LAPORTE INVESCO

Annual Report and Financial Statements

for the year ended 31 December 2007

Registered Number: 3087768

Annual report and financial statements for the year ended 31 December 2007

Directors' report for the year ended 31 December 2007

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2007

Business review and principal activities

Laporte Invesco did not engage in any trading activities during the year The principal activities of the Company are concerned with deriving income from investments in subsidiary undertakings and unlisted overseas companies

The results for the company show a pre-tax profit of £9,422,482 for the year (2006 £7,307,059) Net assets at the end of the year were £156,559,389 (2006 £149,963,652)

Future outlook

The directors consider the future outlook for the company to remain unchanged for the foreseeable future

Key performance indicators ("KPIs")

Given the fact that the company is non-trading, the company directors do not use KPIs to manage the business and do not consider them necessary for an understanding of the development, performance or position of the business

Principal risks and uncertainties

The principal risks and uncertainties of the company relate to potential fluctuations in the interest rate as described in the financial risk management note below

Dividends

The directors recommend that no dividend be paid in respect of the year (2006 £nil)

Directors

The directors who served during the year or after the balance sheet date were

D C M Andrews	Director	
J P R Lipman	Director	(Resigned 22 May 2007)
N Macleod	Director	(Appointed 22 May 2007)

Political and charitable contributions

The Company made no political or charitable contributions during the year (2006 £nil)

Research and development

There were no research and development costs during the year (2006 £nil)

Financial risk management

Due to the nature of the company, it has exposure to a limited number of financial risks

Cash management

As a member of the Evonik Degussa GmbH (formerly Degussa GmbH) cash pool arrangement, the company's cash management is effectively controlled by its German parent organisation The Evonik Degussa GmbH Treasury function conducts an annual global risk assessment exercise This information is used to provide a risk adjusted interest rate which is applied between the company and its German parent in respect of any loans receivable or payable, on an arms length basis

Interest rate and cash flow risk

The company has an interest bearing asset consisting of a loan to its German parent Evonik Degussa GmbH The interest rate is calculated on an arms length basis and is variable in nature

The directors have not disclosed the company's financial management objectives and policies nor the company's exposure to price risk, credit risk and liquidity risk as such information is not material for the assessment of the company's assets, liabilities, financial position and profit for the year

Post-balance sheet events

There were no post balance sheet events

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

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 those 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' report for the year ended 31 December 2007 (continued)

Statement of disclosure of information to auditors

Insofar as the directors are aware

- There is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

By a written resolution of the members dated 16 February 2006, PricewaterhouseCoopers LLP were appointed auditors for an indefinite period

By order of the Board

Miss G A Stapleton
Secretary
9 May 2008

Independent auditors' report to the members of Laporte Invesco

We have audited the financial statements of Laporte Invesco for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 judgements 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

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Milton Keynes

12 May 2008

Profit and loss account

for the year ended 31 December 2007

	Note	2007 £	2006 £
Continuing operations			
Administrative costs	*3*	**(3,104)**	(34)
Interest receivable and similar income	*4*	**9,425,586**	7,307,093
Profit on ordinary activities before taxation		**9,422,482**	7,307,059
Tax charge on profit on ordinary activities	*5*	**(2,826,745)**	(2,129,258)
Profit for the financial year	*9*	**6,595,737**	5,177,801

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the profit and loss above and therefore no separate statement of total recognised gains and losses has been prepared

Balance sheet
as at 31 December 2007

	Note	2007 £	2006 £
Debtors			
Amounts owed by group undertakings	6	**161,581,322**	154,257,595
Creditors:			
Amounts falling due within one year	7	**(5,021,933)**	(4,293,943)
Net assets		**156,559,389**	149,963,652
Capital and reserves			
Called up share capital	8	**131,000,000**	131,000,000
Profit and loss reserve	9	**25,559,389**	18,963,652
Total shareholders' funds	10	**156,559,389**	149,963,652

The financial statements on pages 6 to 10 were approved by the board of directors on 9 May 2008 and were signed on its behalf by

D C M Andrews
Director

Notes to the financial statements for the year ended 31 December 2007

1. Principal 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 accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom The principal accounting standards are set out below

The company is a wholly-owned subsidiary of EGL Limited, and is included in the consolidated financial statements of Evonik Industries AG, which are available from Rellinghauser Strasse 1-11, 45128 Essen, Germany Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Evonik Industries AG group or investees of the Evonik Industries AG group,

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation 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

Financial assets and liabilities

Financial assets and liabilities are initially recognised at cost and only derecognised once payment has been received / made in respect of the instruments

2. Directors and employees

The Company has no employees (2006 none) All the directors are employees of other Group undertakings and receive no emoluments in respect of services to the Company (2006 £nil)

3. Administrative expenses

Administrative expenses are stated after charging

	2007	2006
	£	£
Services provided by the company's auditor		
Fees payable for the audit	3,071	-

Auditors' remuneration for 2006 was borne by Evonik Degussa UK Holdings Limited (formerly Degussa UK Holdings), a fellow group company

4. Interest receivable and similar income

	2007	2006
	£	£
Interest receivable from group undertakings	9,425,586	6,686,093
Interest receivable from overpaid tax	-	621,000
	9,425,586	7,307,093

Notes to the financial statements for the year ended 31 December 2007 (continued)

5. Taxation on profit for the year

	2007	2006
	£	£
Current tax		
UK corporation tax on profit for the year	2,826,745	2,192,118
Adjustments in respect of prior periods	-	(62,860)
Total current tax	2,826,745	2,129,258

The tax assessed for the year is equal to (2006 lower than) the standard rate of corporation tax in the UK (30%)
The differences are explained below

	2007	2006
	£	£
Profit on ordinary activites before taxation	9,422,482	7,307,059
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	2,826,745	2,192,118
Adjustment in respect of periods	-	(62,860)
Current tax charge for the year	2,826,745	2,129,258

The corporation tax payable for the year has been reduced by £2,826,745 because of group relief received from a fellow subsidiary for which a payment of £2,826,745 will be made

Factors that may effect tax charges
The standard rate of Corporation Tax in the UK changes to 28% with effect from 1April 2008

6. Debtors: amounts owed by group undertakings

The company has an interest bearing asset consisting of a loan of £161,581,322 (2006 £154,257,595) to its German parent, Evonik Degussa GmbH The interest rate is calculated on an arms length basis and is variable in nature At 31 December 2007, the interest rate was 6 47% There are no fixed repayment terms, but the loan can be recalled at any time

7. Creditors: amounts falling due within one year

	2007	2006
	£	£
Amounts due to group undertakings	5,018,862	4,293,943
Accruals	3,071	-
	5,021,933	4,293,943

Amounts owed to group undertakings include an interest bearing liability consisting of a loan from its German parent Evonik Degussa GmbH The interest rate is calculated on an arms length basis and is variable in nature At 31December 2007 the interest rate was 7 32% There are no fixed repayment terms, but the loan could be recalled at any time

Notes to the financial statements for the year ended 31 December 2007 (continued)

8. Called up share capital

	2007	2006
	£	£
Authorised		
10,000,000 ordinary shares of £1 each	**10,000,000**	10,000,000
250,000 6% preference shares of £1,000 each	**250,000,000**	250,000,000
Issued and Fully paid		
Ordinary shares of £1 each	**1,000,000**	1,000,000
6% preference shares of £1,000 each	**130,000,000**	130,000,000
	131,000,000	131,000,000

The preference shares are irredeemable, have the same voting rights as the ordinary shares, but are only entitled to a fixed dividend of 6% per annum at the discretion of the company (subject to sufficient distributable reserves being available) and do not participate in any surplus distribution on a winding up of the Company During the year, no non-equity preference shares were repurchased (2006 £nil)

9. Profit and loss reserve

	2007
	£
At 1 January	**18,963,652**
Profit for the financial year	**6,595,737**
At 31 December	**25,559,389**

10. Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	**6,595,737**	5,177,801
Addition to shareholders' funds	**6,595,737**	5,177,801
Opening shareholders' funds	**149,963,652**	144,785,851
Closing shareholders' funds	**156,559,389**	149,963,652

11 Ultimate parent company and controlling party

The company's immediate parent company is EGL Limited, a company registered and incorporated in England and Wales

Evonik Industries AG is the ultimate parent company of Laporte Invesco and controlling party Evonik Industries AG is a company registered and incorporated in Germany The consolidated financial statements of Evonik Industries AG, being the smallest and largest group to consolidate these financial statements, can be obtained from Rellinghauser Strasse 1-11, 45128 Essen, Germany