

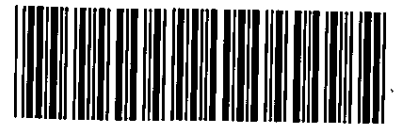
Tessengerlo Fine Chemicals Limited

**Directors' report and financial
statements**

Registered number 646784

31 December 2008

FRIDAY



AN2XJE5Y

A08

16/10/2009

383

COMPANIES HOUSE

Contents

Company Information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Tessengerlo Fine Chemicals Limited	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Notes	10

Company Information

Directors

JM Groenen
BDG Stockhem
DL Van Deynse
AM Van Wallegem
JMA Vandendriessch

Secretary

AM Van Wallegem

Auditors

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Registered office

Macclesfield Road
Leek
Staffordshire
ST13 8UZ

Directors' report

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

Principal activities

The principal activity of the company during the year was the processing of chemicals.

Results and dividends

The profit and loss account and balance sheet, together with appropriate notes, are set out on pages 7 to 21. No interim dividends have been paid (2007: £nil) and the Directors do not propose a final dividend (2007: £nil).

Business review

Principal risks and uncertainties

Profit in the first half of 2008 was significantly below the prior year due to two major factors; the significant increase in raw material prices and the weakness of the US dollar.

Glycerine is the largest volume raw material used by the company and there was a severe unanticipated escalation in price in late 2007. This followed the conclusion of agreements with major customers for 2008 supply. As a result margins on the company's major product were under severe pressure and significant losses were made throughout the first half of 2008.

The weak dollar had a major effect on the Aromas business in the first half of 2008 as a major US competitor used this advantage to take market share and depress prices.

The second half of the year saw a substantial recovery as selling prices could be increased and glycerine prices subsided. The weakening of the pound also helped the company to improve their price competitiveness. This improvement was then constrained only by the fall in demand in the last quarter due to the global economic downturn.

Principal risks and uncertainties

The principal risk for the business is related to supply and price of key raw materials. Going forward the exposure of the business to rapid fluctuation in glycerine prices has been largely mitigated by tying long term sales contracts to corresponding glycerine contracts.

The company also has exposure to foreign exchange risks as the majority of customers are outside the UK.

The Company's key performance indicators are;

	2008	2007	2006
Volume (t's)	26,707	27,944	27,127
Turnover (£000's)	36,224	31,657	30,271
Av Sales Price	£1,356	£1,139	£1,116
Av People	81	94	94

Research and development

The Company advanced its research and development activities primarily in the areas of process and product development. The costs of these activities during the year amounted to £331,000 (2007: £225,000).

Directors' report *(continued)*

Employment of disabled persons

Where individuals become disabled whilst in the company's employment, every reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose. In dealing with applications for employment and training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

Employee involvement

A system of departmental and works consultative committees exists at the Leek site. Periodically, the company provides information regarding the financial and economic factors affecting its performance.

Donations

Charitable donations of £nil were paid in the year (2007: £nil). No political donations were made in the year (2007: £nil).

Payment of suppliers

The company has a general policy to pay suppliers in accordance with the contract terms agreed with them or, in the absence of such contract terms, in accordance with the company's own standard terms of trading, provided circumstances permit this and that the supplier is also complying with all relevant terms and conditions. Trade creditors at 31 December 2008 were equivalent to 46 days purchases (2007: 45 days).

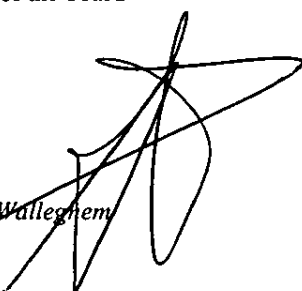
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Persuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board


AM Van Wallegghem
Director

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors' report to the members of Tessengerlo Fine Chemicals Limited

We have audited the financial statements of Tessengerlo Fine Chemicals Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Independent auditors' report to the members of Tessenderlo Fine Chemicals Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

15th October 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	1	36,224	31,657
Cost of sales		(34,396)	(28,907)
		<hr/>	<hr/>
Gross profit		1,828	2,750
Administrative expenses (including exceptional item of £1,385,000 (2007: £nil))		(3,554)	(2,116)
Selling and distribution expenses		(1,211)	(1,160)
		<hr/>	<hr/>
Operating loss	2	(2,937)	(526)
Other finance income	3	-	97
Interest payable and similar expense	4	(654)	(393)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(3,591)	(822)
Taxation on loss on ordinary activities	5	968	418
		<hr/>	<hr/>
Loss for the financial year	15	(2,623)	(404)
		<hr/> <hr/>	<hr/> <hr/>

All activities of the company are continuing.

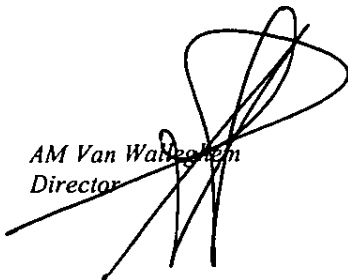
Balance sheet
 at 31 December 2008

	<i>Note</i>	2008 £000	2007 £000
Fixed assets			
Intangible assets	7	-	116
Tangible assets	8	9,983	10,783
		<hr/>	<hr/>
		9,983	10,899
Current assets			
Stocks	9	3,253	2,109
Debtors	10	7,922	6,594
Cash at bank and in hand		278	99
		<hr/>	<hr/>
		11,453	8,802
Creditors: amounts falling due within one year	11	(12,334)	(6,864)
		<hr/>	<hr/>
Net current (liabilities)/assets		(881)	1,938
		<hr/>	<hr/>
Total assets less current liabilities		9,102	12,837
Creditors: amounts falling due after more than one year	12	(3,000)	(4,000)
Provisions for liabilities and charges	13	-	(112)
		<hr/>	<hr/>
Net assets excluding pension liability		6,102	8,725
Pension asset	18	-	-
		<hr/>	<hr/>
Net assets including pension liability		6,102	8,725
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	9,799	9,799
Capital Redemption Reserve	15	1,087	1,087
Profit and loss account	15	(4,784)	(2,161)
		<hr/>	<hr/>
Shareholders' funds		6,102	8,725
		<hr/>	<hr/>

These financial statements were approved by the board of directors on
 signed on its behalf by:

5/10/2009

and were


 AM Van Walbeek
 Director

Nº: 646784

Statement of total recognised gains and losses
for the year ended 31 December 2008

	2008	2007
	£000	£000
Loss for the financial year	(2,623)	(404)
Actuarial gain recognised in the pension scheme	-	719
Deferred tax on actuarial gain in pension scheme	-	(201)
De-recognition of pension asset (see note 18)	-	(794)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(2,623)	(680)
	<hr/> <hr/>	<hr/> <hr/>

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 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 financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The board of the company's ultimate parent undertaking, Tessenderlo Chemie NV, has committed to provide financial support to the company, that it is their intention to provide such financial support as is required by the company to meet its liabilities as they fall due for payment, and will not require repayment of any amounts already advanced for at least 12 months from the date of finalising these financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Foreign currencies

Transactions denominated in foreign currencies occurring during the course of the year are translated into sterling at the exchange rates prevailing at the dates of those transactions.

Foreign currency assets and liabilities have been translated into sterling at the market rates at the balance sheet date. All translation differences are dealt with through the profit and loss account.

Goodwill

The net assets of businesses acquired are incorporated in the financial statements at their fair values after making appropriate adjustments to reflect the alignment of accounting policies where the accounting policies of acquired businesses would otherwise be inconsistent with those of the Company. Goodwill on acquisition, being the excess of the fair value of consideration paid over the fair value of the net assets acquired, is capitalised in the balance sheet and amortised over its useful life, which is generally estimated to be 10 years. Goodwill balances are reviewed annually for impairment based on the net present value of expected future cash flows arising from the purchased trade and assets.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost, less accumulated depreciation. Depreciation is calculated on a straight line basis so as to write-off the cost of the various assets over the period of their expected useful economic lives, as follows:

Freehold buildings	-	10 - 20 years
Plant and machinery, fixtures and fittings, and tools and equipment	-	5 - 15 years

No depreciation is provided on freehold land or capital work in progress.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Stock valuation

Stocks are stated at the lower of cost and net realisable value. Overheads are absorbed into the cost of finished goods and work in progress based on product specific production costs.

Notes (continued)

1 Accounting policies (continued)

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Operating leases

Operating lease rentals are charged against profits as incurred over the lease term.

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.

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 an undiscounted 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.

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

On 31 December 2007, members were transferred into the scheme from three other group companies. The participating employers in the scheme are Tessenderlo Fine Chemicals Limited and PB Gelatins Limited. It was not possible for the company to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis from this date.

Therefore, no pension asset has been recognised at 31 December 2007 and the scheme has been accounted for on a defined contribution basis from this date in accordance with multi employer exemption FRS17.

Cash flow statement

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

Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exemption afforded by Financial Reporting Standard 8 not to disclose related party transactions with other members of the Tessenderlo Chemie NV group. No director during the period has been materially interested in any contract with the company.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents amounts invoiced to third parties and other Tessenderlo group companies, net of value added tax, arising from the sale of chemicals and related products.

The operations of the company take place wholly in the United Kingdom and as such there are no overseas operations. All assets used by the company are held in the United Kingdom and therefore no disclosure is required in respect of segmental operations.

2 Operating loss

<i>Operating loss is stated after charging/(crediting) the following amounts:</i>	2008	2007
	£000	£000
Operating lease rentals – plant and machinery	117	109
Goodwill amortisation	116	117
Depreciation on owned assets	1,600	1,640
Auditors' remuneration		
- audit services	25	20
- other services relating to taxation	11	12
Research and development expenditure	331	225
Pension contribution	1,385	-
	<u>1,385</u>	<u>-</u>

In addition to the company's normal contributions a one-off contribution was made to the pension scheme during the year as agreed. These were as a result of the changes in the scheme described in note 18.

3 Other finance income

	2008	2007
	£000	£000
Expected return on pension scheme assets	-	374
Interest on pension scheme liabilities	-	(277)
	<u>-</u>	<u>97</u>

4 Interest payable

	2008	2007
	£000	£000
Interest payable to group undertaking	436	320
Cost of forward contracts and currency options.	-	43
Foreign exchange loss / (gain)	218	30
	<u>654</u>	<u>393</u>

Notes (continued)

5 Taxation on loss on ordinary activities

	2008 £000	2007 £000
<i>UK Corporation tax:</i>		
UK Corporation tax (credit)/charge on loss for the year	(724)	(654)
Adjustment in respect of prior years	(8)	16
	<hr/>	<hr/>
Total current tax	(732)	(638)
	<hr/>	<hr/>
<i>UK deferred tax:</i>		
Origination and reversal of timing differences	(236)	194
Effect of decrease in tax rate	-	6
Adjustment in respect of FRS17 pensions	-	20
	<hr/>	<hr/>
Total deferred tax (note 13)	(236)	220
	<hr/>	<hr/>
Tax credit on loss on ordinary activities	(968)	(418)
	<hr/>	<hr/>

Tax credit represents amounts receivable from the company's parent Tessenderlo Holdings UK Limited in respect of current year tax losses surrendered within the group in the United Kingdom at the current tax rate of 28.5%.

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
Loss on ordinary activities before tax	(3,591)	(822)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	(1,023)	(247)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	81	41
Depreciation in excess of capital allowances	(22)	(417)
Adjustment in respect of prior periods	(8)	16
Other timing differences	240	(31)
	<hr/>	<hr/>
Total current tax	(732)	(638)
	<hr/>	<hr/>

Notes (continued)

6 Directors and employee information

	2008	2007
	£000	£000
<i>Staff costs</i>		
Wages and salaries	2,670	2,395
Social security costs	254	235
Other pension costs (note 18)	1,697	337
	<u>4,621</u>	<u>2,967</u>

Other pension costs include the one-off contribution to the pension scheme of £1,385,000 (see note 2).

The average monthly number of persons employed by the company during the year was:

	2008	2007
	Number	Number
<i>By activity</i>		
Production	58	60
Selling and distribution	12	12
Administration	11	13
	<u>81</u>	<u>85</u>

Directors' emoluments in the year amounted to £nil (2007: £399,000). No directors are members of the company's defined benefit pension scheme (2007: one). Included in directors' emoluments is an amount of £nil (2007: £275,000) relating to compensation for loss of office.

The emoluments of the highest paid director were £nil (2007: £399,000) and company contribution of £nil (2007: £10,000) were made to a defined benefit pension scheme on his behalf.

7 Intangible fixed assets

	Goodwill
	£000
<i>Cost:</i>	
At 1 January and 31 December 2008	1,167
<i>Amortisation</i>	
At 1 January 2007	1,051
Charge for the year	116
At 31 December 2008	<u>1,167</u>
Net book value at 31 December 2008	<u>-</u>
Net book value at 31 December 2007	<u>116</u>

Notes (continued)

8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Capital work in progress	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of year	1,184	17,464	2,308	274	21,231
Reclassifications	-	64	-	(64)	-
Additions	-	-	-	801	801
At end of year	1,184	17,528	2,308	1,011	22,031
<i>Depreciation</i>					
At beginning of year	161	8,240	2,047	-	10,448
Charge for the year	8	1,481	111	-	1,600
At end of year	169	9,721	2,158	-	12,048
<i>Net book value</i>					
At 31 December 2008	1,015	7,807	150	1,011	9,983
At 31 December 2007	1,023	9,224	261	274	10,783

Included within freehold land and buildings is land amounting to £500,000 (2007: £500,000) which is not depreciated.

9 Stocks

	2008 £000	2007 £000
Raw materials and consumables	1,016	764
Work in progress	283	227
Finished goods and goods for resale	1,954	1,118
At end of year	3,253	2,109

10 Debtors

	2008 £000	2007 £000
Trade debtors	6,387	5,755
Amounts owed by group undertakings	168	82
Prepayments and accrued income	98	73
Other taxation and social security	138	409
Deferred tax asset	124	-
Corporation tax recoverable	1,007	275
	7,922	6,594

Corporation tax recoverable represents amount receivable from the company's parent company in the United Kingdom for tax losses surrendered within the group in the United Kingdom at the current tax rate of 28.5% (2007: 30%).

Notes (continued)

11 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	4,266	3,126
Amounts owed to group undertakings	7,688	3,338
Other taxation and social security	186	162
Other creditors and accruals	194	237
	<u>12,334</u>	<u>6,864</u>

12 Creditors: amounts falling due after more than one year

	2008	2007
	£000	£000
Amounts owed to group undertakings	<u>3,000</u>	<u>4,000</u>

Analysis of debt:

	2008	2007
	£000	£000
Debt can be analysed as falling due:		
In one year or less, or on demand	7,252	2,845
Between one and two years	1,000	1,000
Between two and five years	2,000	3,000
In five years or more	-	-
	<u>10,252</u>	<u>6,845</u>

13 Provisions for liabilities

	Deferred tax
	£000
At the beginning of year	112
Utilised during the year	-
Credit to the profit and loss for the year	(236)
	<u>(124)</u>

Notes (continued)

13 Provision for liabilities (continued)

The elements of deferred taxation are as follows:

	2008 Potential £000	Actual £000	2007 Potential £000	Actual £000
Accelerated capital allowances	167	167	147	147
Short term timing differences	(290)	(290)	(35)	(35)
Trade losses	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred tax (asset)/liability	(124)	(124)	112	112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
100,000,000 Cumulative redeemable preference shares of £1 each	100,000	100,000
50,130,000 Ordinary shares of £1 each	50,130	50,130
	<u> </u>	<u> </u>
	150,130	150,130
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	9,799	9,799
	<u> </u>	<u> </u>

15 Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2008	9,799	1,087	(2,161)	8,725
Profit for the year	-	-	(2,623)	(2,623)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	9,799	1,087	(4,784)	6,102
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Capital commitments

	2008 £000	2007 £000
Contracts placed for future capital expenditure not provided in the financial statements	-	-
	<u> </u>	<u> </u>

Notes (continued)

17 Operating leases – plant and machinery

	2008	2007
	£000	£000
Annual commitments payable under non-cancellable operating leases expiring:		
Within one year	1	6
Between one and five years	161	210
	<u>162</u>	<u>216</u>

18 Pension arrangements

The Company operates a pension scheme providing benefits based on final pensionable pay.

On 31 December 2007, members were transferred into the scheme from three other group companies. The participating employers in the scheme following the transfer are Tessenderlo Fine Chemicals Limited and PB Gelatins Limited. It was not possible for the company to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis from this date. Therefore, no pension asset has been recognised at 31 December 2008 under the multi-employer exemptions included within FRS 17 "Retirement benefits".

At 31 December 2008, the scheme had a total gross surplus of £3,421,000 (2007: £5,052,000). The company will continue to contribute to the scheme at the agreed rate.

Contributions paid for the year and accounted on a defined contribution basis in respect of its employees participating in the scheme was £1,697,000 (2007: £nil). It has been agreed that the employer contribution rate will be 5.0% of scheme earnings (salary received from the employer excluding bonuses less an amount determined by the trustees based on the rate of the Basic State Pension and other factors deemed appropriate).

Contributions amounting to £nil (2007: £nil) were payable to the scheme.

Comparative information

Up to 31 December 2007 the company had accounted for the pension scheme as a defined benefit scheme under FRS 17. The relevant disclosure requirements under FRS 17 up until the time of transfer are set out below. The latest full actuarial valuation was carried out at 1 January 2007 and was updated for FRS 17 purposes to 31 December 2007 by a qualified independent actuary.

Notes (continued)

18 Pension arrangements (continued)

The major assumptions used in this valuation were:

	At 31 December 2007 (p.a.)	At 31 December 2006 (p.a.)	At 31 December 2005 (p.a.)
Rate of increase in salaries	3.68%	3.50%	3.65%
Rate of increase in pensions in payment	3.03%	3.00%	2.50%
Discount rate	5.88%	5.16%	4.90%
Inflation assumption	3.18%	3.00%	2.65%
Investment return	6.95%	6.82%	6.73%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	31 December 2007		31 December 2006	
	Long term expected rate of return (p.a.)	Market value £000	Long term expected rate of return (p.a.)	Market value £000
Equities	-	-	7.36%	4,408
Bonds	-	-	5.16%	954
Other - cash	-	-	4.50%	180
		<hr/>		<hr/>
Total market value of scheme assets		-		5,542
Present value of scheme liabilities		-		(5,247)
		<hr/>		<hr/>
Surplus/(Deficit) in the scheme		-		295
Deferred tax (liability) /asset		-		(88)
		<hr/>		<hr/>
		-		207
		<hr/>		<hr/>

The deferred tax asset at 31 December 2006 was not fully recognised as the excess over accelerated capital allowances was not considered recoverable (see note 13). See below for the surplus in the scheme as at 31 December 2007.

Notes (continued)

18 Pension arrangements (continued)

Analysis of other pension costs charged in arriving at operating loss:

	2007 £000
<i>Operating loss:</i>	
Current service cost	337
Past service costs	-
	<hr/>
Total operating charge	337
	<hr/> <hr/>
<i>Other finance income:</i>	
	2007 £000
Interest cost on pension scheme liabilities	(277)
Expected return on pension scheme assets	374
	<hr/>
Net income	97
	<hr/> <hr/>
<i>Analysis of amount recognised in Statement of Total Recognised Gains and Losses:</i>	
	2007 £000
Actual return less expected return on pension scheme assets	211
Experience gains and losses arising on the scheme liabilities	(276)
Changes in assumptions underlying the present value of the scheme	784
De-recognition of pension asset due to accounting treatment of the scheme post-transfer	(794)
	<hr/>
Actuarial (loss)/gain recognised in Statement of Total Recognised Gains and Losses	(75)
	<hr/> <hr/>

Notes (continued)

18 Pension arrangements (continued)

	2007	2006	2005	2004
<i>History of experience gains and losses:</i>				
Difference between expected and actual return on scheme assets:				
Amount (£000)	211	160	577	49
Percentage of scheme assets at end of year	n/a	2.9%	12.6%	1.5%
Experience gains and losses on scheme liabilities:				
Amount (£000)	(276)	142	(262)	(41)
Percentage of scheme liabilities at end of year	n/a	(2.9%)	5.1%	1.0%
Total amount recognised in Statement of Total Recognised Gains and Losses				
Amount (£000)	719	855	307	(135)
Percentage of scheme liabilities at end of year	n/a	16.3%	6.0%	(3.3%)

2007
 £000

Movement in deficit during the year ended 31 December 2007:

Surplus/ (Deficit) in scheme at 1 January 2007	295
Movement in year:	
Current service cost	(337)
Contributions	329
Other financial income	97
Actuarial gain	719
Surplus in scheme at 31 December 2007	1,103
Related deferred tax liability	(309)
De-recognition of pension asset due to accounting treatment of the scheme post-transfer	(794)
Net surplus recognised	-

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking and controlling party is Tessenderlo Holding UK Limited, a company registered in England and Wales which in turn is a wholly owned subsidiary undertaking of the ultimate parent company and controlling party, Tessenderlo Chemie NV, which is incorporated in Belgium. Copies of the Tessenderlo Chemie NV consolidated accounts may be obtained from the registered office, Rue du Trone 130, B-1050 Brussels.