

APOLLO CHEMICALS LIMITED
DIRECTORS REPORT AND AUDITED FINANCIAL STATEMENTS
30TH APRIL 1999

<u>Contents</u>	<u>Page</u>
General Information	2
Directors Report	3 - 4
Statement Of Directors Responsibilities	5
Auditors Report	6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Note of historical cost profits and losses	10
Reconciliation of movements in shareholders' funds	10
Notes	11 - 20



APOLLO CHEMICALS LIMITEDGENERAL INFORMATION - 30TH APRIL 1999Directors

J.H. Davis.
R.F. Saunders.
H.A. Davis.
G. Saunders.
A.E. Jones.

Secretary

J.H. Saunders.

Registered office

Ashford House,
95, Dixons Green,
Dudley,
West Midlands.

Company number

1052410. (England and Wales)

Auditors

Ronald Shaw & Co.,
Ashford House,
95, Dixons Green,
Dudley,
West Midlands.

Solicitors

Vernon Shakespeare,
15/17, Church Street,
Oldbury,
Warley,
West Midlands.

Bankers

The Royal Bank of Scotland PLC.,
31/33, Birmingham Road,
Sutton Coldfield,
West Midlands.

APOLLO CHEMICALS LIMITEDREPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30th April 1999.

Business review

The principal activity of the company consists of manufacturing and factoring adhesives. There has been no significant change in this activity during the year.

	<u>1999</u> £	<u>1998</u> £
Turnover	11,915,472	12,340,077
Profit before taxation	557,851	482,630
Taxation	(174,380)	(142,821)
Profit for the year	£383,471	£339,809

All the turnover and profit before taxation arose from the above activity. An analysis of the turnover by geographical segment is given in note 2 to the financial statements.

The level of activity and the year end financial position were satisfactory, and the directors expect that the present level of activity will be maintained during the year ending 30th April 2000.

Year 2000

The directors have assessed all risks and problems relating to the year 2000 issue and are of the opinion that all risks are no longer significant.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company at 30th April 1999, all of whom had been directors for the whole of the year ended on that date, were:-

J.H. Davis
R.F. Saunders
H.A. Davis
G. Saunders
A.E. Jones

In accordance with the articles of association G. Saunders and A.E. Jones retire by rotation and, being eligible, offers themselves for re-election.

APOLLO CHEMICALS LIMITEDREPORT OF THE DIRECTORS

(continued)

Directors interests in the shares of the company

The directors R.F. Saunders and J.H. Davis are also directors of the ultimate holding company Apollo Chemicals Holdings Limited and accordingly particulars of their interests in that company are included within that company's directors report.

Charitable contributions

During the year the company made charitable contributions of £168 (1998 £203).

Fixed assets

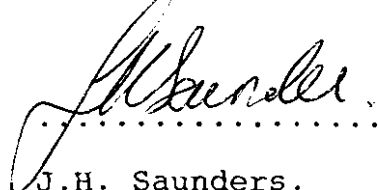
The movements in fixed assets during the year are set out in the table on page 15.

The directors are of the opinion that the value of the freehold and leasehold land and buildings is approximately £1,650,000 compared with a book value of £1,282,904.

Auditors

A resolution in accordance with section 385, Companies Act 1985, for the re-appointment of Ronald Shaw & Co., as auditors of the company, is to be proposed at the forthcoming annual general meeting.

Signed on behalf of the board
of directors.



.....

J.H. Saunders.
Secretary.

Approved by the board: 3rd December 1999.

APOLLO CHEMICALS LIMITEDSTATEMENT OF DIRECTORS RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the company for that year. 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;
- * 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 maintaining proper accounting records which 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. 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.

APOLLO CHEMICALS LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 7 to 20, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

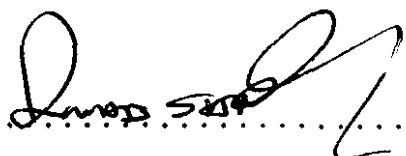
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 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, reliable and relevant evidence to give reasonable assurance that the financial statements are free from material misstatements, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



.....

Ronald Shaw & Co.
Chartered Accountants and Registered Auditors.

Ashford House,
95, Dixons Green,
Dudley,
West Midlands.
DY2 7DJ.

6th December 1999.

APOLLO CHEMICALS LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 1999

	<u>Note</u>	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £
Turnover	2		11,915,472	12,340,077
Materials and factored purchases		(5,922,936)		(6,215,935)
Other external charges		(878,008)		(751,372)
			(6,800,944)	(6,967,307)
			5,114,528	5,372,770
Staff costs	3		(3,237,360)	(3,503,949)
Depreciation and amortisation written off tangible fixed assets	8		(244,778)	(209,448)
Other operating charges			(1,074,247)	(1,169,601)
Operating profit	4		558,143	489,772
Interest payable	6		(48,766)	(48,024)
Interest received			48,474	40,882
Profit on ordinary activities before taxation			557,851	482,630
Taxation on profit on ordinary activities	7		(174,380)	(142,821)
Profit for the financial year			383,471	339,809
Retained profit brought forward			1,718,305	1,378,496
Retained profit carried forward			£2,101,776	£1,718,305

None of the company's activities were acquired or discontinued during the two years ended 30th April 1999.

The company has no recognised gains or losses other than the profit for the two years ended 30th April 1999.

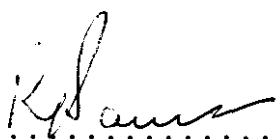
The notes on pages 11 to 20 form part of these financial statements

APOLLO CHEMICALS LIMITED

BALANCE SHEET, 30TH APRIL 1999

	<u>Note</u>	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £
Fixed assets				
Tangible	8		1,726,895	1,689,188
Investment in subsidiary	9		3	3
Life assurance policies	10		1,032	1,032
			<hr/>	<hr/>
			1,727,930	1,690,223
Current assets				
Stock	11	1,161,061		1,175,889
Debtors	12	2,451,769		2,692,499
Bank		1,015,815		659,498
Cash		1,299		1,361
		<hr/>		<hr/>
		4,629,944		4,529,247
Creditors				
Amounts falling due within one year	13	(3,452,810)		(3,730,176)
		<hr/>		<hr/>
Net current assets			1,177,134	799,071
			<hr/>	<hr/>
Total assets less current liabilities			2,905,064	2,489,294
			<hr/>	<hr/>
Creditors				
Amounts falling due after more than one year	14		(187,931)	(155,632)
			<hr/>	<hr/>
Net assets			£2,717,133	£2,333,662
			<hr/>	<hr/>
Capital and reserves				
Called up share capital	17		1,405	1,405
Share premium account	18		139	139
Capital redemption reserve	18		667	667
Revaluation reserve	18		613,146	613,146
Profit and loss account	18		2,101,776	1,718,305
			<hr/>	<hr/>
Shareholders funds			£2,717,133	£2,333,662
			<hr/>	<hr/>

Signed on behalf of the board of directors.

.....

R.F. Saunders.
Director.

Approved by the board: 3rd December 1999.

The notes on pages 11 to 20 form part of these financial statements

APOLLO CHEMICALS LIMITEDSTATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH APRIL 1999

	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £
Cash inflow/(outflow) from operating activities (note 4b)		1,262,509	(267,959)
Returns of investment and servicing of finance			
Interest paid	(21,052)		(14,630)
Interest received	48,474		40,882
Interest element of finance lease rental payments	(27,714)		(33,394)
		(292)	(7,142)
		1,262,217	(275,101)
UK Corporation tax paid		(142,821)	(188,536)
		1,119,396	(436,637)
Capital expenditure			
Payments to acquire tangible fixed assets	(84,479)		(54,222)
Receipts from sale of tangible fixed assets	1,700		53,682
		(82,779)	(540)
Cash inflow/(outflow) before financing		1,036,617	(464,177)
Financing			
Capital element of finance lease rental payments	(188,724)		(176,774)
Net movement in long term borrowings	(8,447)		(25,062)
Net cash outflow from financing		(197,171)	(201,836)
Increase/(decrease) in cash (note 16)		£839,446	£(666,013)

The notes on pages 11 to 20 form part of these financial statements.

APOLLO CHEMICALS LIMITED

RECONCILIATION OF NET CASHFLOW TO MOVEMENTS
IN NET DEBT (NOTE 16)

	<u>1999</u> £	<u>1998</u> £
Increase/(decrease) in cash in the year	839,446	(666,013)
Cash outflow from decrease in debt and lease financing	197,171	201,836
	<hr/>	<hr/>
Change in net debt arising from cash flows	1,036,617	(464,177)
New finance leases	(201,684)	(241,261)
	<hr/>	<hr/>
Movement in net debt in the period	834,933	(705,438)
Net debt at 1st May 1998	(450,444)	254,994
	<hr/>	<hr/>
Net funds at 30th April 1999	£384,489	£(450,444)
	<hr/> <hr/>	<hr/> <hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30TH APRIL 1999

	<u>1999</u> £	<u>1998</u> £
Reported profit on ordinary activities before taxation	557,851	482,630
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	2,476	6,063
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	£555,375	£476,567
	<hr/> <hr/>	<hr/> <hr/>
Historical cost profit for the year retained after taxation and dividends	£2,331,186	£345,872
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1999</u> £	<u>1998</u> £
Profit for the financial year	383,471	339,809
Opening shareholders funds	2,333,662	1,993,853
	<hr/>	<hr/>
Closing shareholders funds	£2,717,133	£2,333,662
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 20 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 19991. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

The financial statements have been prepared in accordance with applicable accounting standards.

Although this company is a wholly owned subsidiary, it has taken advantage of the exemption from preparing group accounts under Section 248, not 228 as the parent company itself does not prepare consolidated accounts.

(b) Turnover

Turnover represents amounts invoiced by the company in respect of goods and services provided during the year, excluding value added tax.

(c) Depreciation and amortisation

Depreciation and amortisation is calculated so as to write off the cost of the tangible fixed assets by the following instalments over their estimated useful lives.

Long leasehold buildings	125 years
Short leasehold buildings	20 years
Plant and equipment	4 years
Office equipment	7 years
Motor vehicles	4 years

Amortisation has not been written off freehold land and buildings as significant maintenance costs are charged to the profit and loss account to maintain the standard of the property.

(d) Leased assets

Where assets are acquired under hire purchase agreements which give rights approximating to ownership, the amount representing the outright purchase price of such assets is included in tangible fixed assets. Depreciation is provided at rates designed to write off the net cost in equal annual amounts over the estimated useful lives of the assets. The capital element of future payments is charged to the profit and loss account as it accrues.

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight line basis over the lease period.

APOLLO CHEMICALS LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1999
(continued)1. Accounting policies (continued)

(e) Stock

Stock has been valued at the lower of cost or net realisable value. Cost in the case of products manufactured by the company consists of direct material and labour costs, together with relevant factory overheads.

(f) Creditors and stock

Some of the purchases of goods by the company are made on the terms that ownership of the goods shall, in general, not pass until payment. The financial statements are nevertheless drawn up on the basis that such ownership will be established in the normal course of trading.

(g) Debtors

Bad debts have been written off and specific provision made for any debts considered doubtful.

(h) Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

(i) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

2. Turnover

The total turnover arose from the activity of manufacturing and factoring adhesives. The analysis of turnover by geographical area is as follows:-

	<u>1999</u>	<u>1998</u>
	£	£
United Kingdom	11,393,631	11,889,009
Eire	95,633	156,977
Rest of Europe	355,375	228,670
Middle East	57,354	30,736
Far East	6,255	29,022
South America	5,459	-
United States of America	-	5,663
Austrailia	1,765	-
	<hr/>	<hr/>
	£11,915,472	£12,340,077
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1999
(continued)

3. Staff numbers and costs

The average number of persons employed by the company during the year was as follows:-

	<u>1999</u>	<u>1998</u>
Management	5	5
Administration	11	11
Sales and technical	15	15
Production	50	49
	<hr/>	<hr/>
	81	80
	<hr/>	<hr/>

The aggregate payroll costs of those persons was as follows:-

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	2,617,425	2,770,273
Social security	289,041	282,268
Pension scheme contributions	300,894	425,178
Compensation for loss of office	30,000	26,230
	<hr/>	<hr/>
	£3,237,360	£3,503,949
	<hr/>	<hr/>

4. Operating profit

	<u>1999</u>	<u>1998</u>
	£	£
(a) The operating profit is arrived at after charging:-		
Depreciation and amortisation of tangible fixed assets		
Owned	63,499	67,051
Held under hire purchase contracts	181,279	142,397
	<hr/>	<hr/>
	244,778	209,448
Directors emoluments for management (see note 5)	1,284,521	1,417,952
Directors pension scheme contributions	100,000	200,000
Directors life assurance policies	38,359	38,359
Auditors remuneration and expenses	8,100	7,900
	<hr/>	<hr/>

(b) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1999</u>	<u>1998</u>
	£	£
Operating profit	558,143	489,772
Depreciation of tangible fixed assets	244,778	209,448
Loss/(profit) on sale of tangible fixed assets	1,978	(23,148)
Decrease/(increase) in stocks	14,828	(132,946)
Decrease/(increase) in operating debtors and prepayments	240,730	(248,446)
Increase/(Decrease) in operating creditors and accruals	202,052	(562,639)
	<hr/>	<hr/>
	£1,262,509	£(267,959)
	<hr/>	<hr/>

APOLLO CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1999
(continued)

5. Directors emoluments

	<u>1999</u>	<u>1998</u>
Emoluments	£1,284,521	£1,417,952
Emoluments of highest paid director	£500,000	£600,000
Company contributions paid to money purchase pension scheme	£50,000	£100,000
Members of money purchase pensions	2	2

6. Interest payable

	<u>1999</u> £	<u>1998</u> £
On overdrafts and loans repayable within five years		
Bank	21,052	14,630
Hire purchase	27,714	33,394
	£48,766	£48,024

7. Taxation

	<u>1999</u> £	<u>1998</u> £
Taxation based on the taxable profit for the year:-		
Corporation tax 30.92% (1998 30.80%)	£174,380	£142,821

The tax charge for the year has been reduced by:-

Capital allowances	£77,260	£65,223
--------------------	---------	---------

No provision for deferred taxation has been made in relation to the revaluation of freehold and leasehold land and buildings included in the revaluation reserve. If the interest in freehold and leasehold land and buildings were disposed of at its balance sheet amount it is estimated that the tax liability would amount to approximately £69,000.

APOLLO CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1999

8. Fixed assets - Tangible

	Freehold land and buildings £	Long leasehold buildings £	Short leasehold land and buildings £	Plant and equipment £	Office equipment £	Motor vehicles £	Total £
Cost or valuation							
Opening balance	418,671	955,376	5,344	1,634,003	256,534	481,567	3,751,495
Additions	-	-	-	241,832	15,481	28,850	286,163
Disposals	-	-	-	-	-	(14,711)	(14,711)
Closing balance	418,671	955,376	5,344	1,875,835	272,015	495,706	4,022,947
Cost	118,671	270,543	5,344	1,875,835	272,015	495,706	3,038,114
Valuation (1990)	300,000	684,833	-	-	-	-	984,833
Depreciation							
Opening balance	£418,671	£955,376	£5,344	£1,875,835	£272,015	£495,706	£4,022,947
Charge for the year	-	87,475	2,138	1,529,532	190,433	252,729	2,062,307
Disposals	-	6,606	268	122,412	18,749	96,743	244,778
	-	-	-	-	-	(11,033)	(11,033)
Closing balance	-	94,081	2,406	1,651,944	209,182	338,439	2,296,052
Net book value							
30th April 1999	£418,671	£861,295	£2,938	£223,891	£62,833	£157,267	£1,726,895
30th April 1998	£418,671	£867,901	£3,206	£104,471	£66,101	£228,838	£1,689,188
Assets held under hire purchase contracts							
30th April 1999	£ -	£ -	£ -	£148,049	£37,819	£164,996	£350,864
30th April 1998	£ -	£ -	£ -	£60,944	£46,440	£240,191	£347,575

APOLLO CHEMICALS LIMITED

NOTES TO THE ACCOUNTS - 30TH APRIL 1999
(continued)

8. Fixed assets - Tangible continued

	<u>1999</u> £	<u>1998</u> £
Particulars relating to revalued assets are given below:		
Freehold land and buildings 1990 open market value	£300,000	£300,000
	<u> </u>	<u> </u>
Historical cost of revalued assets	£99,555	£99,555
	<u> </u>	<u> </u>
Long leasehold land and buildings 1990 open market value	684,833	684,833
Aggregate depreciation thereon	(87,581)	(80,975)
	<u> </u>	<u> </u>
Net book value	£597,252	£603,858
	<u> </u>	<u> </u>
Historical cost of revalued assets	272,132	272,132
Aggregate depreciation based on historical cost	(53,106)	(48,976)
	<u> </u>	<u> </u>
Historical cost net book value	£219,026	£223,156
	<u> </u>	<u> </u>

The leasehold buildings are on land which has been leased for a term of 125 year from 12th December 1974. Freehold land and buildings have not been amortised.

Other tangible fixed assets including subsequent additions to land and buildings are included at cost.

9. Fixed assets - Investments in subsidiaries

	<u>1999</u>	<u>1998</u>
Raleigh Adhesive Coatings Limited (wholly owned)	£ 3	£ 3
	<u> </u>	<u> </u>

The company's investment in subsidiary undertaking represents the cost of acquisition of 100% of the ordinary share capital of Raleigh Adhesives Coatings Limited a company registered in England and Wales, which provides adhesive tapes.

At 30th April 1999, the aggregate share capital and reserves of the subsidiary undertaking amounted to £116,938, (1998 (£38,871)) and the profit for the year was £155,809 (1998 £87,204).

10. Life assurance policies

	<u>1999</u>	<u>1998</u>
Premiums paid to date	£1,032	£1,032
	<u> </u>	<u> </u>

The policies are on the lives of directors.

APOLLO CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1999
(continued)

11. Stock

	<u>1999</u>	<u>1998</u>
	£	£
Raw materials	563,669	568,328
Solvents	32,029	36,017
Finished goods	443,242	476,975
Equipment for resale	13,504	11,055
Packing materials	101,617	76,014
Stationery	7,000	7,500
	<hr/>	<hr/>
	£1,161,061	£1,175,889
	<hr/>	<hr/>

12. Debtors - Amounts falling due within one year

	<u>1999</u>	<u>1998</u>
	£	£
Trade debtors	2,414,498	2,636,657
Other debtors	2,500	5,300
Prepayments	34,771	50,542
	<hr/>	<hr/>
	£2,451,769	£2,692,499
	<hr/>	<hr/>

13. Creditors - Amounts falling due within one year

	<u>1999</u>	<u>1998</u>
	£	£
Bank overdraft	288,604	771,795
Loan - Lombard North Central PLC	-	8,447
Amount due on hire purchase	156,090	175,429
Trade creditors	1,079,673	1,016,457
Value added tax	238,145	279,768
Taxation	361,080	438,211
Social security	134,227	123,468
Corporation tax	174,380	142,821
Other creditors	5,198	5,899
Accruals	290,736	247,856
Directors loans	473,316	348,239
Loan - Raleigh Adhesive Coatings Limited	251,361	171,786
	<hr/>	<hr/>
	£3,452,810	£3,730,176
	<hr/>	<hr/>

The bank borrowing is secured by:-

- (a) Unlimited debenture dated 17th May 1990
- (b) Charge over leasehold factory, Plot 11,
Sandy Way, Amington, Tamworth, Staffordshire.
- (c) Charge over freehold property at Sandy Way,
Amington, Tamworth.

APOLLO CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS ~ 30TH APRIL 1999
(continued)14. Creditors - Amounts falling due after more than one year

	<u>1999</u>	<u>1998</u>
Amount due on hire purchase, repayable within five years	£187,931	£155,632

15. Obligations under hire purchase

	<u>1999</u>	<u>1998</u>
	£	£
Amounts payable within one year	177,536	199,207
Amounts payable after more than one year In the second to fifth years inclusive	206,696	166,135
	384,232	365,342
<u>Less:</u>		
Finance charges allocated to future periods	(40,211)	(34,281)
	£344,021	£331,061
Disclosed as:-		
Creditors - Amounts falling due within one year	156,090	175,429
Creditors - Amounts falling due after more than one year	187,931	155,632
	£344,021	£331,061

16. Analysis of changes in net funds

	<u>At 1st</u> <u>May 1998</u>	<u>Cash</u> <u>flows</u>	<u>Other</u> <u>changes</u>	<u>At 30th</u> <u>April 1999</u>
	£	£	£	£
Bank and cash	660,859	356,255	-	1,017,114
Overdraft	(771,795)	483,191	-	(288,604)
	(110,936)	839,446	-	728,510
Finance lease	(331,061)	188,724	(201,684)	(344,021)
obligations	(8,447)	8,447	-	-
Loans				
Total	£(450,444)	£1,036,617	£(201,684)	£384,489

APOLLO CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1999
(continued)17. Share capital

	<u>1999</u> £	<u>1998</u> £
<u>Authorised</u>		
Ordinary shares of £1 each	15,000	15,000
"B" shares of £1 each	71	71
	<hr/>	<hr/>
	£15,071	£15,071
	<hr/>	<hr/>
<u>Allotted, called up and fully paid</u>		
	£	£
Ordinary shares of £1 each	1,334	1,334
"B" shares of £1 each	71	71
	<hr/>	<hr/>
	£1,405	£1,405
	<hr/>	<hr/>

The "B" shares hold no voting rights.

18. Reserves

	<u>Capital Redemption Reserve</u> £	<u>Share Premium Account</u> £	<u>Revaluation Reserve</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Balance at					
1st May 1998	667	139	613,146	1,718,305	2,332,257
Retained profit					
for the year	-	-	-	383,471	383,471
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at					
30th April					
1999	£ 667	£ 139	£613,146	£2,101,776	£2,715,728
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

19. Contingent liabilities

The company has given an unlimited guarantee to its subsidiary company Raleigh Adhesive Coatings Limited. In the opinion of the directors no liability will arise under this guarantee.

20. Capital commitments

- (a) There was no capital expenditure contracted for or approved by the directors for which contracts had not been placed. (1998 Nil).
- (b) At 30th April 1999 the company had annual commitments under operating leases, falling due in the year ending 30th April 1999 as follows:-

	<u>Land and buildings</u> £	<u>Other assets</u> £
Operating leases which expire		
Between 2 and 5 years	-	17,187
Over 5 years	64,000	-
	<hr/>	<hr/>
	£64,000	£17,187
	<hr/>	<hr/>

APOLLO CHEMICALS LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 30TH APRIL 1999
(continued)21. Connected party transactions

Transactions with fellow subsidiary undertakings during the year were conducted in the normal course of business:-

	<u>1999</u>	<u>1998</u>
	£	£
<u>R.F. Saunders</u>		
Sales to		
Raleigh Adhesive Coatings Limited	101,477	144,744
Purchases from		
Raleigh Adhesive Coatings Limited	1,576,643	1,629,367
Management charges		
Raleigh Adhesive Coatings Limited	25,000	10,000

22. Holding company

The company's ultimate holding company is Apollo Chemicals Holdings Limited, a company registered in England and Wales.