

Registered No. 3734749

OMNOVA PERFORMANCE CHEMICALS LIMITED

Report and Accounts

30 November 2008

THURSDAY



PC1 17/09/2009 350
COMPANIES HOUSE

Omnova Performance Chemicals Limited

Registered No. 3734749

DIRECTORS

K McMullen
J LeMay
M Costello
T Rashid

SECRETARY

T Rashid

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

BANKERS

Barclays Bank PLC
25th Floor
1 Churchill Place
Canary Wharf
London E14 5HP

SOLICITORS

Simmons & Simmons
21 Wilson Street
London EC2M 2TX

REGISTERED OFFICE

74-78 Wood Lane End
Hemel Hempstead
Hertfordshire HP2 4RF

Omnova Performance Chemicals Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 November 2008.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £405,000 (2007: £436,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the business is the supply of floor care products and chemical coatings.

The performance chemical industry remains competitive with a number of active competitors worldwide. The directors view the principal risk to the company as the fluctuation in oil prices. We continue to work closely with both suppliers and customers to develop products that meet their needs and to minimise the impact of fluctuating raw material prices.

Turnover has increased to £12,531,000 in the year ended 30 November 2008 from £10,371,000 in the prior year primarily due to organic growth in Europe. Our gross margins have increased to 24.3% this year compared to 19.9% in the prior year due to favourable exchange rate movements and the decreasing oil prices which determine the prices of raw materials.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies of expanding the business, especially in overseas markets, which have resulted in the company's successful performance during the year.

DIRECTORS

The directors during the year were as follows:

K McMullen
J LeMay
T Rashid
M Costello

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



Director
Date:

20/11/09

Omnova Performance Chemicals Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMNOVA PERFORMANCE CHEMICALS LTD

We have audited the company's financial statements for the year ended 30 November 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 whether in our opinion the information given in 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

Date

20 July 2009

Omnova Performance Chemicals Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 November 2008

	<i>Notes</i>	<i>2008 £000</i>	<i>2007 £000</i>
TURNOVER	2	12,531	10,371
Cost of sales		(9,486)	(8,304)
Gross profit		<u>3,045</u>	<u>2,067</u>
Administrative expenses		(1,546)	(789)
Distribution costs		(953)	(676)
		<u>(2,499)</u>	<u>(1,465)</u>
OPERATING PROFIT	3	546	602
Bank interest receivable		33	33
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		579	635
Tax on profit on ordinary activities	6	(174)	(199)
RETAINED PROFIT	12	<u>405</u>	<u>436</u>

All operations are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit in the year attributable to shareholders of the company of £405,000 (2007: £436,000).

Omnova Performance Chemicals Limited


BALANCE SHEET at 30 November 2008

	Notes	2008 £000	2007 £000
FIXED ASSETS			
Intangible assets	7	27	51
CURRENT ASSETS			
Stocks	8	329	206
Debtors	9	6,632	4,990
Cash at bank and in hand		981	277
		7,942	5,473
CREDITORS: amounts falling due within one year	10	(5,111)	(3,071)
NET CURRENT ASSETS		2,831	2,402
TOTAL ASSETS LESS CURRENT LIABILITIES		2,858	2,453
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	2,858	2,453
		2,858	2,453

Approved by the Board on
and signed on its behalf by

Director

Date:


 20/7/09

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2008

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cashflow

In accordance with Financial Reporting Standard 1 (revised) Cash Flow Statements, the company is exempt from the requirements to prepare a cash flow statement since it is controlled by the group headed by Omnova Wallcovering (UK) Limited, a company registered in England and Wales, which prepares financial statements which are publicly available.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost and are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Raw materials and goods for resale are stated at standard cost. Work-in-progress and manufactured finished goods are stated at the cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Pensions

The employees of the company are members of the defined contribution pension scheme operated by its immediate parent undertaking, Omnova Wallcovering (UK) Limited. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2008

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the supply of floor care products.

An analysis of turnover by geographical market is given below:

	2008	2007
	£000	£000
United Kingdom	3,405	2,837
Europe	8,729	7,170
Rest of the world	397	364
	<u>12,531</u>	<u>10,371</u>

3. OPERATING PROFIT

This is stated after charging:

	2008	2007
	£000	£000
Amortisation of owned intangible assets	24	25
Operating lease rentals – motor vehicles	9	9
Auditors' remuneration – audit of the financial statements	15	15
– other fees to auditors – taxation services	3	3
	<u></u>	<u></u>

4. DIRECTORS' EMOLUMENTS

The directors are also directors of, and were paid by, other group undertakings. The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the Company and their services as directors of the other group undertaking.

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2008

5. STAFF COSTS

	2008 £000	2007 £000
Wages and salaries	334	251
Social security costs	30	28
Other pension costs	10	10
	<u>374</u>	<u>289</u>

The monthly average number of employees during the year (excluding directors) was as follows:

	2008 No.	2007 No.
Administration	<u>6</u>	<u>6</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge is made up as follows:

	2008 £000	2007 £000
UK corporation tax at 28.67% (2007: 30%)	<u>174</u>	<u>199</u>

(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28.67% (2007: 30%). The differences are reconciled below:

Profit on ordinary activities before tax	<u>579</u>	<u>635</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.67% (2007: 30%)	166	191
Expenses not deductible for tax purposes	<u>8</u>	<u>8</u>
Total current tax	<u>174</u>	<u>199</u>

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2008

7. INTANGIBLE FIXED ASSETS

	<i>Trade Marks £000</i>	<i>Customer Lists £000</i>	<i>Total £000</i>
Cost:			
At 1 December 2007 and 30 November 2008	101	144	245
Amortisation:			
At 1 December 2007	82	112	194
Provided during the year	10	14	24
At 30 November 2008	92	126	218
Net book value:			
At 30 November 2008	9	18	27
At 1 December 2007	19	32	51

Trademarks and customer lists are amortised over their estimated useful economic life of 10 years.

8. STOCKS

	<i>2008 £000</i>	<i>2007 £000</i>
Finished goods	329	206

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

9. DEBTORS

	<i>2008 £000</i>	<i>2007 £000</i>
Amounts owed by group undertakings	3,180	2,474
Trade debtors	3,449	2,513
Prepayments	3	3
	6,632	4,990

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2008

10. CREDITORS: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	1,406	782
Amounts owed to group undertakings	3,511	2,092
Social security and other taxes	80	74
Accruals	114	123
	<u>5,111</u>	<u>3,071</u>

11. SHARE CAPITAL

		<i>Authorised</i>		
		<i>2008</i>	<i>2007</i>	
		<i>£000</i>	<i>£000</i>	
Ordinary shares of £1 each		1	1	
		<u>1</u>	<u>1</u>	
<i>Allotted, called up and fully paid</i>				
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total shareholders' funds £000</i>
At 1 December 2006	-	2,017	2,017
Profit for the year	-	436	436
	<u>-</u>	<u>2,453</u>	<u>2,453</u>
At 30 November 2007	-	405	405
Profit for the year	-	405	405
	<u>-</u>	<u>2,858</u>	<u>2,858</u>
At 30 November 2008	-	2,858	2,858

13. PENSION COMMITMENTS

The employees of the company are members of the defined contribution pension scheme operated by its immediate parent undertaking, Omnova Wallcovering (UK) Limited. The assets of the scheme are held separately from those of the company in independently administered funds.

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2008

14. OTHER FINANCIAL COMMITMENTS

At 30 November 2008 the company had annual commitments under non cancellable operating leases as set out below:

	<i>Motor Vehicles</i>	
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Within one year	3	-
In two to five years	5	9
	<hr/>	<hr/>
	8	9
	<hr/>	<hr/>

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within Financial Reporting Standard No. 8, which exempts disclosure of transactions with other group undertakings. There were no other related party transactions.

16. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Omnova Wallcovering (UK) Limited. It has included the company in its group accounts, copies of which are available from 74-78 Wood Lane End, Hemel Hempstead, Hertfordshire, HP2 4RF.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Omnova Solutions Inc., a company registered in the United States of America. Copies of its group accounts, which include the company, are available from 74-78 Wood Lane End, Hemel Hempstead, Hertfordshire, HP2 4RF.