

Registered Number 3731119

Resolution (UK) Performance Products Limited
(formerly Shell Epoxy Resins UK Limited)

Annual report and accounts
for the year ended 31 December 2000



Resolution (UK) Performance Products Limited

Annual report and accounts for the year ended 31 December 2000

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Resolution (UK) Performance Products Limited

Directors' report for the year ended 31 December 2000

The directors present their report and the audited financial statements of the company for the year ended 31 December 2000.

Principal activities and review of the business

The principal activity of the Company is the manufacture, sale and distribution of epoxy resins. Up to 1 June 2000 this was carried out by Shell Chemicals UK Ltd on behalf of the company. Since that date, the company has managed the business separately from Shell Chemicals UK Ltd.

On 14 November 2000 the company changed its name to Resolution (UK) Performance Products Limited.

Results, dividends and post balance sheet events

The loss for the year ended 31 December 2000 after taxation was £2,217,000 (1999: £340,000) and this has been transferred from reserves. The directors do not recommend the payment of a final dividend. There are no post balance sheet events which, in the opinion of the directors, require reporting in these financial statements.

Directors and their interests

The directors who held office during the year and to the date of approval of the financial statements are given below:

R N Gaskell (resigned 14 November 2000)

D G Naugle (resigned 14 November 2000)

W W Jongepier (appointed 14 November 2000)

P T J Dasbach (appointed 14 November 2000)

D Preston (appointed 14 November 2000, resigned 17 March 2001)

I Harris (appointed 27 May 2001)

No director had any interest in the shares of the company or the ultimate parent company at 31 December 2000. No director who was in office on 31 December 2000, or to the date of the approval of the accounts, has or had any interest in any contract or arrangement to which the company is or was party.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000, that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Resolution (UK) Performance Products Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Neil Waite

N Waite

Secretary

23 September 2002

Resolution (UK) Performance Products Limited

Independent Auditors' Report to the members of Resolution (UK) Performance Products Limited (formerly Shell Epoxy Resins UK Limited)

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

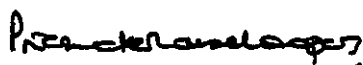
Basis of audit opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Manchester

23 September 2002

Resolution (UK) Performance Products Limited

Profit and loss account for the year ended 31 December 2000

	Note	Year ended 31 December 2000 £'000	9 months ended 31 December 1999 £'000
Turnover – continuing operations	1	38,346	5,026
Cost of sales		(37,641)	(5,027)
Gross profit / (loss)		705	(1)
Administrative expenses		(1,068)	(46)
Distribution costs		(1,685)	(293)
Net operating expenses		(2,753)	(339)
Operating loss – continuing operations	2	(2,048)	(340)
Interest payable and similar charges	5	(169)	-
Loss on ordinary activities before taxation		(2,217)	(340)
Tax on loss on ordinary activities	6	-	-
Retained loss for the financial year/period	12	(2,217)	(340)

All items dealt with in arriving at operating loss above relate to continuing operations.

There are no recognised gains or losses or movements in shareholders' funds other than the results shown above.

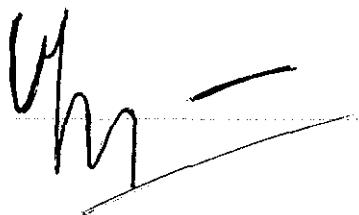
Resolution (UK) Performance Products Limited

Balance sheet as at 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	7	-	-
Current assets			
Stock	8	1,671	2,145
Debtors	9	6,755	-
		8,426	2,145
Creditors - Amounts falling due within one year	10	(10,983)	(2,485)
Net current liabilities		(2,557)	(340)
Total assets less current liabilities		(2,557)	(340)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(2,557)	(340)
Total equity shareholders' deficit		(2,557)	(340)

The financial statements on pages 6 to 12 were approved by the board of directors on 23 September 2002 and were signed on its behalf by:

Director



Resolution (UK) Performance Products Limited

Accounting policies

The financial statements have been prepared on the basis of historic cost and in accordance with applicable accounting standards in the United Kingdom.

FRS 15 "Tangible Fixed Assets" was implemented during the year and had no material impact.

Turnover

Turnover is recorded as invoiced in the year and represents the net amounts chargeable to customers during the year excluding both duty and value added tax and is wholly in respect of sales of epoxy resin products mainly from the United Kingdom.

Research and development

Research and development costs are charged to the profit and loss account when incurred.

Foreign currencies

Income and expense items denominated in foreign currencies have been expressed in Sterling at the rate ruling on their transaction date. Assets and liabilities recorded in foreign currencies have been expressed in Sterling at the rates of exchange ruling on 31 December 2000. Differences on transaction are included in the profit and loss account.

Cash flow statement

The ultimate parent undertaking has included a cash flow in its financial statements for the year ended 31 December 2000. In accordance with the exemption allowed by paragraph 5(a) of FRS 1 (revised), a cash flow statement for the Company has not been provided.

Tangible fixed assets and depreciation

Tangible fixed assets are included at purchase cost, including any installation costs, less accumulated depreciation and provision for impairment. Interest is not capitalised.

Depreciation is calculated on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Plant and machinery	5 - 10% per annum
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Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the "first in – first out" method.

Deferred taxation

Deferred taxation is provided at appropriate rates of taxation on timing differences between the recognition of *items of income and expenditure for accounting and tax purposes to the extent that a liability or an asset will crystallise in the foreseeable future.*

Resolution (UK) Performance Products Limited

Notes to the financial statements for the year ended 31 December 2000

1 Segmental reporting

Details of the destination of sales are given below:

	2000	1999
	£'000	£'000
United Kingdom	25,958	3,231
Export	12,388	1,795
	38,346	5,026

2 Operating loss

	2000	1999
	£'000	£'000
Operating loss is stated after charging:		
Staff costs:		
Wages and salaries	72	-
Social security costs	6	-
Other pension costs	-	-
Depreciation of owned tangible fixed assets	-	-
Auditors' remuneration:		
Audit services	9	-
Non-audit services	-	-

3 Directors

No remuneration has been paid to the directors for their services to the company as directors during the year (1999: £Nil).

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was 5 (1999: 2).

Resolution (UK) Performance Products Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

5 Interest payable and similar charges

	2000	1999
	£'000	£'000
Interest payable on bank overdraft	55	-
Net interest payable on amounts owed to group undertakings	114	-
	169	-

6 Taxation

Tax on loss on ordinary activities

There is no charge for United Kingdom Corporation Tax as the Company made a taxable loss. Tax losses of £2,258,000 (1999: £339,000) have been carried forward at the year-end.

Deferred tax

No deferred tax has been provided. The potential unrecognised deferred tax asset amounts to:

	2000	1999
	£'000	£'000
Losses	677	102
Depreciation in excess of capital allowances	-	-
	677	102

Resolution (UK) Performance Products Limited

7 Tangible assets

The book value of the plant and machinery assets transferred to the company during the year ended 31 December 1999 had been written down to £nil. As the Resolution Performance group does not have a policy of revaluing assets, the company continues to carry those assets at £nil.

In the opinion of the directors, the approximate market value of these assets at 31 December 2000, based on depreciated replacement cost, was £5.6m (1999: £5.9m).

There are no financial commitments contracted for, but not provided, as at 31 December 2000 (1999: £nil).

8 Stocks

	2000	1999
	£'000	£'000
Raw materials and consumables	132	320
Finished goods and goods for resale	1,539	1,825
	1,671	2,145

9 Debtors

	2000	1999
	£'000	£'000
Trade debtors	4,484	-
Amounts owed by group undertakings	2,269	-
Other debtors	2	-
	6,755	-

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment terms.

Resolution (UK) Performance Products Limited

Notes to the financial statements for the year ended 31 December 2000 (continued)

10 Creditors – Amounts falling due within one year

	2000	1999
	£'000	£'000
Bank overdraft	646	-
Trade creditors	371	-
Amounts due to group undertakings	7,574	2,485
Taxation and social security	1,076	-
Accruals and deferred income	1,316	-
	10,983	2,485

Amounts owed to group undertakings are unsecured, bear interest at rates varying from 5.0625% to 5.27% and have no fixed repayment terms. The directors have prepared the financial statements on a going concern basis as they have received confirmation from the company's parent undertakings that repayment of balances of £4,945,000 will not be sought for the foreseeable future.

11 Called up share capital

	2000	1999
	£	£
Authorised, allotted and fully paid		
2 ordinary shares of £1 each	2	2

12 Related party transactions

In accordance with the exemption allowed by paragraph 3 (c) of FRS 8, no disclosure is made of transaction with other member companies or investees of the Group qualifying as related parties. There are no other related party transactions.

13 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Resolution Performance Products BV which, in turn, is a wholly owned subsidiary of Resolution Holdings BV, which, in turn, is a subsidiary undertaking of Resolution Performance Products Inc. The ultimate parent company is Apollo Management IV Inc which is incorporated in the United States of America. The financial statements of the Company are incorporated in the consolidated financial statements of Resolution Performance Products Inc.