LAPORTE INVESCO

Annual Report and Financial Statements

for the year ended 31 December 2009

Registered Number: 3087768

Annual report and financial statements for the year ended 31 December 2009

Contents

	Page
Directors' report	2-4
Independent auditors' report to the members of Laporte Invesco	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-11

Directors' report for the year ended 31 December 2009

The Directors present their annual report and the audited financial statements of Laporte Invesco (company number 3087768) for the year ended 31 December 2009

Business review and principal activities

The Company did not engage in any trading activities during the current or previous year The principal activity of the Company during the current and previous year was deriving income from loans to group companies

The results for the company show a pre-tax profit of £1,479,428 for the year (2008 £8,721,866) Net assets at the end of the year were £163,860,711 (2008 £162,795,523)

Future outlook

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

Key performance indicators ("KPI's")

Given the fact that the company is non-trading, the company directors do not use KPI's 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 (2008 £nil)

Directors

The directors who served during the year an up to the date of signing of the financial statements were

B Harvey	Director
N Macleod	Director

Political and charitable contributions

The Company made no political or charitable contributions during the year (2008 £nil)

Research and development

There were no research and development costs during the year (2008 £nil)

Directors' report for the year ended 31 December 2009 (continued)

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 Industries AG cash pool arrangement, the company's cash management is effectively controlled by its German parent organisation The Evonik Industries AG 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 arm's length basis

Interest rate and cash flow risk
The company has an interest bearing asset consisting of a loan to its German parent, Evonik Industries AG The interest rate is calculated on an arm's 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 financial year

Directors' indemnity provisions

There were no qualifying third party indemnity provisions in force for the benefit of one or more of the directors at any time during the financial year

Post-balance sheet events

There were no post balance sheet events

Statement of directors' responsibilities

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 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) 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 accounting 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,
- 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 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 2009 (continued)

Statement of disclosure of information to auditors

In accordance with Section 418, each person who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board

N Macleod
Director

31 March 2010

Independent auditors' report to the members of Laporte Invesco

We have audited the financial statements of Laporte Invesco for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with the United Kingdom 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

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

Mike Robinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
31 March 2010

Profit and loss account

for the year ended 31 December 2009

	Note	2009 £	2008 £
Continuing operations			
Administrative expenses	*3*	(2,269)	(3,788)
Operating loss		**(2,269)**	(3,788)
Interest receivable and similar income	*4*	**1,481,697**	8,725,654
Profit on ordinary activities before taxation		**1,479,428**	8,721,866
Tax on profit on ordinary activities	*5*	**(414,240)**	(2,485,732)
Profit for the financial year	*9*	**1,065,188**	6,236,134

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

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

Balance sheet

as at 31 December 2009

	Note	2009 £	2008 £
Current assets			
Debtors	*6*	**166,766,123**	170,303,317
Creditors: amounts falling due within one year	*7*	**(2,905,412)**	(7,507,794)
Net assets		**163,860,711**	162,795,523
Capital and reserves			
Called up share capital	*8*	**131,000,000**	131,000,000
Profit and loss account	*9*	**32,860,711**	31,795,523
Total shareholders' funds	*10*	**163,860,711**	162,795,523

The financial statements on pages 6 to 11 were approved by the board of directors on 31 March 2010 and were signed on its behalf by

N Macleod
Director

Notes to the financial statements for the year ended 31 December 2009

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 2006 and applicable accounting standards in the United Kingdom The principal accounting policies 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 financial 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 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
A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

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 (2008 none) All the directors are employees of other Group undertakings and receive no emoluments in respect of services to the Company (2008 £nil)

3. Administrative expenses

Administrative expenses are stated after charging

	2009	2008
	£	£
Services provided by the company's auditors		
Fees payable for the audit	2,240	3,737

Notes to the financial statements for the year ended 31 December 2009 (continued)

4. Interest receivable and similar income

	2009	2008
	£	£
Interest receivable from group undertakings	1,481,697	8,725,654

5. Tax on profit on ordinary activites

	2009	2008
	£	£
Current tax		
UK corporation tax on profit for the year	414,240	2,485,732
Total current tax	414,240	2,485,732

There is no deferred tax recognised or unrecognised (2008 £nil)

The tax assessed for the year is equal to (2008 equal to) the standard rate of corporation tax in the UK 28% (2008 28 5%) as explained below

	2009	2008
	£	£
Profit on ordinary activites before taxation	1,479,428	8,721,866
Profit on ordinary activities multiplied by standard rate in the UK 28% (2008 28 5%)	414,240	2,485,732
Current tax charge for the year	414,240	2,485,732

The corporation tax payable for the year has been reduced by £414,240 (2008 £1,493,348) because of group relief received from a fellow subsidiary for which a payment of £414,240 (2008 £1,493,348) will be made

There are no known factors affecting future tax charges

6. Debtors

	2009	2008
	£	£
Amounts owed by group undertakings	166,766,123	170,303,317

The company has an interest bearing asset consisting of a loan of £166,766,123 (2008 £170,303,317) to its German parent, Evonik Industries AG The interest rate is calculated on an arm's length basis and is variable in nature At 31 December 2009 the interest rate was 0 51% (2008 2 56%) There are no fixed repayment terms, but the loan can be recalled at any time

Notes to the financial statements for the year ended 31 December 2009 (continued)

7. Creditors: amounts falling due within one year

	2009	2008
	£	£
Amounts owed to group undertakings	2,903,172	6,512,210
Corporation tax	-	992,384
Accruals	2,240	3,200
	2,905,412	7,507,794

8. Called up share capital

	2009	2008
	£	£
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		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
130,000 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

9. Profit and loss account

	2009
	£
At 1 January	31,795,523
Profit for the financial year	1,065,188
At 31 December	32,860,711

10. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	1,065,188	6,236,134
Addition to shareholders' funds	1,065,188	6,236,134
Opening shareholders' funds	162,795,523	156,559,389
Closing shareholders' funds	163,860,711	162,795,523

Notes to the financial statements for the year ended 31 December 2009 (continued)

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