

**Advanced Composites Group Investments
Limited**

**Annual report and financial
statements**

Registered number 06158460

31 December 2017



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Strategic report

Principal activities and business review

The principal activities of the company are that of an intermediate holding company. The company will continue to operate as an intermediate holding company for the foreseeable future.

Business Review

The loss for the financial year was \$9,076,000 (2016: profit of \$5,000,000).

The company remains a wholly owned subsidiary within the Solvay Group of companies. Given that the principal activity of the company is as a holding company for an overseas subsidiary the directors do not consider that key performance indicators are applicable.

Investments

The investment balance as at 31 December 2017 is \$20,000,000 (2016: \$29,076,000). The investment balance has been considered for impairment by the Directors, with an impairment loss of \$9,076,000 recognised in the year (2016: nil.) Refer to note 6 for explanation,.

The carrying amounts of the investments are reviewed for impairment by the Directors at each reporting date or when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

If any such indication exists, the asset's recoverable amount is estimated by the following method: the carrying amounts of the investments were reviewed against their recoverable amounts, being the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

Principal risks and Uncertainties

The principal risks and uncertainties are those of the underlying investment whose profitability will be influenced by volumes sold, and the selling price. This will influence dividends paid and the holding value of the investment

By order of the board



A Schiebroek
Director

Composites House
Sinclair Close
Heanor Gate Industrial Estate
Heanor
Derbyshire
DE75 7SP

Date: July 23 2018

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Dividends

During the year dividends of \$Nil (2016: \$5,000,000) were proposed and paid.

Risk management

Details of risk management are discussed in the Strategic Report on page 1 and form part of this report by cross reference.

Directors

The directors who held office during the year and to the date of this report are as follows:

A Schiebroek

Auditor

Each of the persons 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 auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the board


A Schiebroek
Director

Composites House
Sinclair Close
Heanor Gate Industrial Estate
Heanor
Derbyshire
DE75 7SP

Date: July 23 2018

Directors' responsibilities statement

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), including FRS 101 "Reduced Disclosure Framework". 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; 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 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.

Independent auditor's report to the members of Advanced Composites Group Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Advanced Composites Group Investments Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including [Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice)].

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

Independent auditor's report to the members of Advanced Composites Group Investments Limited (continued)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of Advanced Composites Group Investments Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Peter Gallimore FCA (*Senior Statutory Auditor*)

for and on behalf of Deloitte LLP

Statutory Auditor

Birmingham

United Kingdom

24 July 2018

Profit and loss account
for the year ended 31 December 2017

	<i>Note</i>	2017 \$000	2016 \$000
Investment income	4	-	5,000
Impairment Losses	6	(9,076)	-
(Loss)/ Profit on ordinary activities before taxation		(9,076)	5,000
Tax on loss on ordinary activities	5	-	-
(Loss)/ Profit for the financial year		(9,076)	5,000


There was no comprehensive income other than that disclosed in the profit and loss account, in either the current or preceding year.

All the activities of the company are classed as continuing.

Balance sheet
As at 31 December 2017

	<i>Note</i>	2017 \$000	2016 \$000
Fixed assets			
Investments	6	20,000	29,076
Net assets		20,000	29,076
Capital and reserves			
Called up share capital	7	2	2
Share Premium		29,074	29,074
Profit and Loss Account		(9,076)	-
		20,000	29,076

These financial statements were approved by the board of directors on July 23 2018 and were signed on its behalf by:


A Schiebroek
Director

Company registered number: 6158460

Statement of changes in equity

	Called up share capital \$000	Share Premium \$000	Profit and loss account \$000	Total equity \$000
Balance at 1 January 2016	2	29,074	-	29,076
Total comprehensive income for the year				
Profit for the year	-	-	-	-
Dividends	-	-	-	-
Balance at 31 December 2016	2	29,074		29,076
Balance at 1 January 2017	2	29,074	-	29,076
Total comprehensive income for the year				
Loss for the year	-	-	(9,076)	(9,076)
Dividends	-	-	-	-
Balance at 31 December 2017	2	29,074	(9,076)-	20,000

Notes

(forming part of the financial statements)

1 Accounting policies

Advanced Composites Group Investments (the "Company") is a private company limited by shares, incorporated and registered in the UK (England and Wales) under the Companies Act 2006. Its registered address is Composites House Sinclair Close, Heanor, Derbyshire, DE75 7SP.

The principal activities of the company are that of an intermediate holding company.

The financial statements are presented in US dollars because that is the functional currency of the primary economic environment, in which the Company operates.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Solvay S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Solvay S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Rue De Ransbeek, 310, 1120 Brussels, Belgium.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to :

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

As the consolidated financial statements of Solvay S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

Notes (continued)

1 Accounting policies (continued)

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors, having assessed the responses of the directors of the company's ultimate controlling party Solvay S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Solvay group to continue as a going concern.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Solvay S.A., the company's directors have a reasonable expectation that the company will be able 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.

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.4. Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.5. Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.6. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.7. Dividend Revenue

Dividend Income from investments is recognised when the shareholders' rights to receive payments have been established.

Notes (continued)

2 Auditor's remuneration

Auditors's remuneration payable to the company's auditors for the audit of the accounts was \$1,200 (2016: \$1,200). This remuneration is borne by Umeco Limited

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Solvay S.A.

3 Directors' remuneration

Directors' emoluments have been borne by another group company. The directors of the company are also directors or officers of a number of the companies within the group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2017 or 31 December 2016.

The company has no employees.

4 Investment income

	2017 \$000	2016 \$000
Dividends received from group undertakings	-	5,000

5 Taxation

	2017 \$000	2016 \$000
Profit (Loss) on ordinary activities before taxation	(9,076)	5,000
Profit (Loss) on ordinary activities before taxation multiplied by standard rate of corporation tax 19.25% (2016 20%)	1,747	(1,000)
Effects of:		
Non-taxable income	-	1,000
Non-deductible expenses	(1,747)	
Total tax (charge) credit for the year	-	-

A reduction to the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Finance (No.2) Act 2015 The Act included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Finance Act 2016 included a further reduction to the corporation tax rate to 17% from 1 April 2020.

Notes (continued)

6 Fixed asset investments

	Shares in Group Undertakings \$000
Cost	
At 1 January 2017	29,076
Additions	-
	<hr/>
At 31 December 2017	29,076
	<hr/>
Provisions	
At 1 January 2017	-
Provided in year	(9,076)
	<hr/>
At 31 December 2017	(9,076)
	<hr/>
Net book value	
At 31 December 2017	20,000
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At 31 December 2016	29,076
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The carrying amount of the investment in Cytec Industrial Materials (OK) Inc has been reduced from \$29,076,000 to \$20,000,000, its net asset value as the subsidiary incurred unexpected losses in 2017 triggering the impairment review.

The Company has the following investments in subsidiaries:

	Country of Incorpor- ation	Class of shares held	Ownership 2016	2015
Cytec Industrial Materials (OK) Inc.	USA	Ordinary	100%	100%

The principal activity of Cytec Industrial Materials (OK) Inc. is the manufacture of impregnated materials for the manufacture of composite tools and composites. Its registered address is 5350 South, 129th East Avenue, Tulsa, Oklahoma 74134, USA

Notes (continued)

7 Capital and reserves

Share capital

	2017 \$000	2016 \$000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

8 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Cytec Industries Inc. incorporated in the United States of America. The ultimate controlling party is Solvay S.A. incorporated in Belgium.

The Company's ultimate parent undertaking, Solvay S.A. includes the Company in its consolidated financial statements. No other group financial statements include the results of the Company. The consolidated financial statements of Solvay S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered address Rue De Ransbeek, 310, 1120 Brussels, Belgium.

9 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Impairment

Investments in subsidiaries are carried at cost less impairment. They are assessed at each reporting date to determine whether there is objective evidence that the asset is impaired. In determining the recoverable amounts, management must estimate the quantum and timing of future cash flows from the subsidiary.

Critical accounting judgements in applying the Company's accounting policies

The directors do not consider that there are any critical accounting judgements in applying the Company's accounting policies.