

Dynacast Holdings Limited  
Annual report  
for the year ended 31 December 2008

**Registered Number 3182991**



# **Dynacast Holdings Limited**

## **Directors' report for the year ended 31 December 2008**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2008. The Company has elected not to present additional Directors' Report disclosures as permitted by the small Company exemptions of section 246(4) of the Companies Act 1985.

### **Principal activities and review of business**

The Company's principal activity during the year was that of an intermediate holding Company.

The Directors consider the financial position of the Company at the year end to be satisfactory. The Company will continue to act as an intermediate holding Company.

### **Results and dividends**

An interim dividend of £17,000,000 was paid during the year (2007: £4,000,000). The retained profit of £6,507,000 (2007: £8,212,000) for the year has been transferred to reserves.

### **Going concern**

The Directors have considered the going concern assumption given the current economic climate and have reviewed the Company forecasts for the foreseeable future.

After making enquiries and considering the above facts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **Financial risk management and policies**

#### *Credit risk*

Through its activities the company is exposed to credit risk. The company's principal financial assets are bank balances and cash and receivables from other group companies.

The company's credit risk is primarily attributable to its receivables from group companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cashflows.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available to meet obligations as they fall due, the company ensures regular communication with other group companies.

### **Supplier payment policy**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. There were no trade creditors of the company at 31 December 2008.

# **Dynacast Holdings Limited**

## **Directors' report for the year ended 31 December 2008 (continued)**

### **Directors**

The Directors who held office throughout the year were:

G P Martin  
A G Peart  
S G Peckham  
G E Barnes  
A D Murphy  
S J Newman  
J C Miller (alternate)  
D A Roper (alternate)

None of the Directors hold any beneficial interest in shares in the Company.

The Directors have the benefit of 'qualifying third party indemnity provisions' for the purposes of sections 309a to 309c of the Companies Act 1985.

### **Auditors**

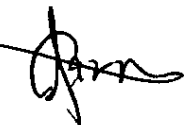
Each of the Directors at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have been re-appointed as auditors of the Company.

By order of the Board



**GE Barnes**  
**Director**

16 Oct 2009

# **Dynacast Holdings Limited**

## **Directors' report for the year ended 31 December 2008 (continued)**

### **Statement of Directors' responsibilities**

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 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 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.

# **Dynacast Holdings Limited**

## **Independent auditors' report to the members of Dynacast Holdings Limited**

We have audited the financial statements of Dynacast Holdings Limited for the year ended 31 December 2008 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 22. 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 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**

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).

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.

# **Dynacast Holdings Limited**

## **Independent auditors' report to the members of Dynacast Holdings Limited (continued)**

### **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 2008 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.



**Deloitte LLP**

Chartered Accountants and Registered Auditors

London, UK

16th October 2009

# Dynacast Holdings Limited

## Profit and loss account for the year ended 31 December 2008

		Year ended 31 December 2008	Year ended 31 December 2007
	Notes	£'000	£'000
Administrative income		-	582
Other operating expenses – exceptional	4	-	(606)
Other operating income	3	5,090	6,337
<b>Operating profit</b>	3	<b>5,090</b>	<b>6,313</b>
Income from shares in Group companies		1,408	1,892
Interest payable and similar charges	6	(1,958)	(1,569)
Interest receivable	5	2,263	1,746
<b>Profit on ordinary activities before taxation</b>		<b>6,803</b>	<b>8,382</b>
Tax on profit on ordinary activities	7	(296)	(170)
<b>Profit on ordinary activities after taxation</b>	15	<b>6,507</b>	<b>8,212</b>

All results derive from continuing operations.

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

		Year ended 31 December 2008	Year ended 31 December 2007
	Notes	£'000	£'000
Profit retained for the financial year		6,507	8,212
Actuarial gain/(loss) on pension scheme	18	60	(118)
<b>Total gains and losses recognised during the year</b>		<b>6,567</b>	<b>8,094</b>

# Dynacast Holdings Limited

## Balance sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangible assets	8	-	-
Tangible assets	9	-	-
Investments	10	6,907	5,894
		<u>6,907</u>	<u>5,894</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	35,116	30,877
Cash at bank and in hand		4,908	2,805
		<u>40,024</u>	<u>33,682</u>
Creditors: amounts falling due within one year	12	(42,273)	(24,428)
<b>Net current assets</b>		<u>(2,249)</u>	<u>9,254</u>
<b>Total assets less current liabilities</b>		<u>4,658</u>	<u>15,148</u>
Provision for liabilities	13	(60)	(60)
Net pension liability	18	(1,065)	(1,122)
<b>Net assets</b>		<u>3,533</u>	<u>13,966</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Share premium	14	2,500	2,500
Profit and loss account	15	1,033	11,466
<b>Shareholders' funds</b>	16	<u>3,533</u>	<u>13,966</u>

The financial statements on pages 6 to 19 approved by the Board of Directors on  
signed on its behalf by:

16/01/7

2009 and were



**GE Barnes**  
**Director**



# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008**

### **1 Principal accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding years.

#### **Basis of preparation**

These financial statements have been prepared under the historical cost convention, in accordance with applicable UK law and accounting standards, and on a going concern basis as described in the Director's Report on page 1.

As permitted under Section 228 of the Companies Act 1985 no Group accounts have been prepared.

#### **Cash flow statement**

The Company is a wholly owned subsidiary of Melrose PLC and is included in the consolidated financial statements of Melrose PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised) "Cash Flow Statements".

#### **Goodwill**

Goodwill arising on acquisition represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

Upon acquisition of a business, goodwill is capitalised in the period in which it arises and amortised over its estimated useful life of up to a maximum of 20 years. Provision is made for any impairment.

#### **Tangible fixed assets**

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Freehold land	Nil
Freehold buildings	Over 50 years
Plant and machinery, and office equipment	Between 3 and 12 years

#### **Investments**

Investments in subsidiary undertakings are stated at cost of acquisition (including any incidental cost of acquisition) together with the amount of any loans advanced to those undertakings. Current asset investments are stated at the lower of cost and net realisable value.

Where, in the opinion of the Directors, there has been an impairment in the value of the investments, appropriate provisions are made for impairment and charged to the profit and loss account.

# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **1 Principal accounting policies (continued)**

#### **Leased assets**

The costs of operating leases are recharged to fellow group companies, which bear the risks and rewards. No income and expense is recognised in the profit and loss account of this Company.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Deferred taxation**

Deferred tax is provided in accordance with FRS 19 'Accounting for Deferred Taxation', at the rate ruling on the balance sheet date on all timing differences that arise from the recognition of income and expenditure in differing periods 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. 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.

A net deferred tax asset is regarded 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 from which the future reversal of the underlying timing differences can be deducted.

#### **Pension scheme arrangements**

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are unfunded. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **2 Information regarding Directors and employees**

Directors were remunerated by a fellow Group Company in the current and prior year.

At 31 December 2008 no Director was a member of the defined benefit scheme (2007: none), and no Director was a member of the defined contribution scheme (2007: none).

### **3 Operating profit**

	<b>Year ended 31 December 2008 £'000</b>	<b>Year ended 31 December 2007 £'000</b>
<b>Operating profit is after crediting:</b>		
Royalties and licensing income	<b>(4,313)</b>	(4,126)
Foreign exchange gain	<b>(777)</b>	(2,211)

The audit fee of £4,000 (2007: £4,000) was borne by a fellow Group Company in the year.

The Company acts as an agent for fellow Group companies in respect of a property under rental lease. The risk and reward rests with the fellow Group Company. No revenue and expense is recognised in the Company's accounts. Payments of £Nil (2007: £89,000) were made.

### **4 Other operating expense – exceptional**

	<b>Year ended 31 December 2008 £'000</b>	<b>Year ended 31 December 2007 £'000</b>
Loss on liquidation of dormant subsidiary	-	531
Provision against intercompany balances	-	75
	<b>-</b>	<b>606</b>

# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **5 Interest receivable**

	<b>Year ended 31 December 2008 £'000</b>	<b>Year ended 31 December 2007 £'000</b>
Group interest receivable	<b>2,244</b>	1,746
Bank interest receivable	<b>19</b>	-
	<b><u>2,263</u></b>	<u>1,746</u>

### **6 Interest payable and similar charges**

	<b>Year ended 31 December 2008 £'000</b>	<b>Year ended 31 December 2007 £'000</b>
Group interest payable	<b>(1,893)</b>	(1,519)
Excess of interest on pension scheme liabilities over expected return of pension scheme assets (note 18)	<b>(65)</b>	(50)
	<b><u>(1,958)</u></b>	<u>(1,569)</u>

# Dynacast Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 7 Tax on profit on ordinary activities

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
<b>(a) Analysis of charge in year</b>		
UK Corporation tax at 28.5% (2007: 30%)	-	-
Overseas taxation	296	170
	<u>296</u>	<u>170</u>

#### (b) Factors affecting tax charge for the year

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

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Profit on ordinary activities before tax	<u>6,803</u>	<u>8,382</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	1,939	2,515
<i>Effects of:</i>		
Disallowed expenses including exceptional items	-	22
Capital allowances in excess of depreciation	(20)	(34)
Short term timing differences	-	15
Withholding tax on royalty income	296	170
Grossing up of dividend income	-	101
Double tax relief	(401)	(639)
Group relief claimed (at nil tax rate)	(1,518)	(1,980)
	<u>296</u>	<u>170</u>

#### (c) Factors that may affect future tax charges

The amount of deferred tax asset not recognised (at 28%, 2007: 28%) due to uncertainty of future profits is as follows:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Depreciation charged in excess of capital allowances	(74)	(101)
Other short term timing differences	(298)	(337)
	<u>(372)</u>	<u>(438)</u>

# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **8 Intangible fixed assets**

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	<u>838</u>
<b>Aggregate amortisation</b>	
At 1 January 2008 and at 31 December 2008	<u>838</u>
<b>Net book value</b>	
At 1 January 2008 and 31 December 2008	<u>-</u>

### **9 Tangible fixed assets**

	<b>Plant and machinery £'000</b>
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	<u>84</u>
<b>Accumulated depreciation</b>	
At 1 January 2008 and 31 December 2008	<u>84</u>
<b>Net book value</b>	
At 1 January 2008 and 31 December 2008	<u>-</u>

# Dynacast Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 10 Fixed assets investments

	Shares in subsidiary companies £'000	Unlisted investments £'000	Total £'000
<b>Cost</b>			
<b>At 1 January 2008</b>	11,156	1	11,157
Additional investment in Dynacast Shanghai Limited	1,013	-	1,013
<b>At December 2008</b>	<b>12,169</b>	<b>1</b>	<b>12,170</b>
Impairment provision at 1 January 2008 and 31 December 2008	(5,263)	-	(5,263)
<b>Net book value at 31 December 2008</b>	<b>6,906</b>	<b>1</b>	<b>6,907</b>
Net book value at 31 December 2007	5,893	1	5,894

The principal subsidiary undertakings of the Company are summarised below:

Subsidiary undertakings	Country of registration	Class of share	Proportion held
Dynacast Italia S.r.l.	Italy	Ordinary	100%
Dynacast Teknik Dokum Sanayi Limited	Turkey	Ordinary	100%
Dynacast (UK) Limited	England	Ordinary	100%
Dynacast Loz d.o.o.	Slovenia	Ordinary	70%
Sundaram Dynacast Limited	India	Ordinary	49%
Dynacast Korea Limited	Korea	Ordinary	90%
Dynacast (Melaka) Sdn Bhd	Malaysia	Ordinary	100%
Dynacast (Shanghai) Limited	China	Ordinary	100%
Dongguan Dynacast Precision Automotive Components Limited	China	Ordinary	100%

The principal activity of all of the above companies is that of precision diecasting and tooling.

In the opinion of the Directors the value of the assets of these subsidiaries is not less than the amounts at which those assets are included in the balance sheet.

# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **11 Debtors**

#### **Amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by Group undertakings	<b>35,114</b>	30,872
Other debtors	<b>2</b>	5
	<b><u>35,116</u></b>	<b><u>30,877</u></b>

### **12 Creditors: amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>7</b>	7
Amounts owed to Group undertakings	<b>41,624</b>	24,269
Accruals and deferred income	<b>112</b>	116
Other taxation and social security payable	<b>491</b>	36
Other creditors	<b>39</b>	-
	<b><u>42,273</u></b>	<b><u>24,428</u></b>

### **13 Provisions for liabilities**

**£'000**

At 1 January 2008 and 31 December 2008

**60**

The provision relates to legal costs expected to be incurred relating to claims made against Dynacast group companies.

### **14 Called up share capital**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Authorised: 1,000 Ordinary shares of £1 each	<b><u>1,000</u></b>	<b><u>1,000</u></b>
Allotted and fully paid: 100 Ordinary shares of £1 each	<b>100</b>	100
Share Premium	<b>2,499,901</b>	2,499,901
	<b><u>2,500,001</u></b>	<b><u>2,500,001</u></b>



# Dynacast Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 15 Profit and loss account

	£'000
At 1 January 2008	11,466
Profit for the year	6,507
Actuarial gain on pension scheme	60
Dividend paid	(17,000)
<b>At 31 December 2008</b>	<b><u>1,033</u></b>

### 16 Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium £'000	Profit and loss account £'000	<b>Total £'000</b>
At 31 December 2007	-	2,500	11,466	<b>13,966</b>
Profit for the year	-	-	6,507	<b>6,507</b>
Actuarial gain on pension scheme	-	-	60	<b>60</b>
Dividend paid	-	-	(17,000)	<b>(17,000)</b>
<b>Shareholders' funds as at 31 December 2008</b>	<b><u>-</u></b>	<b><u>2,500</u></b>	<b><u>1,033</u></b>	<b><u>3,533</u></b>

### 17 Financial commitments

#### Capital commitments

At 31 December 2008 the Company did not have any capital commitments contracted for but not provided (2007: £nil).

#### Operating lease commitments

At 31 December 2008, the Company was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings 2008 £'000</b>	<b>Other 2008 £'000</b>	<b>Land and buildings 2007 £'000</b>	<b>Other 2007 £'000</b>
Leases which expire:				
within one year	-	-	70	-
	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>

# Dynacast Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 18 Pension schemes

The Company contributes to a defined contribution scheme for certain ex-employees which is administered by trustees and is independent of the Company's finances. Contributions to this scheme ceased when the last employees left the Company in 2006.

The pension cost charge represents contributions payable by the Company to the schemes and amounted to £Nil (31 December 2007: £Nil).

The Company also operates an unfunded defined benefit arrangement for a prior executive who has now retired. The scheme valuation is updated each year by a qualified actuary.

The following assumptions have been made in valuing the scheme:

	<b>2008</b>	2007	2006
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase of pensions in payment	2.9	3.4	3.0
Discount rate	6.3	5.8	5.0
Inflation assumptions	3.4	3.4	3.0
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total market value of assets	-	-	-
Present value of liabilities	<b>(1,065)</b>	(1,122)	(1,011)
Net pension liability	<b><u>(1,065)</u></b>	<u>(1,122)</u>	<u>(1,011)</u>

Analysis of amount charged to profit and loss account:

	<b>2008</b>	2007
	<b>£'000</b>	<b>£'000</b>
Total operating charge	<u>-</u>	<u>-</u>

# Dynacast Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008 (continued)

### 18 Pension schemes (continued)

Analysis of the amount charged to interest payable and similar charges:

	2008 £'000	2007 £'000
Interest on pension liabilities	(65)	(50)

Analysis of amount recognised in the statement of recognised gains and losses:

	2008 £'000	2007 £'000
Experience gains and losses on liabilities	60	(118)
	<u>60</u>	<u>(118)</u>

Movement in scheme deficit during the year:

	2008 £'000	2007 £'000
At 1 January	(1,122)	(1,011)
Contributions	62	57
Net finance income	(65)	(50)
Actuarial gain/(loss)	60	(118)
At 31 December	<u>(1,065)</u>	<u>(1,122)</u>

History of experienced gains and losses:

	2008 £'000	2008 %	2007 £'000	2007 %	2006 £'000	2006 %	2005 £'000	2005 %
Difference between expected and actual return on scheme assets	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Experience gains and losses on scheme liabilities	(60)	(6%)	118	11%	28	3%	11	1%
Total amount recognised in statement of recognised gains and losses	(60)	(6%)	118	11%	28	3%	79	8%

# **Dynacast Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **19 Related party transactions**

The Company has taken advantage of the exemption of FRS 8 Related Party Transactions from disclosing transactions with related parties between members of the Melrose PLC Group of Companies.

### **20 Cash flow statement**

The Company is a wholly-owned subsidiary of Melrose PLC and is included in the consolidated financial statements of that Company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (Revised) "Cash flow Statements".

### **21 Ultimate parent Company and controlling party**

The immediate and ultimate parent undertaking and controlling party is Melrose PLC which is the only undertaking to consolidate these financial statements.

The largest and smallest of undertakings for which Group accounts have been drawn up is that headed by Melrose PLC, incorporated in Great Britain and registered in England and Wales. Copies of Group financial statements can be obtained from Precision House, Arden Road, Alcester, Warwickshire, B49 6HN.

### **22 Contingent liabilities**

The Company has provided unlimited and multilateral guarantees to LloydsTSB Bank plc as agent in respect of the bank loans and overdrafts of its ultimate parent undertaking, Melrose PLC and certain fellow subsidiaries. The net liabilities outstanding under these guarantees at the balance sheet date were £718.2 million (2007: £16.0 million). In addition, the Company has granted security over certain of its assets to Lloyds TSB Bank plc as agent in connection with the borrowings of its parent undertaking.