

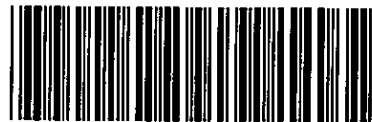
Registered No 3734749

OMNOVA PERFORMANCE CHEMICALS LIMITED

Report and Accounts

30 November 2010

WEDNESDAY



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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

Registered No 3734749

The directors present their report and accounts for the year ended 30 November 2010

RESULTS AND DIVIDENDS

The profit for the year after taxation was £1,193,000 (2009 £1,897,000) The directors do not recommend a payment of a dividend

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the business are the supply of floor care products and chemical binders

The performance chemical industry continues to be competitive and has seen some industry consolidation in the current difficult global market The directors view the principal risk to the company as the fluctuation in oil price We continue to work closely with both suppliers and customers to develop products that meet their needs to minimise the impact of fluctuating raw material prices

Turnover has increased to £20,099,000 in the year ended 30 November 2010 from £15,534,000 in the prior year primarily due to organic growth in Europe and Asia Margins have come under significant pressure due to higher raw oil prices and fluctuations in the currency markets

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

GOING CONCERN

The directors are confident that the company will be able to continue to trade and has the resources available to meet its liabilities as and when they fall due for the foreseeable future and they have received confirmation that any financial support required from the ultimate parent undertaking will continue to be made available for a period of at least twelve months from the date of approval of these accounts The accounts have therefore been prepared on a going concern basis

DIRECTORS

The directors during the year were as follows

K McMullen
J LeMay
T Rashid
M Costello

DISCLOSURE OF INFORMATION TO AUDITORS


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

In accordance with s 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

Director
Date


T RASHID
21/9/2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 LIMITED

We have audited the financial statements of Omnova Performance Chemicals Limited for the year ended 30 November 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we review all financial and non financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2010 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMNOVA PERFORMANCE
CHEMICALS LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Michael Wansbury (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date *26 September 2011*

Omnova Performance Chemicals Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 November 2010

	<i>Notes</i>	<i>2010 £000</i>	<i>2009 £000</i>
TURNOVER	2	20,099	15,534
Cost of sales		(15,547)	(11,035)
Gross profit		<u>4,552</u>	<u>4,499</u>
Administrative expenses		(1,423)	(580)
Distribution costs		(1,468)	(1,276)
		<u>(2,891)</u>	<u>(1,856)</u>
OPERATING PROFIT	3	1,661	2,643
Bank interest receivable		<u>2</u>	<u>2</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,663	2,645
Tax on profit on ordinary activities	6	(470)	(748)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u><u>1,193</u></u>	<u><u>1,897</u></u>

All operations are continuing

There are no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss Account

Omnova Performance Chemicals Limited

BALANCE SHEET at 30 November 2010

	Notes	2010 £000	2009 £000
FIXED ASSETS			
Intangible assets	8	-	3
CURRENT ASSETS			
Stocks	9	276	307
Debtors	10	6,937	3,615
Cash at bank and in hand		1,199	4,120
		8,412	8,042
CREDITORS amounts falling due within one year	11	(5,964)	(6,790)
NET CURRENT ASSETS		2,448	1,252
TOTAL ASSETS LESS CURRENT LIABILITIES		2,448	1,255
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	13	2,448	1,255
		2,448	1,255

Approved by the Board on
and signed on its behalf by

Director



TRASHID

Date

21/9/2011

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2010

1 ACCOUNTING POLICIES

Basis of preparation

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

Going concern

The directors are confident that the company will be able to continue to trade and has the resources available to meet its liabilities as and when they fall due for the foreseeable future and they have received confirmation that any financial support required from the ultimate parent undertaking will continue to be made available for a period of at least twelve months from the date of approval of these accounts. The accounts have therefore been prepared on a going concern basis

Cashflow Statement

The company has taken advantage of the exemption within Financial Reporting Standard No 1 which exempts disclosure of a cashflow statement as the company is indirectly wholly owned by Omnova Solutions Inc which prepares publicly available consolidated accounts in which the company is included

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 10 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 2010

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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 and chemical binders

An analysis of turnover by geographical market is given below

	2010	2009
	£000	£000
United Kingdom	4,321	3,568
Europe	14,812	11,412
Rest of the world	966	554
	<u>20,099</u>	<u>15,534</u>

3. OPERATING PROFIT

This is stated after charging

	2010	2009
	£000	£000
Amortisation of owned intangible assets	3	24
Operating lease rentals – motor vehicles	21	12
Auditor's remuneration – audit of the accounts	17	15
– other fees to auditors – taxation services	4	3
Foreign exchange loss/ (gain)	263	(446)
	<u></u>	<u></u>

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2010

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.

5. STAFF COSTS

	2010 £000	2009 £000
Wages and salaries	381	353
Social security costs	33	30
Other pension costs	13	12
	<u>427</u>	<u>395</u>

The monthly average number of employees during the year was as follows

	2010 No	2009 No
Administration	<u>7</u>	<u>7</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge is made up as follows

	2010 £000	2009 £000
UK corporation tax at 28% (2009 28%)	<u>470</u>	<u>748</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% (2009 28%). The differences are reconciled below

Profit on ordinary activities before tax	<u>1,663</u>	<u>2,645</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	466	741
Adjustment of under provision of current tax for prior year	3	-
Expenses not deductible for tax purposes	1	7
Total current tax	<u>470</u>	<u>748</u>

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2010

7 DIVIDENDS

	2010 £000	2009 £000
Dividends paid on ordinary share capital	-	3,500

No dividend per share has been proposed during the year (2009 £1,750,000)

8. INTANGIBLE FIXED ASSETS

	Trade- marks £000	Customer lists £000	Total £000
Cost			
At 1 December 2009 and 30 November 2010	101	144	245
Amortisation			
At 1 December 2009	101	141	242
Provided during the year	-	3	3
At 30 November 2010	101	144	245
Net book value			
At 30 November 2010	-	-	-
At 1 December 2009	-	3	3

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

9. STOCKS

	2010 £000	2009 £000
Finished goods	276	307

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

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS at 30 November 2010

10. DEBTORS

	2010	2009
	£000	£000
Amounts owed by group undertakings	2,123	-
Trade debtors	4,809	3,610
Prepayments	5	5
	<u>6,937</u>	<u>3,615</u>

11. CREDITORS amounts falling due within one year

	2010	2009
	£000	£000
Trade creditors	1,766	1,303
Amounts owed to group undertakings	3,925	4,972
Social security and other taxes	133	44
Corporation tax	-	254
Accruals	140	217
	<u>5,964</u>	<u>6,790</u>

12. SHARE CAPITAL

	2010	<i>Allotted, called up and fully paid</i>	
	2009	2010	2009
	No	No	£
Ordinary shares of £1 each	2	2	2

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
At 1 December 2008	-	2,858	2,858
Profit for the year	-	1,897	1,897
Dividends paid	-	(3,500)	(3,500)
At 30 November 2009	-	1,255	1,255
Profit for the year	-	1,193	1,193
At 30 November 2010	-	2,448	2,448

Omnova Performance Chemicals Limited

NOTES TO THE ACCOUNTS

at 30 November 2010

14 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.

15 OTHER FINANCIAL COMMITMENTS

At 30 November 2010 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Motor vehicles</i>	
	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire		
Within one year	-	-
In two to five years	18	18
	<u>18</u>	<u>18</u>

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within Financial Reporting Standard No 8, which exempts disclosure of transactions with other wholly owned group undertakings provided that consolidated financial statements are publicly available. There were no other related party transactions.

17. 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 incorporated 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.