

MacDermid Performance Solutions UK Limited (formerly MacDermid Limited)

Annual Report and Financial Statements

for the year ended 31 December 2016

Registered number: 01290882



MacDermid Performance Solutions UK Limited

Annual Report and Financial Statements for the year ended 31 December 2016

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MacDermid Performance Solutions UK Limited

Company Information

Directors	P Bray S G Sheffield T J Clarke J P Connolly (appointed 7 April 2017) J E Capps (appointed 7 April 2017)
Company Secretary	J E Capps (appointed 7 April 2017)
Registered Office	Unit 2 Genesis Business Park Albert Drive Woking Surrey GU21 5RW
Bankers	Barclays Bank Plc 28 George Street Luton LU1 2AF Bank Mendes Bans NV PO Box 198 1000 AD Amsterdam Herengracht 619 Netherlands
Solicitors	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES United Kingdom
Independent Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Reading Central 23 Forbury Road Reading RG1 3JH United Kingdom

MacDermid Performance Solutions UK Limited

Strategic Report for the year ended 31 December 2016

The directors of MacDermid Performance Solutions UK Limited (the "Company") present their Strategic Report for the year ended 31 December 2016

Principal activities and business review

The principal activities of the Company continue to be the manufacture and supply of speciality chemicals and materials for use in surface coating and printed circuit board industries and the manufacture and supply of industrial lubricants.

The Company provides technology-based solutions to the surface coating industry. Our customers are mainly involved in coating applications, found in all industrial manufacturing sectors. The Company also supplies innovative, environmentally-sound products to printed circuit board manufacturers involved in industries from mobile phones to the automotive industry.

MacDermid Performance Solutions UK Limited is a wholly owned subsidiary of MacDermid Italiana Srl

On 1 March 2017, the Company changed its name from MacDermid Limited to MacDermid Performance Solutions UK Limited, by ordinary resolution.

Results and dividends

The performance of the Company during the year showed an increase in turnover of 0.26% from 2015. There was lower demand from lubricants into the heat transfer fluids industry, and chemicals for the recycling of PET bottles. Specialty chemicals to automotive supply industries has continued to grow.

The results of the Company show profit on before taxation of £7.8m (2015: loss £2.2m) for the year and turnover of £20.6m (2015: £20.5m). The trading results for the year and the Company's financial position at the end of the year are set out on pages 9 and 10 of the financial statements.

The Company recharges the cost of research and development plus a mark up to MacDermid Acumen Inc., a group undertaking which owns the intellectual property on behalf of the group. During the year, the recharges amounted to £2.4m (2015: £2.3m).

The Pension Scheme Trustees entered into a buy-in contract in October 2014, securing all member benefits with an insurer. During 2015 and 2016, the Pension Scheme Trustees and their advisors carried out exercises to cleanse member data and undertake a legal review of benefits payable from the Scheme. In 2015 these exercises identified additional liabilities in relation to historic benefits accrued and a past service cost of £5.15m was recognised. During 2016 the Scheme continued to work through these exercises, and further legal review significantly reduced the scope of the additional liability. Updated quotes for insuring Scheme liabilities on the revised benefit structure and cleansed data were received during the second half of 2016, with the latest estimate suggesting a balancing amount of around £1.5m on the insurer's basis will be payable (compared with an estimated amount of £5.8m at the end of 2015). For consistency with the prior year treatment, a negative past service cost has been recognised to reflect the approximate change in the value of the additional liabilities to be secured, adjusted for changes in market conditions.

The buy-out transaction is set to complete by December 2017 and the Trustees intend to wind-up the Scheme.

Key performance indicators

The key performance indicators monitored by management are growth in turnover, operating profit margin and profit for the financial year.

Total turnover for the year has increased by 0.26% (2015: increased by 1.6%), with sales to UK customers decreasing by 0.12% (2015: increased by 0.5%). Sales to other EU countries decreased by 0.76% (2015: sales were in line with 2014) whilst sales to the rest of the world have increased by 8.52% (2015: increased by 0.4%). The Company made an operating profit of £6.8m compared to an operating loss of £3.2m in 2015. This is principally as a result of the pension past service cost of £4.9m credit during the year

The future development of the Company is discussed in more details in the Directors' Report on page 4.

MacDermid Performance Solutions UK Limited

Strategic report for the year ended 31 December 2016 (continued)

Non-financial key performance indicators

The Company believes in safeguarding the health, safety and welfare of its employees. During the year the turnover of employees was low, which continued the trend of recent years. The Company continues to invest in its employees, with training and career development.

The Company's quality management system has been certified to ISO 9001 since 1986 and its environmental management system to ISO 14001 since 2003. The Company's safety management system is based on the requirements of ES OHSAS 18001- Occupational health and safety management systems. During 2015 the new standard ISO 45001 - Occupational health and safety management systems was published, the company's safety management system will be modified to comply with this standard and align with new standards for ISO 9001 and ISO 14001.

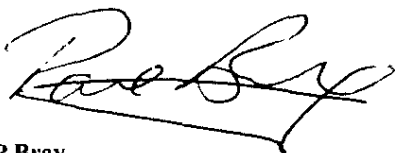
Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the Company's competitors and product availability.

The Company provides high quality technical service support to its customers, which helps mitigate the risk of our competitors taking over business from customers.

The Company invests in research and development to continually update products formulations and lower the risk of raw materials for our products becoming unavailable, due to environmental and Health & Safety legislation changes.

Approved by the board of directors on 28 September 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P Bray', written over a horizontal line.

P Bray
Director

MacDermid Performance Solutions UK Limited

Directors' Report for the year ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Future developments

The 2017 outlook is for organic growth of sales in the surface preparation and coatings industries. The growth is possible as a result of new and improved products which have been developed by the research and development group. The Company will continue to benefit from inroads into the metallurgy and metal working industries.

Turnover for the year increased by 0.26% but organic growth of turnover and expected lower cost base during the next financial year will help the company to achieve the targets set for 2017.

The Company will continue to invest in people and the development of new products to meet the demands of our customers.

Dividends

The directors have not paid an interim dividend in the year (note 9) nil pence per share amounting to £nil (2015: 83.3 pence per share amounting to £2.5m). No final dividend is declared for year (2015: £nil)

Financial risk management

The main risks arising from the Company's financial instruments are interest rate cash flow risk, credit risk, pricing risk and foreign currency risk.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

The board reviews and agrees policies for managing these risks as summarised below:

Interest rate cash flow risk

The Company has interest-bearing assets. Interest-bearing assets include only cash balances and intercompany loans. The directors will revisit the appropriateness of this policy should the Company change in size and nature. The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The Company trades with only recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Price risk

The Company is moderately exposed to commodity price risk as a result of its operations. The Company does not actively manage this exposure as the costs of doing so exceed the potential benefits

Foreign currency risk

Despite trading with customers in different countries, the foreign currency risk to the Company is very low as it invoices its customers in Sterling.

Research and development

The Company carries out research and development of products used primarily for the surface preparation, surface modification and post-treatment of metals and plastics. The products have a wide variety of uses in manufacturing sectors for the automotive and aircraft industries, domestic appliances, shop fittings, fasteners, jewellery and mobile phones.

MacDermid Performance Solutions UK Limited

Directors' Report for the year ended 31 December 2016 (continued)

Directors

The directors who served during the year and subsequently were as follows:

J Cordani (resigned 14 September 2016)
F Monteiro (resigned 7 April 2017)
RE Richards (resigned 7 April 2017)
P Bray
T J Clarke
S G Sheffield
J E Capps (appointed 7 April 2017)
J P Connolly (appointed 7 April 2017)

Employees

It is the policy of the Company that no job application or employee, full time or part time, will receive less favourable treatment because of a disability. The Company gives full and fair consideration to people with disabilities during recruitment, who are judged on whether or not they have the skills or experience to do the job in question. Particular consideration is given to the training, career development and promotion of employees with disabilities (and especially of those individuals who become disabled during employment). It is the aim of the Company to comply at all times with the obligations imposed on it by relevant laws and regulations.

Management believes that employees will work more effectively if they are kept informed of the progress of their own company and of the group as a whole. For this reason, the executive directors of Platform Specialty Products Corporation regularly brief the managing directors of the various operating companies who, in turn, are responsible for communicating relevant information to their employees on a regular and systematic basis and consult them where appropriate.

Employee involvement in the group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining the Company's performance

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in place as at the date of the approval of the financial statements and throughout the last and current financial year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will continue in office as statutory auditors to the Company.

MacDermid Performance Solutions UK Limited

Directors' Report for the year ended 31 December 2016 (continued)

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the board of directors on ~~28 September~~ 2017 and signed on its behalf by:



P Bray
Director

Independent Auditors' Report to the Members of MacDermid Performance Solutions UK Limited

Report on the financial statements

Our opinion

In our opinion, MacDermid Performance Solutions UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Profit and Loss Account and Other Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of MacDermid Performance Solutions UK Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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 of 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

John Maitland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

2017

MacDermid Performance Solutions UK Limited

Profit and Loss Account and Other Comprehensive Income for the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	3	20,565	20,512
Cost of sales		(13,543)	(13,166)
Gross profit		7,022	7,346
Distribution expenses		(2,213)	(2,149)
Administrative expenses		(420)	(10,635)
Other operating income	4	2,431	2,266
Operating profit/(loss)	5	6,820	(3,172)
Interest receivable and similar income	8	939	1,015
Profit/(loss) before taxation		7,759	(2,157)
Tax on profit/(loss)	10	251	364
Profit/(loss) for the financial year		8,010	(1,793)
Actuarial loss in respect of defined benefit pension scheme	18	(1,198)	(59)
Deferred tax on other comprehensive expense	17	203	12
Other comprehensive expense for the year, net of tax		(995)	(47)
Total comprehensive income/(expense) for the year		7,015	(1,840)

All activities are derived wholly from continuing operations.

There are no forms of other comprehensive income recognised in the current year and therefore no Statement of Comprehensive Income has been presented.

The notes on pages 12 to 27 form an integral part of these financial statements.

MacDermid Performance Solutions UK Limited

Balance Sheet at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	11	3,299	3,853
Investments	12	1,723	1,723
		5,022	5,576
Current assets			
Inventory	13	2,520	2,250
Debtors	14	67,629	37,911
Cash at bank and in hand		4,272	4,040
		74,421	44,201
Creditors: amounts falling due within one year	15	(60,716)	(35,400)
Net current assets		13,705	8,801
Total assets less current liabilities		18,727	14,377
Creditors: amounts falling due after more than one year	16	(492)	(550)
Provisions for liabilities	17	(663)	(213)
Net pension asset	18	3,404	347
Net assets		20,976	13,961
Capital and reserves			
Called up share capital	21	3,000	3,000
Share premium account		1,682	1,682
Profit and loss account		16,294	9,279
Shareholders' funds		20,976	13,961

The notes on pages 12 to 27 form an integral part of these financial statements.

These financial statements on pages 9 to 27 were approved by the board of directors on *28 September* 2017 and were signed on its behalf by:



P Bray
Director
Company Number: 01290882

MacDermid Performance Solutions UK Limited

Statement of Changes in Equity for the year ended 31 December 2016

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
Balance as at 1 January 2015	3,000	1,135	13,619	17,754
Loss for the financial year	-	-	(1,793)	(1,793)
Other comprehensive expense	-	-	(47)	(47)
Total comprehensive expense for the year	-	-	(1,840)	(1,840)
Dividends paid	-	-	(2,500)	(2,500)
Increase in share capital and share premium	-	547	-	547
Balances as at 31 December 2015	3,000	1,682	9,279	13,961
Balances as at 1 January 2016	3,000	1,682	9,279	13,961
Profit for the financial year	-	-	8,010	8,010
Other comprehensive income	-	-	(995)	(995)
Total comprehensive income for the year	-	-	7,015	7,015
Balances as at 31 December 2016	3,000	1,682	16,294	20,976

The share premium account represents the premium amount, over and above the nominal value, on any shares issued in the year and prior periods.

Profit and Loss Account represents accumulated comprehensive income for the year and prior periods.

The notes on pages 12 to 27 form part of these financial statements.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

General information

MacDermid Performance Solutions UK Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered company number is 01290882 and the registered address is Unit 2 Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW, United Kingdom.

Consolidation

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.

Statement of Compliance

These financial statements are prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000, unless stated otherwise.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

Disclosure exemptions

The Company's ultimate parent undertaking, Platform Specialty Products Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Platform Specialty Products Corporation are available to the public and may be obtained from 245 Freight Street, Waterbury, Connecticut, 06702, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of Platform Specialty Products Corporation include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues*.

Basis of preparation

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Measurement convention

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable standards in the United Kingdom.

Going concern

The directors have a reasonable expectation that the Company has adequate resources and no material uncertainties exist that may cast significant doubt about the ability of the Company to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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. 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Financial instruments

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost, using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present values of the future discounted at a market rate of interest.

Such liabilities are subsequently carried at amortised cost, using the effective interest rate method. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities as payments are due within one year or less.

Turnover

The Company recognises revenue, including freight charged to customers, when products are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. The Company's shipping terms are customarily "FOB shipping point" and do not include the right of inspection or acceptance provision.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred except for expenditure on tangible fixed assets. Capital expenditure on tangible fixed assets used for research and development is depreciated in line with the tangible fixed assets accounting policy.

The Company recharges the cost of research and development plus a mark up to MacDermid Acumen Inc., a group undertaking which owns the intellectual property on behalf of the group

Tangible fixed assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the cost attributed to bringing the asset to its working condition for its intended use. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and equipment	5 to 14 years
Leasehold improvements	Straight line over 15 years

Assets in the course of construction are stated at cost and are not depreciated until they are ready for use.

Investment in subsidiaries

Investments held as fixed assets are stated at cost less any provision for impairment

Leases

The rental costs of properties and other assets acquired under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease

Benefits received as an incentive to sign a lease, whatever form they take, are credited to the profit and loss account on a straight line basis over the life of the lease or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate. The corresponding liability is held within deferred income on the balance sheet.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials at average cost, labour and appropriate overhead expenses. In determining the cost, a weighted average cost basis is used. Specific provisions are made as necessary for slow moving and obsolete inventories.

Employee benefits

The Company operates a pension scheme with one section based on final pensionable pay and one section based on contributions. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are paid in accordance with the recommendations of an independent actuary.

Defined benefit scheme

Pension scheme assets are measured at market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent it is recoverable) or deficit is recognised in full. Assets recognised are restricted to the extent that the Company is able to recover the surplus through reduced contributions. The movement in the scheme is split between operating charges, finance items and in the statement of comprehensive income.

The Company's policy for accounting for a pension scheme buy-in is to recognise the impact in line with the Company's interpretation of the accounting standard in force at the time. The Company's policy is to recognise the settlement impact when the Company is demonstrably committed to the transaction in 2016, this was deemed to be when the Trustee of the scheme signed an agreement with the insurer to secure benefits in 2016. In line with the Company's interpretation of FRS 102 (after obtaining advice from its corporate pension advisors), the liabilities at the 2015 and 2016 year end were assessed using a corporate bond-based discount rate and other assumptions derived consistently with those adopted in previous years. Due to the matching nature of the buy-in policy, the scheme's assets related to the policy were written-down to match the assessed liabilities in accordance with FRS 102 para 28.15 (b). MacDermid aims for consistency in its treatment of events as part of its accounting disclosures, though for a transaction of this size the appropriate accounting treatment will always be considered on an individual basis and in conjunction with the relevant accounting rules in force at the time.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Defined contribution scheme

The amounts charged to the profit and loss account represent the contributions payable to the scheme in respect of the period.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Distributions to equity holders

Dividends and other distributions to company stakeholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's stakeholders. The amounts are recognised in the Statement of changes in equity.

2 Critical accounting judgements and estimation uncertainty

Critical accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Determining the carrying amount of some assets requires estimation of the effect of uncertain future events. The major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets are noted below.

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the short leasehold, property plant and equipment, and note 1 (Tangible assets) for the useful economic lives for each class of assets.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Critical accounting judgements and estimation uncertainty (continued)

ii) Inventory provisioning

The company manufactures and sells specialty chemicals and is subject to changing customer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the inventory and associated provision.

iii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

iv) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosures relating to the defined benefit pension scheme

3 Turnover

The turnover and profit/(loss) on ordinary activities before taxation are attributable to the principal activities of the Company. The turnover attributable to each of the Company's geographical markets is:

	2016	2015
	£000	£000
United Kingdom	13,804	13,820
Other EU countries	5,360	5,401
Rest of the world	1,401	1,291
	20,565	20,512

4 Other operating income

	2016	2015
	£000	£000
Research and development cost recharged to other group undertakings	2,431	2,266

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Operating profit/(loss)

Included in profit are the following:

	2016	2015
	£000	£000
Research and development expenditure as incurred	2,320	2,158
Inventory recognised as an expense	12,053	11,238
Inventory included in cost of sales	25	18
Depreciation of owned fixed assets	646	642
Operating lease charges	365	362
Impairment of investment	-	483
	2016	2015
	£000	£000
Audit of these financial statements	108	35

6 Directors' remuneration

	2016	2015
	£000	£000
Emoluments receivable	438	421
Company pension contributions to money purchase schemes	32	33
	470	454

Retirement benefits are accruing to 2 (2015: 2) directors under the defined benefit scheme. No contributions were made to the scheme on behalf of the directors (2015: £nil). Retirement benefits are accruing to 4 directors (2015: 4) under the money purchase scheme.

Four directors received no remuneration in respect of their services to the Company (2015: two). The emoluments for these four individuals are borne by another group company. The highest paid director received remuneration of £134,308 in 2016 (2015: £141,874).

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Staff costs

The monthly average number of persons employed by the Company (including directors) during the year was as follows:

By activity	Number of employees	
	2016	2015
Production	18	19
Sales and marketing	33	35
Warehousing	5	6
Administration	37	38
	93	98

The aggregate payroll costs of these persons were as follows:

Operating profit is stated after charging/(crediting):

	2016	2015
	£000	£000
Wages and salaries	3,711	3,286
Social security costs	342	341
Other pension costs	229	243
Staff costs	4,282	3,870

8 Interest receivable and similar income

	2016	2015
	£000	£000
Bank interest receivable	14	12
Interest from group undertakings	924	788
Income from defined pension	1	215
Total interest receivable and similar income	939	1,015

9 Dividends

	2016	2015
	£000	£000
Equity shares		
Interim dividends paid – nil pence per share (2015: 83.3 pence per share)	-	2,500
	-	2,500

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Taxation

a) Total tax credit included in profit and loss account

	2016	2015
	£000	£000
Current tax:		
UK corporation tax on profits/(losses) for the year	-	905
Adjustments in respect of prior years	(905)	37
Total current tax	(905)	942
Deferred tax:		
Origination and reversal of timing differences	(37)	(79)
On pension costs charged to the profit and loss account	723	(1,225)
Adjustments in respect of prior years	(32)	(2)
Total deferred tax	654	(1,306)
Total tax credit	(251)	(364)

b) Reconciliation of effective tax rate

Tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2016 of 20.00% (2015: 20.25%). The differences are explained below:

	2016	2015
	£000	£000
Profit/(loss) for the financial year	8,010	(1,793)
Tax on profit/(loss)	251	364
Profit/(loss) excluding tax	7,759	(2,157)
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	1,552	(437)
Expenses not deductible for tax purposes	55	103
Rate change effect	(153)	15
Additional tax credit for research and development	-	(80)
Group relief surrendered	(800)	-
Adjustments in respect of prior years	(905)	35
Total tax expense included in profit	(251)	(364)

Factors that may affect future current and total tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016 and was substantively enacted on 6 September 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the Balance Sheet date, is not material.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Total
Cost			
At 1 January 2016	3,775	3,938	7,713
Additions	-	92	92
Disposals	-	-	-
At 31 December 2016	3,775	4,030	7,805
Accumulated depreciation			
At 1 January 2016	1,678	2,182	3,860
Charge during the year	252	394	646
Disposals	-	-	-
At 31 December 2016	1,930	2,576	4,506
Net book value			
At 31 December 2016	1,845	1,454	3,299
At 31 December 2015	2,097	1,756	3,853

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 January 2016	2,206
Additions	-
At 31 December 2016	2,206
Provisions	
At 1 January 2016	483
Charge during the year	-
At 31 December 2016	483
Net book value	
At 31 December 2016	1,723
At 31 December 2015	1,723

	Registered office address	Class of shares held	Ownership 2016	Ownership 2015
MacDermid Enthone Ltd	Unit 2 Genesis Business park Albert Drive, Woking, Surrey, United Kingdom , GU21 5RW	Ordinary	100%	100%

On 27 October 2015 the Company acquired 100% of the equity share capital of OMG Electronic Chemicals UK, Limited for a cash consideration of £2,206,000. The fair value of the investment acquired has been subject to an impairment review during 2015 and has been written down to the net asset value of the subsidiary of £1,723,000.

13 Inventories

	2016 £000	2015 £000
Raw materials and consumables	1,143	1,111
Finished goods and goods for resale	1,377	1,139
	2,520	2,250

There are no material differences between the values of inventories and their replacement values.

Inventories are stated after provisions for impairment of £28,000 (2015: £39,000)

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Debtors

	2016	2015
	£000	£000
Trade debtors	2,937	2,718
Amounts owed by group undertakings	64,301	34,856
Prepayments and accrued income	135	337
Corporation tax receivable	256	-
	67,629	37,911

Trade debtors are stated after provisions for bad debt of £177,396 (2015: £41,000).

Intercompany loans are repayable at times and amounts demanded by the lender and are due from; MacDermid Europe Limited £4,165,000 at an interest rate of LIBOR plus 3.125%; MacDermid Canning Limited £10,978,000 at an interest rate of LIBOR plus 3.25%; Arysta LifeScience Great Britain Ltd £2,850,000 at an interest rate of LIBOR plus 3.75%; Arysta LifeScience UK USD Limited £1,500,000 at an interest rate of LIBOR plus 3.125%. There is no security held for these loans. The Intercompany loans also include a loan to Alpha Fry Ltd GBP 1,000,000 at an interest rate of LIBOR plus 3.50%; the loan to Canning Ltd is 10,980,000.

All other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	1,186	1,522
Amounts owed to group undertakings	58,198	32,771
Corporation tax payable	-	506
Other taxation and social security	99	93
Accruals and deferred income	1,233	508
	60,716	35,400

All amounts owed to group undertakings are interest free, are repayable on demand, and are unsecured.

16 Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
Accruals and deferred income	492	550
	492	550

Creditors falling due after more than one year relate to lease incentives.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Provisions for liabilities

	Deferred tax £000
At 1 January 2016	213
Charge to the Profit and Loss Account for the year	653
Credit on the actuarial loss in respect of the defined benefit pension scheme	(203)
At 31 December 2016	663

	2016 £000	2015 £000
Excess of taxation allowances over depreciation on fixed assets	84	144
Pension scheme asset	579	69
	663	213

18 Employee benefits

Defined benefit scheme

The principal scheme operated in the UK is the MacDermid Canning Pension Scheme. It is a defined benefit scheme for service prior to 6 April 1997 and defined contribution for service on or after that date. The scheme is established as a separate fund and administered by a corporate trustee. The scheme's assets are invested independently of the Company with no element of self-investment.

The latest full actuarial valuation was carried out at 6 April 2013 and was updated for FRS 102 purposes to 31 December 2016.

The amounts recognised in the balance sheet at 31 December 2016:

	2016 £000	2015 £000
Bonds	1,188	1,002
Buy-in-policy	47,686	42,564
Others, including cash	3,552	4,495
Total market value of assets	52,426	48,061
Present value of scheme liabilities	(49,022)	(47,714)
Surplus in the scheme	3,404	347

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Employee benefits (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2016
	£000
Opening defined benefit obligation	47,714
Current service cost	637
Interest cost	1,703
Actuarial gains	7,895
Benefits paid	(3,399)
Administrative expenses paid	(637)
Past service cost	(4,891)
Closing defined benefit obligation	49,022

Changes in the fair value of plan assets are as follows:

	2016
	£000
Opening fair value of scheme assets	48,061
Expected return on plan assets	1,704
Actuarial gains	6,697
Benefits paid	(3,399)
Administrative expenses paid	(637)
Closing fair value of scheme assets	52,426

Analysis of the amount recognised in the statement of comprehensive income:

	2016	2015
	£000	£000
Actual return more than expected return on scheme assets	6,697	(2,828)
Experience in liability gain/(loss) during year	(7,895)	2,769
Actuarial gain/(loss)	(1,198)	(59)

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Employee benefits (continued)

Analysis of the amount recognised in the profit and loss account.

	2016	2015
	£000	£000
Current service cost	637	1,191
Net interest income	(1)	(215)
Past service cost	(4,891)	5,150
Total (credit)/charge to profit and loss account	(4,255)	6,126

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2016	2015
	%	%
Discount rate	2.65	3.70
Pension increase (fixed)	1.5 or 3	1.50 or 3
RPI inflation assumption	3.55	3.30
CPI inflation assumption	2.45	2.20

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 23 years (male); 26 years (female)
- Future retiree upon reaching 65: 25 years (male); 28 years (female) (currently aged 45)

A history of experience gains and losses is shown below:

	2016	2015
	£000	£000
Experience (losses)/gains on scheme assets amount	6,697	(2,828)
% of scheme assets	12.77	(5.88)
Experience adjustment on scheme liabilities amount	(7,895)	2,769
% of scheme obligation	16.11	5.8

Defined contribution scheme

A defined contribution scheme is operated on behalf of the employees. The assets are held separately in an independently administered fund. The pension charge represents contributions payable to the fund and amounted to £229,000 during 2016 (2015: £243,000). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

19 Capital and other commitments

At 31 December 2016, there were no capital commitments which were contracted for and not paid (2015: £Nil).

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	2016	2015
	£000	£000
Operating leases which expire:		
Within one year	352	319
Within two to five years	1,385	1,154
After five years	478	951
	2,215	2,424

The company had no other off balance sheet arrangements.

20 Related parties

The Company is exempt under FRS 102 para 1.12 from disclosing transactions with other group undertakings or transactions with investees of the group qualifying as related parties, as it is wholly owned and its ultimate parent company, publishes equivalent information in the consolidated financial statements of Platform Specialty Products Corporation, which are publicly available (note 23).

21 Called up share capital

Allotted, called up and fully paid

	2016	2015
	£000	£000
3,000,001 ordinary shares of £1 each	3,000	3,000
	3,000	3,000

The shares have attached to them full voting, dividend and capital distribution (including winding up) rights, they do not confer any rights of redemption.

22 Contingent liabilities

The company is party to an unlimited intercompany composite guarantee in favour of its bankers, Royal Bank of Scotland Plc. The other participants in the guarantee are all fellow UK subsidiaries of the Platform Specialty Products Corporation group.

MacDermid Performance Solutions UK Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Ultimate parent company and parent company of larger group

The Company's immediate parent undertaking is MacDermid Italiana S.R.L., a company incorporated in Italy. This is the smallest group within which the Company is consolidated.

The ultimate parent company and controlling party is Platform Specialty Products Corporation, which is incorporated in the United States of America.

The largest group in which the results of this Company are consolidated is that headed by Platform Specialty Products Corporation. Copies of the group financial statements are available to the public from the following address:

Platform Specialty Products Corporation
245 Freight Street
Waterbury
Connecticut 06702
USA