Company Registration No. 702844
Directors' Report and Financial Statements
31 December 2011

BASF POLYURETHANES U.K. LIMITED

Report and Financial Statements

31 December 2011

REPORT AND FINANCIAL STATEMENTS

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REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr W Stegh	(Chairman - German)
Dr U Hartwig	(German)
Mr P Robinson	(British)
Mr T Jensen	(Danish)

SECRETARY

Mr S Hatton

REGISTERED OFFICE

BASF Polyurethanes U K Limited
Alfreton Trading Estate
Wimsey Way
Somercotes
Alfreton
Derbyshire
DE55 4NL

BANKERS

HSBC Bank plc
City of London Corporate Office
PO Box 125
27-32 Poultry
London
EC2P 2BX

SOLICITORS

Evershed, Wells & Hind
1 Royal Standard Place
Nottingham

AUDITORS

KPMG LLP
St James' Square
Manchester
M2 6DS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the company continues to be the manufacture and sale of polyurethane systems to customers in the UK and Ireland

BUSINESS PERFORMANCE

Strategic Objectives

The company continued to pursue its strategy, as an integral part of the BASF Polyurethanes group, to develop polyurethane systems to meet the needs of the markets in the UK and Ireland By closely monitoring market trends and forthcoming legislation, we align our sales, technical and product development resources to the future needs of the market

Trends and Factors affecting Performance

The company turned in a good performance in 2011, enjoying some volume growth over the previous year, but more importantly, a significant growth in sales revenue, driven by higher average selling prices However, profitability could not be maintained at the level achieved in 2010, particularly during the second half of the year, profitability was eroded, as we were unsuccessful in passing on the full extent of raw material cost increases in the selling prices to our customers

We maintained receivables at a comparable level to the previous year, however, inventory value grew significantly (driven by escalating input prices for raw materials), as a result of which we introduced more robust measures towards the end of the year to ensure that we will manage inventory throughput better in 2012

The threat still exists from certain sectors of the market to switch away from buying polyurethane systems, and to become self-formulators themselves Whether or not this really happens is governed largely by the price differential between the systems and the raw materials and the rate of return which a company might expect from investing in the equipment and technical expertise necessary to develop and formulate their own systems

External Environment and Industry Changes affecting Performance

We continue to uncover new markets and to develop formulations for new applications for speciality polyurethane systems, often replacing traditional materials We are also well positioned to take advantage of the increasing demand for rigid polyurethanes for insulation applications in the built environment, a market sector which should enjoy further growth on the back of legislative measures aimed at addressing climate change Also in this area we have developed new, improved systems aimed at meeting the future requirements of the market

RISK AND UNCERTAINTY

Commercial Risk

The supply / demand picture for most of our key raw materials gave us challenges in the early part of 2011 in particular, where we witnessed limited availability and increased lead-times for many raw materials The picture was more settled during the second half of the year, with supply and demand being largely in balance We were only partially successful in passing the resulting input cost increases on to our customers, as a result of which there is a need to recover lost margin in the early part of 2012 The majority of our raw materials are sourced from mainland Europe, meaning that changes in the value of Sterling versus the Euro can have an unforeseen impact on the company's profitability However, these changes usually only have a short-term impact, as pricing arrangements with our customer base are usually linked to an exchange rate mechanism

KEY PERFORMANCE INDICATOR

The following KPIs are seen as the most significant to the business in the short, medium and long term:

Financial
Operating profit as a percentage of turnover 4 7% in the year *(2010 9 0%)*
DSO (Days of debtors sales outstanding) 49 days *(2010 49 days)*
DIV (Days of inventory) 32 days *(2010 26 days)*

Non Financial
The Company has several non financial indicators to monitor plant performance including production volume measures, 'right first time' levels and non conforming stock levels targets

Employee Involvement

Employees are directly involved in the process of setting team and personal objectives, as well as participating in regular review meetings to measure progress towards our goals An electronic performance management system for all employees was successfully introduced during 2011, and an employee development programme was piloted towards the end of the year

We also have regular site briefings, to which all employees are invited, at which we share information about the company's performance and discuss measures aimed at improving efficiency and business results Employees' basic pay and bonus payments are directly linked to their own personal contribution, as well as to the overall success of the BASF Group

The Managing Director met regularly throughout 2011 with the Staff Council (a representative body of employees which was originally formed in 2010 to ensure continuing inclusion of the workforce's views in key decisions and to give the workforce another vehicle by which to bring ideas forward to the Senior Management of the company)

Supplier Payment policy

The company pays its suppliers in accordance with agreed terms of business

Political and charitable donations

There were charitable donations of £1,812 during 2011, (charitable donations in 2010 of £nil)

Review of developments and future prospects
We have continued to successfully develop new opportunities in markets where we see above-average growth potential for the future We firmly believe that the businesses and systems which we are developing will offset the impact of migration of business outside the UK and of any customers who may potentially switch to self-formulating This applies to both the Insulation and Specialties business areas We will continue to focus our development resources on markets and applications with a greater requirement for development expertise and technical support, and which will yield greater returns for the company

Dividends and transfers to reserves
The profit after taxation for the financial year amounted to £1,861,000 *(2010 £2,818,000)* A Dividend of £2,800,000 has been paid in this year *(2010 £2,500,000)*

DIRECTORS AND THEIR INTERESTS
The directors of the company, who served during year, are as follows

Mr J P Robinson	(Managing Director)
Mr W Stegh	(German) (Chairman)
Dr U Hartwig	(German)
Mr T B Jensen	(Danish)

DISCLOSURE OF INFORMATION TO THE 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

Approved by the Board of Directors
and signed on behalf of the Board

J P Robinson

Director

5th July 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for proper 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 BASF POLYURETHANES U.K. LIMITED

We have audited the Financial Statements of BASF Polyurethanes U K Limited for the year ended 31 December 2011 set out on pages 9 to 21 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 (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/private cfm

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 2011 and of 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'S REPORT TO THE MEMBERS OF BASF POLYURETHANES U.K. 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

13 September 2012

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 2011

	Note	2011 £'000	2010 £'000
Turnover from continuing operations	2	54,654	44,642
Cost of sales		(46,336)	(35,506)
Gross profit		8,318	9,136
Distribution costs		(5,328)	(4,724)
Administrative expenses		(403)	(406)
		(5,731)	(5,130)
Operating profit from continuing operations	4	2,587	4,006
Other			
Interest receivable and similar income	5	9	5
Interest payable and similar charges	6	(2)	(1)
Profit on ordinary activities before taxation		2,594	4,010
Tax on profit on ordinary activities	7	(733)	(1,192)
Profit for the financial year		1,861	2,818

All amounts relate to continuing activities

The notes on pages 11 to 20 form part of the Financial Statements

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2011

The company has no recognised gains or losses other than the profit for the financial year and the preceding year

BALANCE SHEET at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	*9*	2,353	2,493
Current assets			
Stocks	*10*	3,283	2,772
Debtors (including £NIL *(2009 £19,955)* due after more than one year)	*11*	7,851	8,147
Cash at bank and in hand		22	163
		11,156	11,082
Creditors: amounts falling due within one year	*12*	(8,407)	(7,532)
Net current assets		2,749	3,550
Total assets less current liabilities		5,102	6,043
Creditors: amounts falling due after more than one year	*13*	(31)	(33)
		5,071	6,010
Capital and reserves			
Called up share capital	*15*	2,250	2,250
Profit and loss account		2,821	3,760
Shareholder's funds		5,071	6,010

The notes on pages 11 to 20 form part of the financial statements

These financial statements were approved by the Board of Directors on 5 July 2012

Signed on behalf of the Board of Directors

P Robinson

Director

RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS
Year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the financial year	1,861	2,818
Dividend Paid	(2,800)	(2,500)
Net addition (reduction) to shareholder's funds	(939)	318
Opening shareholder's funds	6,010	5,692
Closing shareholder's funds	5,071	6,010

NOTES TO THE ACCOUNTS

Year ended 31 December 2011

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules The particular accounting policies adopted are described below Except where stated below these have been applied consistently throughout the current and preceding year

Under FRS 1 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

As the Company is a wholly owned subsidiary of BASF Societas Europaea, 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

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 and 3

The company has considerable financial resources with long-term relationships with a number of customers and suppliers across different geographic areas and industries As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Accounting convention

The financial statements are prepared under the historical cost convention

Turnover

Turnover for the year represents the invoice value, excluding value added tax, of goods and services supplied to customers, and commission received

Tangible fixed assets

Depreciation is not provided on freehold land or assets in the course of construction On other assets it is provided on cost in equal annual instalments over the estimated lives of the assets The rates of depreciation are as follows

Buildings	3% per annum
Plant, machinery, fixtures, fittings, tools and equipment	10% to 25% per annum

Stocks

Stocks are valued at the lower of cost, determined on a weighted average basis, and net realisable value Cost represents cost of materials, labour and appropriate overheads

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Foreign exchange

Assets and liabilities stated in foreign currencies are translated into sterling at the exchange rates ruling at the year end Exchange profits and losses realised on trading transactions are included in the trading results

Pension costs

The company makes pension contributions to the BASF UK Group Pension Scheme on behalf of its employees Pension costs to the group's defined contribution pension scheme are charged to the profit and loss account as incurred

The company has adopted FRS17 This is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities Contributions are charged to the profit and loss account as they become payable

Research and Development

All Research and Development expenditure is charged to the Profit and Loss Account in the year it is incurred

Government grants

Government grants are accounted for by setting up a deferred credit account and releasing this to the profit and loss account over the useful lives of the assets to which the grants relate

Leases

Rentals are charged to the profit and loss in equal annual amounts over the lease term

2. TURNOVER

The turnover of the company arose principally in the United Kingdom and from the principal activity of the company

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011 £'000	2010 £'000
Directors' emoluments		
Remuneration	132	335
Pension costs – defined contribution	10	39
	142	374

The above amounts do not include any gains made on the exercise of share options No directors exercised share options in the period (2010 Nil)

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES *(continued)*

	No	No
Number of directors for which the company is contributing to		
Defined contribution scheme	1	2

Average number of persons employed		
Production	24	23
Sales and technical	24	23
Administration	8	8
	56	54

	2011 £'000	2010 £'000
Staff costs during the year (including directors)		
Wages and salaries	2,869	2,739
Social security costs	333	286
Pension costs	279	212
	3,481	3,237

4. OPERATING PROFIT

	2011 £'000	2010 £'000
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	339	386
Research and Development	875	723
Rentals under operating leases		
Other operating leases	41	47
Exchange gains / (losses)	9	19
Amortisation of government grants	(2)	(2)
Auditors' remuneration - audit fees	18	19

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Receivable from group undertaking	9	5
Other	-	-
	9	5

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Loans repayable within five years	2	1

Interest payable relates to group loans

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	2011 £'000	2010 £'000
Current tax:		
United Kingdom corporation tax at 26 5% *(2010 28%)* based on the profit for the year	728	1,224
Adjustment in respect of prior years	-	-
Total current tax (note 7b)	728	1,224
Deferred tax (note 14)		
Timing differences, origination and reversal	-	(31)
Adjustments in respect of prior years	5	(1)
Total deferred tax	5	(32)
	733	1,192

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

b) Factors affecting tax charge for the period

The Chancellor's Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 26% was substantively enacted on 29 March 2011 and was effective from 1 April 2011 These rate changes will reduce the Company's future current tax charge accordingly The reduction in the rate from 26% to 25% with effect from 1 April 2012 was substantively enacted on 5 July 2011 The tax disclosures for the period reflect the deferred tax at the 25% substantively enacted rate It has not yet been possible to quantify the full anticipated effect of the further 2% rate reduction, although this will further reduce the Company's future tax charge and reduce the Company's deferred tax assets and liabilities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (26%) The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	2,594	4,010
Standard rate of corporation tax at 26 5% *(2010 28%)*	687	1,123
Factors affecting charge:		
Disallowable expenses	6	6
Fixed asset timing differences	41	51
Other short term timing differences	(6)	4
Changes in tax rates and laws	-	-
Adjustment in respect of prior years	-	40
Current tax charge for the year (note 7a)	728	1,224

8. DIVIDENDS

	2011 £'000	2010 £'000
Final dividend	2,800	2,500

Interim paid £nil per ordinary share *(2010 £nil)*

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2011	3,957	5,962	1,717	73	11,709
Additions	4	162	37		203
Disposals	-	-	-	(4)	(4)
At 31 December 2011	3,961	6,124	1,754	69	11,908
Accumulated depreciation					
At 1 January 2011	2,054	5,520	1,642	-	9,216
Charge for the year	176	114	49	-	339
Disposals	-	-	-	-	-
At 31 December 2011	2,230	5,634	1,691	-	9,555
Net book value					
At 31 December 2011	1,731	490	63	69	2,353
At 31 December 2010	1,903	442	75	73	2,493

10. STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	1,986	1,764
Finished goods and goods for resale	1,297	1,008
	3,283	2,772

11. DEBTORS

	2011 £'000	2010 £'000
Trade debtors	5,643	5,511
Amounts owed by group undertakings	2,092	2,498
Other debtors	-	24
Prepayments and accrued income	31	24
Deferred tax asset (note 14)	85	90
	7,851	8,147

Included within other debtors is £Nil *(2010 £Nil)* due in more than one year All other amounts are due within one year

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade creditors	666	867
Amounts owed to group undertakings	5,746	4,663
Current corporation tax	775	1,032
Other taxes and social security	434	321
Accruals and deferred income	786	649
	8,407	7,532

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £'000	2010 £'000
Accruals and deferred income	31	33

Accruals and deferred income includes £24,060 *(2010 £26,005)* due after more than five years

14. DEFERRED TAX

	2011 £'000	2010 £'000
Deferred tax asset (see note 11)	(85)	(90)
Deferred tax		
Balance at 1 January	(90)	(58)
Profit and loss account	(5)	(32)
Balance at 31 December	(85)	(90)

14 DEFERRED TAX (continued)

The amounts of deferred taxation provided and unprovided are as follows

	Provided 2011 £'000	Provided 2010 £'000	Not provided 2011 £'000	Not provided 2010 £'000
Capital allowances in excess of depreciation	(43)	(39)	-	-
Short-term timing differences	(42)	(51)	-	-
	(85)	(90)	-	-

15. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised, allotted and fully paid		
2,250,000 ordinary shares of £1 each	2,250	2,250

16. FINANCIAL COMMITMENTS

	2011 £'000	2010 £'000
Capital commitments		
Contracted but not provided	0	5

Operating lease commitments

At 31 December 2011, annual commitments under non-cancellable operating leases are as follows

	Other 2011 £'000	Other 2010 £'000
Operating leases which expire		
Within one year	44	-
In the second to fifth years inclusive	-	38
	41	38

17. PENSION SCHEME

The company participates in the BASF (UK) Group Pension Scheme, which all permanent employees of BASF companies in the UK are eligible to join There are two sub-schemes, one is of the defined benefit type while the other is a defined contribution plan which the company introduced on 6 April 1998 for future employees Employees who were already members of the existing scheme were offered the opportunity to transfer to the new plan, which forms a separate section of the existing scheme Assets are held in separate trustee administered funds

The charge to the profit and loss account in respect of the pension scheme was £5,304,000 (*2010* £2,299,000), of which £nil (*2010* nil) contributions are outstanding at the balance sheet date

The BASF (UK) Pension Scheme ("Scheme") is a multi-employer scheme covering all BASF companies in the UK BASF PLC is unable to identify its share of the underlying assets (and liabilities) of the Scheme because the assets are not separately assigned to the individual members The assets of the scheme are invested on an aggregated basis with no identification of assets relating to an individual employer A proportion of the liability within the scheme for deferred and pensioner members relates to employers who no longer participate in the scheme Contributions are set for the scheme as a whole rather than reflecting the actuarial characteristics of the employees of the individual employer Splitting the scheme in these circumstances would have to be done in an arbitrary manner and would therefore not reflect a realistic value As a result the company has taken advantage of the exemption permitted by FRS 17 not to bring the assets and liabilities of the scheme onto the company balance sheet

FRS17, under the multi-employer accounting rules, requires the company to account for its defined benefit scheme as a defined contribution scheme The future contributions of the company will be affected by the deficit on the group scheme, details of which are disclosed below

The BASF (UK) Group Pensions Scheme had a deficit, measured on an FRS17 basis of £0 2 million as at 31 December 2011 The gross liabilities of the scheme are £409 4 million The main assumptions used in the calculation of this deficit are summarised below

	As at 31 December 2011	**As at 31 December 2010**
Assumptions		
Discount Rate	**4 90%pa**	**5.50%pa**
Price inflation	**2 00%pa**	**3.00%pa**
Salary increases	**4 00%pa**	**4.50%pa**
Pension increases in payment		
Pre April 1997 service – guaranteed *	**2 90%pa**	**3 40% pa**
Pre April 1997 service – discretionary *	**1.50% pa**	**** 0% - 2 00% pa**
April 1997 – May 2005 Service	**2 90%pa**	**3 40% pa**
Post May 2005 service	**2 00%pa**	**2.30% pa**

* *Some sections of the Pension Scheme provide guaranteed increases on this element of pension, others provide discretionary increases*

** *0% for 1 year (in line with the recovery period agreed for the funding of the Pension Scheme), 2% thereafter*

The contribution rate for the defined scheme has been set at 17 1% based on the latest valuation performed at 31 December 2009

During the year BASF Plc made a special contribution of £2,300,000 (*2010* £Nil) to the BASF Group Pension Scheme This payment was made to address the funding deficit which was identified and agreed with the Trustees of the pension scheme

18. ULTIMATE AND IMMEDIATE PARENT COMPANIES

The immediate parent company is BASF Polyurethanes GmbH and the ultimate parent company is BASF Societas Europaea ("BASF SE") These companies are registered in Germany Copies of BASF SE's consolidated financial statements may be obtained from BASF Societas Europaea, D67056 - Ludwigshafen, Germany

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption for 90% plus subsidiaries as stated in FRS 8 to exclude disclosure of transactions between such parties