

Company Registration No 05444547

PPG PERFORMANCE COATINGS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

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PPG PERFORMANCE COATINGS UK LIMITED

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PPG PERFORMANCE COATINGS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

Directors

J P de Coninck
C P E Francis
M M Serdijn

Company secretary

C P E Francis

Registered Office

Huddersfield Road
Birstall
Batley
WF17 9XA

Bankers

ABN Amro
250 Bishopsgate
London
EC2M 4AA

Solicitors

Walker Morris
Kings Court
12 King Street
Leeds LS1 2HL

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
1 City Square
Leeds
LS1 2AL

PPG PERFORMANCE COATINGS UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

Going Concern

The financial statements are prepared on the basis that the company is a going concern, as the directors have reviewed the financial condition of the company and of the PPG group including consideration of future forecasts and uncertainties arising from the current difficult economic environment. The company's parent has provided a letter of support for the period to 30 June 2011. Based upon this the directors have formed the view that the position of the company and the PPG group is sufficiently strong. Consequently the directors are satisfied it is reasonable to prepare the accounts on a going concern basis.

Principal activities and business review

The principal activity of the company is commission agent for SigmaKalon Belgium S A , a fellow subsidiary undertaking.

Results and dividends

The results of the company show a pre-tax loss of £291,963 (2008: Profit £173,008). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: £nil).

Given the straightforward nature of the business, the company's directors are of the opinion that a discussion of the principal risks and uncertainties affecting the company and an analysis using Key Performance Indicators (KPIs) is not necessary for an understanding of the development, performance or position of the business.

Directors

The directors of the company, who served for the whole of the year ended 31 December 2009 and up to the date of this report, except where stated, were as follows:

J P de Coninck
C P E Francis
M M Serdijn

PPG PERFORMANCE COATINGS UK LIMITED

DIRECTORS' REPORT (continued)

Statement of disclosure of information to auditors

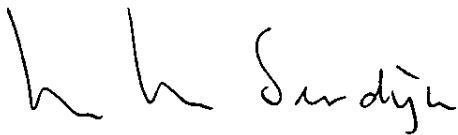
The Directors of the company at the date of this report confirm that

- 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 steps they ought to have taken as a director in order to make themselves aware of any audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in Accordance with the provisions of section 418 of the Companies Act 2006

Auditors

Deloitte LLP have indicated their willingness to continue in office A resolution to re-appoint Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General meeting



Director

22nd June 2010

PPG PERFORMANCE COATINGS UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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, 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 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.

PPG PERFORMANCE COATINGS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPG PERFORMANCE COATINGS UK LIMITED

We have audited the financial statements of PPG Performance Coatings UK Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 14. 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 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

As explained more fully in the Directors' Responsibilities Statement, 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.

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 31 December 2009 and of its loss 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.

PPG PERFORMANCE COATINGS UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PPG
PERFORMANCE COATINGS UK LIMITED**

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



David Johnson B A , A C A (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds, United Kingdom
23 June 2010

PPG PERFORMANCE COATINGS UK LIMITED

PROFIT AND LOSS ACCOUNT

Year Ended 31 December 2009

	Notes	2009 £	2008 £
Turnover		2,148,478	1,841,514
Gross profit		2,148,478	1,841,514
Administrative expenses		(2,437,843)	(1,684,788)
Operating (loss)/profit	3	(289,365)	156,726
Interest receivable and similar income	4	5,475	16,282
Interest payable and similar charges	5	(8,073)	-
(Loss)/profit on ordinary activities before taxation		(291,963)	173,008
Tax on ordinary activities	6	(6,552)	48,969
(Loss)/profit for the financial year	13	(298,515)	221,977

All the above activities are derived from continuing operations.

There were no gains and losses in the year other than those disclosed in the losses above and consequently no statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of this profit and loss account

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2009

		2009 £'000	2008 £'000
(Loss)/profit for the financial year	13	(298,515)	221,977
Opening shareholders' funds		1,512,042	1,290,065
Closing shareholders' funds		1,213,527	1,512,042

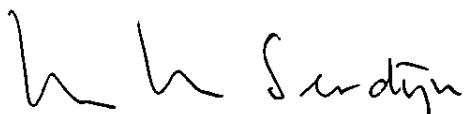
PPG PERFORMANCE COATINGS UK LIMITED

BALANCE SHEET

At 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	<u>61,571</u>	<u>23,020</u>
		61,571	23,020
Current assets			
Debtors	8	1,995,842	2,355,271
Cash at bank and in hand		<u>39,717</u>	<u>52,715</u>
		2,035,559	2,407,986
Creditors: amounts falling due within one year	9	<u>(883,603)</u>	<u>(903,278)</u>
Net current assets		<u>1,151,956</u>	<u>1,504,708</u>
Total assets less current liabilities		1,213,527	1,527,728
Provisions for liabilities	10	<u>-</u>	<u>(15,686)</u>
Net assets		<u>1,213,527</u>	<u>1,512,042</u>
Capital and reserves			
Called-up share capital	12	1	1
Profit and loss account	13	<u>1,213,526</u>	<u>1,512,041</u>
Equity shareholders' funds		<u>1,213,527</u>	<u>1,512,042</u>

The financial statements of PPG Performance Coatings UK Limited, registered number 5444547, were approved by the Board of Directors on 22nd June 2010 and signed on its behalf by



Director

The accompanying notes are an integral part of this balance sheet

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom and under the historical cost accounting rules

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking, PPG Industries Inc has prepared consolidated accounts which include the accounts of the company for the year and which contain a consolidated cash flow statement, and which are publicly available

As the company is a wholly owned subsidiary of PPG Industries Inc the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with companies that form part of the group The consolidated financial statements of PPG Industries Inc within which this company is included, disclose this information, and can be obtained from 2400 One PPG Place, Pittsburgh, Pennsylvania 15222-5401, USA

Going concern

The financial statements are prepared on the basis that the company is a going concern, as the directors have reviewed the financial condition of the company and of the PPG group including consideration of future forecasts and uncertainties arising from the current difficult economic environment. The company's parent has provided a letter of support for the period to 30 June 2011 Based upon this the directors have formed the view that the position of the company and the PPG group is sufficiently strong Consequently the directors are satisfied it is reasonable to prepare the accounts on a going concern basis

Turnover

Turnover, in the form of commission in respect of the company acting as agent for sales in the UK, is recognised as it is earned

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2009

1. ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

The estimated useful lives of assets are as follows

Office equipment, fixtures and fittings - 7 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all the evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2009

1. ACCOUNTING POLICIES - continued

Pensions and retirement indemnities

The PPG Architectural Coatings UK Group operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Company contributions are charged to the profit and loss account in the year in which they arise, and take account of the elimination of any current surplus or the funding of any current deficiency over future periods. The scheme is a funded scheme, but the employer is unable to identify its share of the underlying assets and liabilities.

Therefore, the scheme has been accounted for as a multi-employer scheme as defined by FRS 17.

The company contributes to a defined contribution pension plan for new employees. Contributions are charged to the profit and loss account as they become payable.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period of the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2. EMPLOYEES

	2009 £	2008 £
Employment cost of employees		
Wages and salaries	1,330,313	876,848
Social security costs	130,287	79,363
Other pension costs (see note 11)	130,709	134,438
	<u>1,591,309</u>	<u>1,090,649</u>

No Directors received any remuneration in respect of their services as a director of the company for the year ended 31 December 2009 (2008: £nil).

	2009 Number	2008 Number
The average monthly number of people employed by the company during the year was:		
Commercial and materials management	<u>37</u>	<u>19</u>

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2009

3. OPERATING PROFIT	2009	2008
	£	£
Operating profit is arrived at after charging/(crediting):		
Depreciation of tangible owned fixed assets	16,583	14,827
Hire of other assets - operating leases	37,669	16,529
Net exchange gains	(6,512)	(1,398)
Fees payable to the company's auditors for the audit of the company's annual accounts	24,750	42,630
Total audit fees	24,750	42,630

No fees for taxation and actuarial services were incurred

4. INTEREST RECEIVABLE AND SIMILAR INCOME	2009	2008
	£	£
Group interest receivable	5,475	16,282
	5,475	16,282

5. INTEREST PAYABLE AND SIMILAR CHARGES	2009	2008
	£	£
Bank interest payable	8,073	-

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2009	2008
	£	£
<u>UK Corporation tax</u>		
Current tax on income for the year	-	41,773
Charge/(credit) of prior year tax	6,552	(90,742)
Total current tax charge/(credit)	6,552	(48,969)

Factors affecting the tax charge for the current year

	2009	2008
	£	£
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(291,963)	173,008
Current tax at 28% (2008 28 5%)	(81,750)	49,307
<u>Effects of</u>		
Expenses not deductible for tax	2,678	8,550
Other timing differences	(28,816)	(16,084)
Group relief surrendered for no payment	107,888	-
Charge/(credit) of prior year tax	6,552	(90,742)
Total current tax charge/(credit) (see above)	6,552	(48,969)

The corporation tax rate changed from 30% to 28% on 1 April 2008, giving an effective tax rate for 2008 of 28 5%

A deferred tax asset arising in respect of gross accelerated depreciation of £179,274 (2008 £241,070) has not been recognised due to uncertainty regarding the timing of reversal of this asset

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2009

7. TANGIBLE FIXED ASSETS

	Office, Equipment, Fixtures and fittings £
Cost	
At 1 January 2009	93,739
Additions	72,668
Disposals	(45,597)
At 31 December 2009	120,810
Depreciation	
At 1 January 2009	70,719
Charge for the year	16,583
Disposals	(28,063)
At 31 December 2009	59,239
Net book amount	
At 31 December 2009	61,571
At 31 December 2008	23,020

8. DEBTORS

	2009 £	2008 £
Amounts falling due within one year:		
Amounts owed by group undertakings	1,955,712	1,748,353
Other debtors	300	46,246
Prepayments and accrued income	39,830	560,672
	1,995,842	2,355,271

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade creditors	55,398	6,950
Amounts owed to group undertakings	405,679	482,121
Corporation tax payable	178,448	173,096
Other creditors	73,792	148,037
Accruals and deferred income	170,286	93,074
	883,603	903,278

10. PROVISIONS

	2009 £	2008 £
At 1 January	15,686	22,
Released to the profit and loss account in the year	(15,686)	(6,824)
At 31 December	-	15,

The claims provision relates to claims made by the customers for incorrect specification or application of products. The provision arises in the normal course of business due to the specialist nature of the companies activities.

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2009

11. PENSION COMMITMENTS

The Company participates in a defined benefit pension scheme in the UK (the SigmaKalon UK Pension Fund). The scheme is a funded scheme, but the employer is unable to identify its share of the underlying assets and liabilities. Therefore, the scheme has been accounted for as a multi-employer scheme as defined by FRS 17.

A formal valuation was carried out as at 5 April 2006 which has been updated to 31 December 2009 by a qualified independent actuary and shows an FRS17 deficit of £1.9m (2008: £19.9m surplus). The major assumptions used by the actuary were:

	2009	2008	2007
Discount rate	5.6%	6.7%	6.0%
Expected return on scheme assets	5.6%	6.2%	5.8%
Rate of increase in salaries	3.7%	4.0%	4.4%
Rate of increase in future pensions in payment – where relating to increases in the Retail Prices Index (RPI) with a maximum of 5% pa	3.6%	2.8%	3.3%
Rate of increase in deferred pensions	3.2%	3.0%	3.4%
Inflation assumption	3.2%	3.0%	3.4%
Mortality	2009	2008	
Retiring today – Males	85.3	84.4	
- Female	88.2	87.4	
Retiring in 20 years – Male	88.0	85.2	
- Female	91.0	88.1	

Employer contributions are currently 19.5% of Pensionable Salary, less member contributions for any members who are not participating in the Company's Pay Conversion Arrangement.

The company's contributions for 2009 are £73,766 (2008: £121,038).

Group Personal Pension

The company also pays contributions to a Group Personal Pension ("GPP") in respect of certain employees. The company's contributions to the GPP in the period up to 31 December 2009 were £56,943 (2008: £13,400). There are no contributions unpaid at 31 December 2009 (2008: £nil).

12. CALLED UP SHARE CAPITAL	2009	2008
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid		
One ordinary shares of £1 each	<u>1</u>	<u>1</u>

PPG PERFORMANCE COATINGS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 DECEMBER 2009

13. PROFIT AND LOSS ACCOUNT

At 1 January	1,512,041	1,290,064
(Loss) / Profit for the financial year	<u>(298,515)</u>	<u>221,977</u>
Closing balance at 31 December	<u>1,213,526</u>	<u>1,512,041</u>

14. ULTIMATE PARENT UNDERTAKING

The immediate parent is SigmaKalon UK Holdings Limited, a company incorporated in the United Kingdom

The directors regard PPG Industries Inc, a company incorporated and registered in the United States of America and listed on the New York Stock Exchange, as the ultimate parent company and ultimate controlling party by virtue of its 100% interest in the equity share capital of the company

This is the largest and smallest company within which the Company's results are consolidated. Copies of its financial statements can be obtained from 2400 One PPG Place, Pittsburgh, Pennsylvania 15222-5401, USA.