

**NALCO ACQUISITION ONE
FINANCIAL STATEMENTS
31 DECEMBER 2007**

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NALCO ACQUISITION ONE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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NALCO ACQUISITION ONE
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	C R Lee S N Landsman D Johnson (appointed – 9 February 2009) F A M Jung (resigned – 5 December 2008)
Company secretary	W. A. Joyce
Registered office	P O Box 11 Winnington Avenue Northwich Cheshire CW8 4DX
Auditors	Ernst & Young LLP Chartered Accountants 100 Barbirolli Square Manchester M2 3EY
Bankers	Bank of America 26 Elmfield Road Bromley Kent BR1 1WA
Solicitors	Eversheds 70 Great Bridgewater Street Manchester M1 5ES

NALCO ACQUISITION ONE
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2007

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company acts as a holding company. As the company did not trade, the company is not exposed to financial risks such as price risk, credit risk, liquidity risk and cash flow risk.

With respect to interest rate risk, the company has lendings and borrowings with other group undertakings at a floating rate of interest. During the period, the interest rate exposure was reviewed but it was not deemed necessary to cover the interest rate exposure by any financial instruments.

The company may utilise derivative financial instruments to manage foreign currency exchange risk arising from financing activities. Forward contracts may be utilized to protect cash flows from adverse movements in exchange rates. The company views derivative financial instruments as a risk management tool and does not use them for speculative or trading purposes.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €4,883,000 (2006: loss €6,991,000).

The directors have not recommended a dividend (2006: €Nil).

DIRECTORS

The directors who served the company during the year are listed on page 1.

There are no directors' interests requiring disclosure under the Companies Act 1985.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware:

- a) There is no relevant audit information of which the company's auditors are unaware; and
- b) Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

NALCO ACQUISITION ONE
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2007

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
P O Box 11
Winnington Avenue
Northwich
Cheshire
CW8 4DX

Signed on behalf of the directors



C R LEE
Director

Approved by the directors on 21st July 2009

NALCO ACQUISITION ONE
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2007

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

NALCO ACQUISITION ONE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NALCO ACQUISITION ONE

YEAR ENDED 31 DECEMBER 2007

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 are responsible for the preparation of the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 if, in our opinion, the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

NALCO ACQUISITION ONE
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NALCO
ACQUISITION ONE *(continued)*
YEAR ENDED 31 DECEMBER 2007

Failure to prepare group financial statements

As more fully explained in note 1, group financial statements have not been prepared incorporating the Company's subsidiaries and equity accounting for its associates. In our view, the company did not meet the technical criterion under section 228A of the Companies Act 1985 that it must file the group financial statements of its US parent in which it was included with the Registrar within the period allowed for delivering accounts. As that period has passed, accordingly, in our opinion, the company is not eligible for the exemption under section 228A of the Companies Act 1985. It has not been practicable to quantify the consolidated net assets or liabilities and result of the group had group financial statements been prepared.

ADVERSE OPINION - FAILURE TO PREPARE GROUP ACCOUNTS

In view of the effect of the failure to consolidate the Company's subsidiaries and the matters outlined above, in our opinion the financial statements do not give a true and fair view of the state of the affairs of the group as at 31 December 2007 and of its result for the year then ended.

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2007 and of its loss for the year then ended.

Except for the failure to prepare group financial statements, in all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985. The information given in the directors' report is consistent with the financial statements.



ERNST & YOUNG LLP
Registered Auditor
Manchester

22/7/09

NALCO ACQUISITION ONE
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007

	Note	2007 €000	2006 €000
Other operating expenses		(59)	-
Other operating income		-	81
OPERATING LOSS	2	(59)	81
Interest receivable and similar income	4	6,627	1
Interest payable and similar charges	5	(15,466)	(9,994)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,898)	(9,912)
Tax on loss on ordinary activities	6	4,015	2,921
LOSS FOR THE FINANCIAL YEAR		(4,883)	(6,991)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of €4,883,000 attributable to the shareholders for the year ended 31 December 2007 (2006 - loss €6,991,000).

The notes on pages 9 to 16 form part of these financial statements.

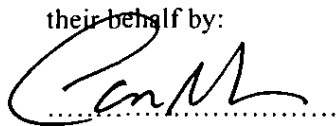
NALCO ACQUISITION ONE

BALANCE SHEET

31 DECEMBER 2007

	Note	2007 €000	2006 €000
FIXED ASSETS			
Investments	7	312,428	253,648
CURRENT ASSETS			
Debtors	8	10,522	6,600
Cash at bank		7	2
		<u>10,529</u>	<u>6,602</u>
CREDITORS: Amounts falling due within one year	9	<u>(6,092)</u>	<u>(6,412)</u>
NET CURRENT ASSETS		<u>4,437</u>	<u>190</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>316,865</u>	<u>253,838</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(256,713)</u>	<u>(188,803)</u>
		<u>60,152</u>	<u>65,035</u>
CAPITAL AND RESERVES			
Share capital	13	—	—
Share premium account	14	84,550	84,550
Profit and loss account	14	<u>(24,398)</u>	<u>(19,515)</u>
SHAREHOLDERS' FUNDS	14	<u>60,152</u>	<u>65,035</u>

These financial statements were approved by the directors on the 21st July 2009 and are signed on their behalf by:


 C R LEE
 Director

The notes on pages 9 to 16 form part of these financial statements.

NALCO ACQUISITION ONE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards.

Basis of consolidation

The Company and all of its subsidiary undertakings are included in consolidated accounts for a larger group, Nalco Company, drawn up to the same date in the same financial year and those accounts are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up. Accordingly the Company, in accordance with the exemption in S228(A) of the Companies Act, has not prepared consolidated financial statements. The financial statements therefore contain information about Nalco Acquisition One as an individual company and not as a group.

Cash flow statement

No cash flow statement has been prepared in accordance with FRS 1 (Revised) 1996 as the financial statements of Nalco Company, the ultimate parent company, include a consolidated cash flow statement which include the company's cash flows.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING (LOSS) / PROFIT

Operating (loss)/profit is stated after charging:

	2007	2006
	€000	€000
Net (loss)/gain on foreign currency translation	<u>(56)</u>	<u>29</u>

Auditor's remuneration is borne by fellow group company, Nalco Limited.

3. PARTICULARS OF EMPLOYEES

No other staff are employed other than the Officers listed on page one. Employee costs are borne by a fellow group company.

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	€000	€000
Bank interest	1	1
Interest from group undertakings	6	-
Dividends received from subsidiary undertakings	6,620	-
	<u>6,627</u>	<u>1</u>

Interest received from group undertakings is loan interest charged at 1.675 and 2.500 points above EURIBOR, in line with the loan agreements(s).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	€000	€000
Bank interest	1	-
Interest payable to group undertakings	15,465	9,994
	<u>15,466</u>	<u>9,994</u>

Interest paid to group undertakings is loan interest charged at 1.675 points above EURIBOR, in line with the loan agreements(s).

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007	2006
	€000	€000
Current tax:		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	(4,015)	(2,974)
Adjustments relating to prior periods	-	53
Total current tax	<u>(4,015)</u>	<u>(2,921)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007	2006
	€000	€000
Effects of expenses not deductible for tax		
Loss on ordinary activities before taxation	<u>(8,898)</u>	<u>(9,912)</u>
Loss on ordinary activities by rate of tax	(2,669)	(2,974)
Adjustments to tax charge in respect of previous periods	-	53
Tax losses to carry forward	205	-
Effects of expenses not deductible for tax	435	-
Non taxable income	<u>(1,986)</u>	<u>-</u>
Total current tax (note 6(a))	<u>(4,015)</u>	<u>(2,921)</u>

The Finance Bill 2007, which was substantively enacted in June 2007, reduces the main rate of corporation tax in the UK from 30% to 28% with effect from 1 April 2008. This change is reflected in the unrecognised deferred tax asset which is shown at 28% of the gross asset.

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

7. INVESTMENTS

Investment in subsidiary

COST

	€000
At 1 January 2007	253,648
Additions	155,692
Disposals	<u>(96,912)</u>
At 1 December 2007	<u>312,428</u>

NET BOOK VALUE

At 31 December 2007	<u>312,428</u>
At 31 December 2006	<u>253,648</u>

During the year the company disposed of its investment in certain subsidiary undertakings:

	€000
Proceeds at fair market value	96,912
Net book value of investments	<u>(96,912)</u>
	<u>-</u>

The proceeds of the disposal were as follows were settled as follows:

	€000
Loan notes	38,132
Shares in subsidiary undertakings	<u>58,780</u>
	<u>96,912</u>

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

7. INVESTMENTS (continued)

The details of the investments in which the company holds more than 20% of the nominal value of any class of share capital is as follows:

	Country of incorporation	Status	Holding (%)	Class of shares held
<i>Subsidiary undertakings:</i>				
Nalco France	France	Trading	100%	Ordinary
Nalco France SNC	France	Non-trading	100%	Ordinary
Ondeo Nalco Belgium NV/SA*	Belgium	Trading	100%	Ordinary
Nalco Portuguesa (Quimica Industrial) Ltd*	Portugal	Non-trading	100%	Ordinary
Wyss Wassertechnik AG*	Switzerland	Trading	100%	Ordinary
Nalco Dutch Holdings BV*	Netherlands	Non-trading	100%	Ordinary
Houseman Waterbehandeling BV	Netherlands	Non-trading	100%	Ordinary
Nalco Netherlands BV	Netherlands	Trading	100%	Ordinary
Nalco Italy Holdings BV	Netherlands	Non-trading	100%	Ordinary
Nalco Italiana Srl	Netherlands	Trading	100%	Ordinary
Nalco Technolgie Diversificate Srl	Netherlands	Non-trading	100%	Ordinary
Nalco Japan Co. Ltd	Japan	Trading	100%	Ordinary
Oekophil AG	Switzerland	Trading	100%	Ordinary
Oekophil Deutschland GmbH	Germany	Trading	100%	Ordinary
Adecom Quimica Ltd	Brazil	Trading	100%	Ordinary
Nalco Holdings (UK) Limited*	UK	Non-trading	100	Ordinary
Nalco Investments UK Limited	UK	Non-trading	100	Ordinary
Nalco Limited	UK	Trading	100	Ordinary
Nalfleet Inc.	USA	Trading	100	Ordinary
Nalco Danmark A/S	Denmark	Trading	100	Class A
Nalco Norge A/S	Norway	Trading	100	Ordinary
Nalco North Africa Limited	England	Non-trading	100	Ordinary
Nalco Services Limited	England	Non-trading	100	Ordinary
Nalco Energy Services Limited	England	Non-trading	100	Ordinary
Nalco Energy Services Marketing Limited	England	Trading	100	Ordinary
Aquazor PTE Limited (Singapore)	Singapore	Trading	100	Ordinary
Houseman Ltd				Ordinary, Preference A & B
	England	Non-trading	100	

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

7. INVESTMENTS (continued)

	Country of incorporation	Status	Holding (%)	Class of shares held
<i>Subsidiary undertakings:</i>				
Enviroflo Engineering Ltd (formerly AQR Ltd)	England	Non-trading	100	Ordinary
Hydrosan Ltd	England	Non-trading	100	Ordinary
Calgon Europe	England	Trading	100	Ordinary
Ondeo Nalco Energy Services (Kazan)	Russia	Trading	100	Ordinary
<i>Associated undertakings and joint ventures:</i>				
Katayama Nalco Inc	Japan	Trading	50%	Ordinary
Degremont Erpac Canada Inc	Canada	Trading	50%	Ordinary
Rauan Nalco LLP	Kazakhstan	Trading	45	
Nalco Pacific Pte Limited	Singapore	Trading	50	A ordinary

* Shareholdings are owned directly by the company.

8. DEBTORS

	2007 €000	2006 €000
Amounts owed by group undertakings	<u>10,522</u>	<u>6,600</u>

9. CREDITORS: Amounts falling due within one year

	2007 €000	2006 €000
Amounts owed to group undertakings	<u>6,092</u>	<u>6,412</u>

10. CREDITORS: Amounts falling due after more than one year

	2007 €000	2006 €000
Amounts owed to group undertakings	<u>256,713</u>	<u>188,803</u>

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

11. DEFERRED TAX ASSET

A deferred tax asset of €1,122,000 (2006: €964,000) has not been recognised in the financial statements.

The deferred tax asset not provided in the accounts can be analysed as follows:

	2007	2006
	€000	€000
Other short-term timing differences	930	964
Losses to carry forward	192	-
	<u>1,122</u>	<u>964</u>

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits in the future.

12. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Nalco Company, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Nalco Company.

13. SHARE CAPITAL

Authorised share capital:

	2007	2006
	€000	€000
1,000 Ordinary shares of USD 0.01 each	<u>-</u>	<u>-</u>

Allotted, called up and fully paid:

	2007		2006	
	No	€000	No	€000
Ordinary shares of USD 0.01 each	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>

14. MOVEMENT ON SHAREHOLDERS' FUNDS

	Share premium account €000	Profit and loss account €000	Total share- holders' funds €000
At 1 January 2007	84,550	(19,515)	65,035
Loss for the year	<u>-</u>	<u>(4,883)</u>	<u>(4,883)</u>
At 31 December 2007	<u>84,550</u>	<u>(24,398)</u>	<u>60,152</u>

NALCO ACQUISITION ONE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

15. ULTIMATE PARENT COMPANY

The directors regard Nalco Company, incorporated in the United States of America, as the ultimate controlling party.

Nalco Company is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 1601 W. Diehl Road, Naperville, IL 60563-1198, USA.

Nalco Universal Holdings BV is the parent company of the smallest group of which the company is a member.