

Chemtura Europe Limited

Strategic Report, Directors' Report and financial
statements

Registered number SC097824

Year ended 31 December 2013

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Company information

Directors

Stephen James (Resigned 1 May 2013)
Billie S Flaherty
Stephen C Forsyth
Anthony J Risino
Sarah J Maude (Appointed 17 July 2013)

Secretary

Arthur Fullerton

Bankers

Bank of America
2 King Edward Street
London
EC1A 1HQ

Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Auditor

KPMG LLP
St James' Square
Manchester
M2 6DS

Registered office

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

Strategic Report

The Directors present their Strategic Report, Directors' Report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the Company is to provide services to other Chemtura group companies in marketing, technical support, research and development of agricultural and industrial chemicals.

The Company has branches in Hungary, Slovakia, Poland, Czech Republic and Greece and representation offices in Kazakhstan, Moldova and Turkey.

Business review

The company's operation in 2013 continued to be centred around Plant Growth Regulators (PGR's) and to a lesser extent Adjuvants, Herbicides, and Seed Treatment products. It continues to compete effectively in the niche markets that it serves (fruits, vegetables, tobacco and cotton among others) through the use of direct distribution and 3rd party channels.

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.

During the year, the Company has impaired the value of its investment in Baxenden Chemicals Limited, this is largely as a result of the decision taken to close down the Droitwich manufacturing site and the resultant decrease in future cash flows. The other manufacturing site at Accrington remains fully operational.

Strategy

The business strategy is to generate growth in sales and profitability through technology-led innovation, participating in the growth of the faster growing regions of the world, creating a performance driven culture among its employees and actively managing its business portfolio and costs.

Performance during 2013

	2013 £000	2012 £000
Turnover	15,297	13,972
Operating (loss)/profit	(2,818)	1,193
(Loss)/Profit for the financial year	(2,862)	1,179

Risk and Uncertainty

The Directors of the Company are responsible for all risk management. This is accomplished by regular monthly reporting within the Chemtura group.


A 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.

Demand for products is influenced by the agricultural policies of governments and regulatory authorities and changes in governmental policies or product registration requirements could have an adverse impact on the ability to market and sell products. In all regions of the world there are directives, laws and/or regulations that require the testing and registration of all agrochemical products before they can be sold for application to crops. Under these laws or when such laws and regulations are periodically changed the products that have been previously registered may be required to undergo a process of re-registration, and there is no assurance when an existing product requires re-registration that it will be approved for continuing use or all of its previously approved uses can be sustained.

Strategic Report *(continued)*

Key Performance Indicators

The Directors monitor the business internally with a number of performance indicators. These include, for example, sales output, productivity, on time delivery to customers and profitability. The Ultimate Parent company 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.



Anthony J Risino
Director

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

Directors' Report

Research and development

During 2013, 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 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 Regulation (EC) No 1107/2009. Following successful inclusion of active substances on Annex 1, 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.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Substantial shareholding

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

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2012: £nil).

Proposed dividend

The directors do not recommend the payment of a dividend (2012: £nil).

Directors

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

Stephen James (resigned 1 May 2013)
Billie S Flaherty
Stephen C Forsyth
Anthony J Risino
Sarah J Maude (appointed 17 July 2013)

Directors' report *(continued)*

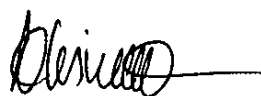
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to section 487(2) of the Companies Act 2006, the auditor will deemed to be reappointed and will therefore continue in office.

By order of the board



Anthony J Risino
Director

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

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, 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 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 Company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Chemtura Europe Limited

We have audited the financial statements of Chemtura Europe Limited for the year ended 31 December 2013 set out on pages 9 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Councils website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of 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.



Richard Evans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

17 September 2014

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	2	15,297	13,972
Cost of sales		(14,302)	(12,779)
Gross profit		995	1,193
Amounts written off investment	11	(3,813)	-
Operating profit/(loss)	3-5	(2,818)	1,193
Other interest receivable and similar income	6	4	14
Interest payable and similar charges	7	(10)	(8)
(Loss)/Profit on ordinary activities before taxation		(2,824)	1,199
Tax on profit on ordinary activities	8	(38)	(20)
(Loss)/Profit on ordinary activities after taxation		(2,862)	1,179

All results derive from continuing operations.

The notes on pages 11 to 20 are an integral part of the financial statements.

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2013

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 2013

	<i>Note</i>	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Intangible fixed assets	9		8,099		6,700
Tangible fixed assets	10		380		388
Investments	11		16,767		20,580
			<hr/>		<hr/>
			25,246		27,668
Current assets					
Debtors	12	4,193		4,284	
Cash at bank and in hand		755		778	
		<hr/>		<hr/>	
		4,948		5,062	
Creditors: amounts falling due within one year	13	(3,293)		(2,967)	
		<hr/>		<hr/>	
Net current assets			1,655		2,095
			<hr/>		<hr/>
Net assets			26,901		29,763
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,697		1,697
Capital contribution account	16		24,780		24,780
Profit and loss account	17		424		3,286
			<hr/>		<hr/>
Shareholders' equity	18		26,901		29,763
			<hr/>		<hr/>

The notes on pages 11 to 20 are an integral part of the financial statements.

These financial statements were approved by the board of Directors on the 12th September 2014 and were signed on its behalf by:



Anthony J Risino
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 by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Chemtura Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the 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.

Going Concern

The financial statements have been prepared under the going concern assumption. The company's business activities, together with the factors likely to affect its future development, performance and position, are noted in the strategic report and the accounts, which show that the company has considerable levels of cash and liquidity. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After reviewing the forecasts for the next 12 months the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and meet commitments as they fall due.

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

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for impairment.

Intangible assets and amortisation

Licences obtained are stated 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.

Notes (continued)

1 Accounting policies (continued)

Impairment

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

Turnover

Turnover is a management recharge from the company to other group companies for administrative services and research and development work provided, which is recognised net of VAT at the point at 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.

Post-retirement benefits

The Company operates a defined contribution pension scheme, which is open to all eligible employees. The assets of the scheme are held separately from those of the Company, by AEGON Scottish Equitable. 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.

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 written off to the profit and loss account in the year in which it is incurred.

Notes (continued)

2 Turnover

	2013 £000	2012 £000
By business sector:		
Provision of services	15,297	13,972
	<u>15,297</u>	<u>13,972</u>
By geographical area:		
Europe	11,568	10,522
America	3,729	3,450
	<u>15,297</u>	<u>13,972</u>

3 Profit on ordinary activities before taxation

	2013 £000	2012 £000
<i>Profit on ordinary activities before taxation is stated after charging :</i>		
Depreciation and other amounts written off tangible fixed assets -- owned	84	88
Amortisation on intangible assets	883	808
Hire of plant and machinery - rentals payable under operating leases	58	92
Hire of other assets - operating leases	554	531
Research and development expenditure	2,958	2,242
Exchange loss	69	175
	<u>5,506</u>	<u>3,936</u>
<i>Auditor's remuneration:</i>		
	2013 £000	2012 £000
Amounts receivable by auditor and their associates in respect of:		
Audit of these financial statements	10	10

The non-audit services supplied to the Company by the external auditors during the year amounted to £nil (2012: £nil).

Notes (continued)

4 Directors' emoluments

	2013 £000	2012 £000
Directors' emoluments	45	64
Company contributions to money purchase pension schemes	3	4

Number of directors

2013	2012
------	------

Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	1	1
------------------------	---	---

The other Directors are employees of other Chemtura group companies and do not receive specific compensation for being directors of the Company.

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	
	2013	2012
Selling and distribution	37	31
Administration	8	9
Research, development and technical advice	46	45
	<u>91</u>	<u>85</u>

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	4,723	4,583
Social security costs	663	644
Other pension costs (note 20)	225	308
	<u>5,611</u>	<u>5,535</u>

Notes (continued)

6 Other interest receivable and similar income

	2013 £000	2012 £000
Amounts receivable from group undertakings	4	7
Bank interest	-	7
	<u>4</u>	<u>14</u>

7 Interest payable and similar charges

	2013 £000	2012 £000
Amounts payable to group undertakings	10	8
	<u>10</u>	<u>8</u>

8 Taxation

Analysis of the tax charge for the year

	2013 £000	2012 £000
<i>UK Corporation Tax</i>		
Current tax on profit for the year	29	23
Double taxation relief	(29)	(23)
<i>Foreign tax</i>		
Current tax on profit for the year	29	61
Total current tax charge	<u>29</u>	<u>61</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences (see note 14)	9	(41)
Tax on profit on ordinary activities	<u>38</u>	<u>20</u>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012: lower) than the standard rate of taxation in the UK of 23.25% (2012: 24.5%). The differences are explained below.

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
(Loss)/Profit on ordinary activities before tax	(2,824)	1,199
	<hr/>	<hr/>
Current tax at 23.25% (2012: 24.5%)	(656)	293
<i>Effects of:</i>		
Expenses not deductible for tax purposes	917	29
Other foreign tax adjustments	-	37
Capital allowances for period in excess of depreciation	9	12
Group relief received for nil payment	(241)	(310)
	<hr/>	<hr/>
Total current tax charge (see above)	29	61
	<hr/>	<hr/>

Factors that may affect future current and total tax charge

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

Notes (continued)

9 Intangible fixed assets

	Licences £000
<i>Cost</i>	
At beginning of year	8,368
Additions	2,282
	<hr/>
At end of year	10,650
	<hr/>
<i>Amortisation</i>	
At beginning of year	1,668
Charged in year	883
	<hr/>
At end of year	2,551
	<hr/>
<i>Net book value</i>	
At 31 December 2013	8,099
	<hr/>
At 31 December 2012	6,700
	<hr/>

10 Tangible fixed assets

	Freehold land and buildings £000	Machinery, equipment, fixtures and fittings £000	Total £000
<i>Cost</i>			
At beginning of year	1,010	4,025	5,035
Additions	-	159	159
Disposals	(30)	(373)	(403)
	<hr/>	<hr/>	<hr/>
At end of year	980	3,811	4,791
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	744	3,903	4,647
Charge in year	45	39	84
Disposals	(30)	(290)	(320)
	<hr/>	<hr/>	<hr/>
At end of year	759	3,652	4,411
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2013	221	159	380
	<hr/>	<hr/>	<hr/>
At 31 December 2012	266	122	388
	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Fixed asset investment

	Shares in group undertakings £000
At beginning of year	20,580
Impairment	(3,813)
At end of year	16,767

Name of investment	Country of incorporation	Type of shares held	Total % of shares held	Principal activity
Baxenden Chemicals Limited	England and Wales	Ordinary £1	100	Manufacture and sale of speciality chemicals

Following a detailed impairment review taking into account discounted future cash flows and the decision to close the Droitwich site there was an impairment of the investment in Baxenden Chemicals Ltd of £3,813,000 to re-align to fair value.

12 Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	3,569	3,592
Other debtors	297	435
Prepayments and accrued income	120	113
Corporation tax	72	-
Deferred tax (see note 14)	135	144
	4,193	4,284

All debtors fall due within one year.

13 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	1,026	943
Amounts owed to group undertakings	1,743	978
Corporation tax	-	269
Other creditors including taxation and social security	301	269
Accruals and deferred income	223	508
	3,293	2,967

Notes (continued)

14 Deferred Taxation

	£000
At beginning of year	144
Credited during the year	(9)
	<hr/>
At end of year	135
	<hr/>

The elements of deferred taxation are set out below:

	2013 £000	2012 £000
Differences between accumulated depreciation and amortisation and capital allowances	135	144
	<hr/>	<hr/>
Deferred tax asset	135	144
	<hr/>	<hr/>

15 Called up share capital

	2013 £000	2012 £000
<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

	2013 £000	2012 £000
<i>Fully paid</i>		
24,779,999 Paid in capital	24,780	24,780
	<hr/>	<hr/>

17 Profit and loss reserve

	2013 £000
At start of year	3,286
Loss for the year	(2,862)
	<hr/>
At end of year	424
	<hr/>

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
(Loss)/Profit for the year	(2,862)	1,179
Net (reduction)/addition to shareholders' funds	(2,862)	1,179
Opening shareholders' funds	29,763	28,584
Closing shareholders' funds	26,901	29,763

19 Commitments

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

	2013 Plant and machinery £000	2013 Land and buildings £000	2012 Plant and machinery £000	2012 Land and buildings £000
Operating leases which expire:				
Within one year	58	30	71	-
In the second to fifth years inclusive	62	30	92	30
	120	60	163	30

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 £225,000 (2012: £308,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

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 Corporation, 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.