

Cytec UK Holdings Limited

**Directors' report and financial
statements**

Registered number 02834414

Year ended 31 December 2014

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Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the Company is that of a holding company for subsidiaries involved in the manufacture and supply of anionic, non-ionic and cationic polyacrylamides, for use in the mining, paper, water treatment and oilfield industries, for the manufacture and distribution of composites and adhesives for use, primarily, in the aerospace and leisure industries and for distribution of Coating, Bonding and Printing Chemicals to the Automotive and General Construction Industry.

Strategic Report

This directors' report has been prepared in accordance with the special provision relating to small companies under section 417(1) of the Companies Act 2006. Accordingly, no Strategic Report has been prepared.

Results and dividends

The directors do not recommend the payment of a dividend (2013: *£nil*) which leaves a profit of £3,248,236 to be retained (2013 profit: £62,419,000).

Directors

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

DM Drillock
RD Smith
M Hulligan (resigned 31 May 2014)
A Schiebroek
SM Delpech (appointed 31 May 2014)


Disclosure of information to auditor

The directors who held office at the date of approval of the financial statements confirm that, in so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that they ought to have taken as director 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 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Schiebroek
Director

21/08/2015

Abenbury Way
Wrexham Industrial Estate
Wrexham
LL13 9UZ

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 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 the 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

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditor's report to the members of Cytec UK Holdings Limited

We have audited the financial statements of Cytec UK Holdings Limited for the year ended 31 December 2014 set out on pages 5 to 13. 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 2, 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 Council's 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 2014 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 auditor's report to the members of Cyttec UK Holdings 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.

Hywel Jones.

Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

26 August 2015.

Profit and loss account

For the year ended 31 December 2014

| | Note | 2014 £000 | 2013 £000 |
|---|------|--------------|--------------|
| Turnover | | - | - |
| Cost of sales | | - | - |
| | | <hr/> | <hr/> |
| Gross profit | | - | - |
| Administrative expenses | | (34) | (32) |
| | | <hr/> | <hr/> |
| Operating loss | | (34) | (32) |
| Loss on disposal of current asset investment | | - | (973) |
| Amounts written off fixed asset investments | 7 | - | (19,000) |
| Other interest receivable and similar income | 4 | 69 | - |
| Interest payable and similar charges | 5 | (8,458) | (9,166) |
| Income from shares in group undertakings | | 9,913 | 89,451 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | 2-5 | 1,490 | 60,280 |
| Taxation on profit on ordinary activities | 6 | 1,758 | 2,139 |
| | | <hr/> | <hr/> |
| Retained profit for the year | | 3,248 | 62,419 |
| | | <hr/> | <hr/> |

The Company has no recognised gains or losses other than the loss for the year reported above. All activities relate to continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

Balance sheet
at 31 December 2014

| | <i>Note</i> | 2014 £000 | 2014 £000 | 2013 £000 | 2013 £000 |
|---|-------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fixed assets | | | | | |
| Investments | 7 | | 379,530 | | 368,439 |
| Current Assets | | | | | |
| Debtors | 8 | 3,350 | | 2,326 | |
| | | <u>3,350</u> | | <u>2,326</u> | |
| Creditors: Amounts falling due within one year | 9 | <u>(176,080)</u> | | <u>(180,214)</u> | |
| Net current liabilities | | | <u>(172,730)</u> | | <u>(177,888)</u> |
| Total assets less current liabilities | | | <u>206,800</u> | | <u>190,551</u> |
| Creditors: Amounts falling due in more than one year | 10 | | <u>(63,000)</u> | | <u>(63,000)</u> |
| Net assets | | | <u>143,800</u> | | <u>127,551</u> |
| Capital and Reserves | | | | | |
| Called up share capital | 12 | | 10,000 | | 10,000 |
| Share premium account | 13 | | 40,066 | | 27,065 |
| Profit and loss account | 14 | | 93,734 | | 90,486 |
| Shareholders' funds | | | <u>143,800</u> | | <u>127,551</u> |

The notes on pages 8 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 21 August 2015 and were signed on its behalf by:


A Schiebroek
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2014

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Profit for the financial year | 3,248 | 62,419 |
| Retained profit | 3,248 | 62,419 |
| Premium on issue of shares | 13,001 | 27,065 |
| Net addition to / (reduction in) shareholders' funds | 16,249 | 89,484 |
| Opening shareholders' funds | 127,551 | 38,067 |
| Closing shareholders' funds | 143,800 | 127,551 |

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is exempt from the requirements of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Cytec Industries Inc., and its cash flows are included within the consolidated cash flow statement of that company.

As the Company is a wholly-owned subsidiary of Cytec Industries Inc., the Company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

Going concern

As detailed in the Directors' Report the Company operates as a holding company within Europe for Group subsidiaries and the Company has net current liabilities of £172,729,205 (2013: £177,888,000) at the balance sheet date. The financing of these investments is made through a long term loan with another Group company which was renewed at the end of the financial year. The financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities, which the directors believe to be appropriate because the Company has received confirmation from another group company that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

After making enquiries of and assessing the responses from, Cytec Industries Inc, its ultimate parent, the directors have no reason to believe a material uncertainty exists that may cast doubt over the ability of the company to continue to adopt the going concern basis of accounting in preparing the financial statements.

Exemption from consolidation

These financial statements present information about the Company as an individual undertaking and not about its group. The Company is an intermediate UK Parent Company owned by a parent undertaking incorporated outside the European Union and its results are included in the consolidated accounts of that Non-EU parent. Management have considered the conditions set out in UITF Abstract 43 and the Companies Act 2006 and have concluded these conditions are met. Therefore for the year ended 31 December 2014 the Company has taken advantage of the exemption from preparing consolidated financial statements afforded by s401 of Companies Act 2006 because it is a wholly-owned subsidiary of Cytec Industries Inc. which prepares consolidated financial statements that are publicly available, see note 15.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Investments

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

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

Notes (continued)

1 Accounting policies (continued)

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | 2014 £000 | 2013 £000 |
|-------------------------------------|-------------------|-------------------|
| Auditors' remuneration: | | |
| Audit of these financial statements | 9 | 3 |
| Other services | 25 | 29 |
| | <u> </u> | <u> </u> |

3 Employees

During the year the Company had no employees (2013: none) and therefore incurred staff costs of £nil (2013: £nil).

No director received emoluments in respect of services provided to the Company (2013: £nil).

No current directors are accruing benefits under a defined benefit pension scheme (2013: none).

4 Other interest receivable and similar income

| | 2014 £000 | 2013 £000 |
|------------------------------------|-------------------|-------------------|
| Receivable from group undertakings | 69 | - |
| | <u> </u> | <u> </u> |
| | 69 | - |
| | <u> </u> | <u> </u> |

5 Interest payable and similar charges

| | 2014 £000 | 2013 £000 |
|------------------------------------|-------------------|-------------------|
| Payable to subsidiary undertakings | 6,617 | 7,786 |
| Bank interest payable | 1,841 | 1,371 |
| Net exchange losses | - | 9 |
| | <u> </u> | <u> </u> |
| | 8,458 | 9,166 |
| | <u> </u> | <u> </u> |

Notes (continued)

6 Taxation

Analysis of credit in period

| | 2014 £000 | 2014 £000 | 2013 £000 | 2013 £000 |
|--|--------------|--------------|--------------|--------------|
| <i>UK corporation tax</i> | | | | |
| Current tax on income for the period | 53 | | - | |
| | <hr/> | | <hr/> | |
| Total current tax | | 53 | | - |
| <i>Deferred tax (see note 11)</i> | | | | |
| Origination and reversal of timing differences | (1,811) | | (2,139) | |
| | <hr/> | | <hr/> | |
| Total deferred tax | | (1,811) | | (2,139) |
| | | <hr/> | | <hr/> |
| Tax on profit on ordinary activities | | (1,758) | | (2,139) |
| | | <hr/> | | <hr/> |

Factors affecting tax charge for the year:

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.5%). The differences are explained below.

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before tax | 1,490 | 60,280 |
| | <hr/> | <hr/> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%) | 320 | 14,015 |
| <i>Effects of:</i> | | |
| Non taxable income | (2,078) | (20,797) |
| Expenses not deductible for tax purposes | - | 4,643 |
| Creation of tax losses | 1,811 | 2,139 |
| | <hr/> | <hr/> |
| Current tax charge for the year | 53 | |
| | <hr/> | <hr/> |

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1st April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax rate at 31 December 2014 has been calculated based in the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

7 Fixed asset investments

| | Shares in subsidiary undertakings £000 |
|-----------------------|---|
| <i>Cost</i> | |
| At beginning of year | 368,439 |
| | <hr/> |
| Additions | 11,091 |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 December 2014 | 379,530 |
| | <hr/> |
| At 31 December 2013 | 368,439 |
| | <hr/> |

The Company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

| Company | Country of incorporation | Principal activity | Class and percentage of shares held |
|---------------------------------------|--------------------------|--|-------------------------------------|
| <i>Direct subsidiary undertakings</i> | | | |
| Cytec Industries UK Limited | England | Sales Agency in Resale and distribution of polyacrylics | 100% ordinary shares |
| Cytec Engineered Materials Limited | England | Manufacture and distribution of composites and adhesives | 100% ordinary shares |
| Cytec Industries BV | Netherlands | Distributor and reseller of polyacrylics, composites and adhesives | 100% ordinary shares |
| Cytec Engineered Materials GmbH | Germany | Manufacture and distribution of composites and adhesives | 90% ordinary shares |
| Umeco Limited | England | Holding company | 100% ordinary shares |

Notes (continued)

8 Debtors

| | 2014 £000 | 2013 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 82 | 82 |
| Deferred tax asset | 3,112 | 2,139 |
| Other debtors | 156 | 105 |
| | <u>3,350</u> | <u>2,326</u> |

9 Creditors: amounts falling due within one year

| | 2014 £000 | 2013 £000 |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 156,196 | 151,887 |
| Accruals and deferred income | 18 | 28 |
| Bank overdraft | 19,866 | 28,299 |
| | <u>176,080</u> | <u>180,214</u> |

10 Creditors: amounts falling due in more than one year

| | 2014 £000 | 2013 £000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | <u>63,000</u> | <u>63,000</u> |

11 Deferred taxation

| | | Deferred Taxation £000 |
|--|--------------|------------------------------|
| At beginning of year - asset | | 2,139 |
| Credit to the profit and loss account for the year | | 1,811 |
| Losses surrendered | | (838) |
| At end of year | | <u>3,112</u> |
| The elements of deferred taxation are as follows | 2014 £000 | 2013 £000 |
| Tax Losses | 1,811 | 2,139 |
| | <u>1,811</u> | <u>2,139</u> |

Notes (continued)

12 Called up share capital

| | 2014 £000 | 2013 £000 |
|--|---------------|---------------|
| <i>Allotted, called up and fully paid:</i> | | |
| 10,000,001 (10,000,000) ordinary shares of £1 each | 10,000 | 10,000 |
| | <u>10,000</u> | <u>10,000</u> |

In September 2014, the company issues an additional 1 share at a price of £13,001,486, giving an increase in share capital of £1 and an increase in the share premium accounts of £13,001,485.

13 Share premium account

| | £000 |
|-------------------------------|---------------|
| At beginning of year | 27,065 |
| Share premium during the year | 13,001 |
| | <u>40,066</u> |
| At end of year | <u>40,066</u> |

14 Profit and loss account

| | £000 |
|----------------------|---------------|
| At beginning of year | 90,486 |
| Profit for the year | 3,248 |
| | <u>93,734</u> |
| At end of year | <u>93,734</u> |

15 Ultimate parent company

The immediate parent company is CII Luxembourg Sarl in which the results of the Company are incorporated. The largest group in which the results of the Company and sub group are consolidated is that headed by Cytec Industries Inc, incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from Five Garret Mountain Plaza, West Paterson, NJ 07424, USA.