
	£000	£000
Wages and salaries	5,183	3,661
Social security costs	610	690
Other pension costs	248	350
	<u>6,041</u>	<u>4,701</u>

### 6 Other interest receivable and similar income

	2009	2008
	£000	£000
Amounts receivable from group undertakings	90	5
Bank interest	7	4
Other	-	18
	<u>97</u>	<u>27</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2009 £000	2008 £000
Amounts payable to group undertakings	265	415
Amounts payable on other loans	2	35
	<u>267</u>	<u>450</u>

### 8 Taxation

a) Analysis of the tax charge for the year	2009 £000	2008 £000
<i>UK Corporation Tax</i>		
Current tax on profit for the year	369	520
Adjustment in respect of prior years	11	(29)
Double taxation relief	(32)	-
<i>Foreign tax</i>		
Current tax on profit for the year	32	-
Adjustment in respect of prior years	-	(24)
Total current tax charge	<u>380</u>	<u>467</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences (see note 14)	7	(234)
Tax on profit on ordinary activities	<u>387</u>	<u>233</u>

The current tax charge for the year is higher (2008: higher) than the standard rate of taxation in the UK of 28% (2008: 28.5%). The differences are explained below.

b) Factors affecting the tax charge for the current year	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,217	1,034
Current tax at 28% (2008: 28.5%)	<u>341</u>	<u>295</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	35	36
Depreciation for period in excess of capital allowances	-	170
Capital allowances for period in excess of depreciation	(7)	-
Other timing differences	-	(5)
Adjustments to tax charge in respect of previous periods	11	(29)
Total current tax charge (see above)	<u>380</u>	<u>467</u>

Factors that may affect future current and total tax charge;  
 The deferred tax asset has been calculated at 28% in accordance with FRS 19.



## Notes (continued)

### 9 Intangible fixed assets

	Licences £000
<b>Cost</b>	
At beginning of financial year	3,442
Additions	419
	<hr/>
At end of financial year	3,861
	<hr/>
<b>Amortisation</b>	
At beginning of financial year	191
Charged in financial year	96
	<hr/>
At end of financial year	287
	<hr/>
<b>Net book value</b>	
At 31 December 2009	3,574
	<hr/>
At 31 December 2008	3,251
	<hr/>

### 10 Tangible fixed assets

	Freehold land and buildings £000	Machinery, equipment, fixtures and fittings £000	Total £000
<b>Cost</b>			
At beginning of financial year	813	6,063	6,876
Additions	-	128	128
Disposals	-	(158)	(158)
	<hr/>	<hr/>	<hr/>
At end of financial year	813	6,033	6,846
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of financial year	598	5,762	6,360
Charge for year	58	122	180
	<hr/>	<hr/>	<hr/>
At end of financial year	656	5,884	6,540
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2009	157	149	306
	<hr/>	<hr/>	<hr/>
At 31 December 2008	215	301	516
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Fixed asset investment

	2009 £000	2008 £000
At beginning of financial year	30,480	17,480
Acquisitions	238	13,000
<b>At 31 December 2009</b>	<b>30,718</b>	<b>30,480</b>

Name of acquisition	Country of incorporation	Type of shares held	% of shares acquired	Principal activity
Chemtura Corporation UK Limited	England and Wales	Ordinary £1	100	Manufacture and sale of speciality chemicals
Baxenden Chemicals Limited	England and Wales	Ordinary £1	46.5	Manufacture and sale of speciality chemicals

Chemtura Europe Limited holds 46.5% of the share capital of Baxenden Chemicals Limited. Chemtura Corporation UK Limited holds 53.5% of the remaining share capital of Baxenden Chemicals Limited, a Company registered in England and Wales.

The acquisition during the year relates to the remaining legal and stamp duty fees relating to the purchase of Baxenden Chemicals Limited.

### 12 Debtors

	2009 £000	2008 £000
Trade debtors	10	17
Amounts owed by group undertakings	13,609	11,152
Other debtors	370	199
Prepayments and accrued income	582	664
	<b>14,571</b>	<b>12,032</b>

All debtors fall due within one year.

**Notes (continued)**

**13 Creditors: amounts falling due within one year**

	2009 £000	2008 £000
Trade creditors	2,218	1,959
Amounts owed to group undertakings	16,973	14,343
Corporation tax	336	758
Other creditors including taxation and social security	128	542
Accruals and deferred income	273	315
	<u>19,928</u>	<u>17,917</u>

**14 Provisions for liabilities and charges**

	Onerous lease provision £000	Deferred taxation £000	Total £000
At 31 December 2008	18	(158)	(140)
Released during the year	(10)	7	(3)
	<u>8</u>	<u>(151)</u>	<u>(143)</u>
<b>At 31 December 2009 (deferred tax within other debtors)</b>	<b>8</b>	<b>(151)</b>	<b>(143)</b>

The lease on the premise relate to Thames House. Thames House was assigned to a third party, consequently this provision, has now been released during the year.

The elements of deferred taxation are set out below:

	2009 £000	2008 £000
Differences between accumulated depreciation and amortisation and capital allowances	(151)	(158)
Deferred tax asset	<u>(151)</u>	<u>(158)</u>

## Notes (continued)

### 15 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,697,373 ordinary shares of £1 each	1,697	1,697
	<hr/>	<hr/>

### 16 Capital contribution account

	2009 £000	2008 £000
<i>Fully paid</i>		
24,779,999 Paid in capital	24,780	24,780
	<hr/>	<hr/>

### 17 Profit and loss reserve

	2009 £000	2008 £000
At start of year	2,810	2,009
Profit for the year	830	801
	<hr/>	<hr/>
At 31 December 2009	3,640	2,810
	<hr/>	<hr/>

### 18 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	830	801
	<hr/>	<hr/>
Net addition to shareholders' fund	830	801
Opening shareholders' fund	29,287	28,486
	<hr/>	<hr/>
Closing shareholders' fund	30,117	29,287
	<hr/>	<hr/>

## Notes (continued)

### 19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2009 Plant and machinery £000	2009 Land and buildings £000	2008 Plant and machinery £000	2008 Land and buildings £000
Operating leases which expire:				
Within one year	122	116	173	-
In the second to fifth years inclusive	276	-	321	284
	<u>398</u>	<u>116</u>	<u>494</u>	<u>284</u>

### 20 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost for the year represents contributions paid by the Company to the scheme and amounts to £248,000 (2008: £350,000).

There were no prepaid or outstanding contributions at the end of the financial year (2008: £nil).

### 21 Ultimate parent Company and parent undertaking of larger group

At the year end the Company's ultimate parent Company and controlling party was Chemtura Corporation, a Company incorporated in the United States of America. Chemtura Manufacturing Co. Inc., a Company incorporated in the United States of America, is the immediate parent undertaking of Chemtura Europe Limited and prepares consolidated accounts. The largest group in which the results of the Company and its subsidiary are consolidated is that headed by Chemtura Corporation. Copies of the consolidated financial statements of these groups are available from The Securities Exchange Commission, Washington D.C. 20549.

### 22 Post balance sheet event

On 10 November 2010 the Company's ultimate parent Company, Chemtura Corporation, and 26 of its US affiliates announced that it had successfully completed its financial restructuring and emerged from protection under Chapter 11 of the United States Bankruptcy Code.

As a non-US subsidiary, the Company was not included in the financial restructuring and was not subject to the requirements of the US Bankruptcy Code.

Following announcements in the Emergency Budget of 22 June 2010, it was proposed that the full rate of corporation tax be reduced by 1% per year for four years from April 2011, ultimately bringing the corporation tax rate down to 24%. In addition it was proposed to reduce the main rate of capital allowances from 20% to 18%. If these changes had been substantively enacted at the balance sheet date, the effect would have reduced the recognised deferred tax asset by £5,000 which is considered as not material.