

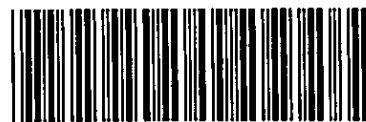
MOMENTIVE SPECIALTY CHEMICALS

UK LIMITED

Annual Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

MOMENTIVE SPECIALTY CHEMICALS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J A Langston (resigned 1 February 2011)
J V Baker (appointed 1 February 2011)
M C Boldrin (appointed 1 February 2011)
D N Plante
G C M Gallacher
J P Bevilaqua (resigned 1 February 2011)

SECRETARY

R O Healey

REGISTERED OFFICE

Sully Moors Road
Sully
Vale of Glamorgan
CF64 5YU

BANKERS

Bank of America
26 Elmfield Road
Bromley, Kent
BR1 1WA

ABN AMRO Bank
Coolsingel 119
Postbus 949
3000 DD Rotterdam

SOLICITORS

Geldards LLP
Cardiff
CF10 3ZF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year has been the manufacture and sale of adhesives and resins for use in a wide variety of applications, which are broadly categorised into Forest Product Resins, Formaldehyde and Performance Resins

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements are shown on page 1

REVIEW OF DEVELOPMENTS, FUTURE PROSPECTS AND FINANCIAL POSITION

The results for the financial year are set out on page 7. The company's profit before taxation is £1,947,000 (2010 profit £833,000). This profit includes exceptional reorganisation costs of £422,000 (2010 £182,000). The financial position of the company at the year-end is set out on page 8.

The directors expect the company to perform satisfactorily during the forthcoming financial year.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the United Kingdom and overseas, and the general economic environment are a continuing risk to the company. The company manages this risk by delivering the right technology and materials for customer applications across a broad range of industries and by helping customers bring improved products to market.

The company's sales are global and as such the company is exposed to the risk of foreign exchange movements. The company manages this risk through monitoring the daily spot rates and timing its receipts from customers and payments to suppliers to best effect. Cash flow and liquidity risk is minimised by close management of the working capital cycle and a close relationship with the group treasury department.

DIVIDENDS

The directors do not recommend the payment of a dividend (2010 £nil).

RESEARCH AND DEVELOPMENT

The company incurred expenditure of £476,067 (2010 £439,680) on research and development during the year.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Donations to charities made during the year amounted to £nil (2010 £1,003). The company made no political contributions during the year (2010 £nil).

THIRD PARTY INDEMNITY PROVISIONS

The directors do not have an insurance policy in place to provide them with indemnity cover.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 2011 (continued)

POLICY AND PAYMENT OF CREDITORS

In respect of all of its suppliers it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction and ensure that these suppliers are made aware of the terms of the payment and to abide by the terms of payment

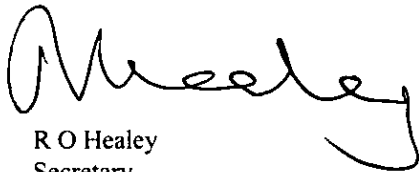
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware there is no relevant audit information of which the company's independent auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's independent auditors are aware of that information.

INDEPENDENT AUDITORS

The Independent Auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R O Healey
Secretary

Date 24 September 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

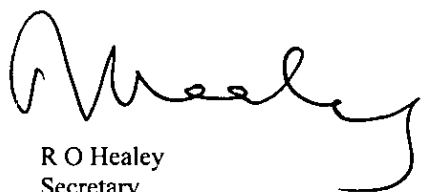
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 judgements 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.

Approved by the Board of Directors
and signed on behalf of the Board



R O Healey
Secretary

Date 24 September 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOMENTIVE SPECIALTY CHEMICALS UK LIMITED

We have audited the financial statements of Momentive Specialty Chemicals UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of director's responsibilities set out on page 4, 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 and express an opinion on 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 read all the financial and non-financial information in the annual 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 31st December 2011 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 AUDITORS' REPORT TO THE MEMBERS OF MOMENTIVE SPECIALTY
CHEMICALS 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



Jason Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

24 September 2022

MOMENTIVE SPECIALTY CHEMICALS UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2	105,898	88,762
Cost of sales		(92,792)	(75,935)
Gross profit		<u>13,106</u>	<u>12,827</u>
Distribution costs		(3,517)	(2,965)
Administrative expenses			
Other administrative expenses		(4,898)	(5,750)
Corporate recharges		(3,052)	(3,765)
Exceptional administrative expenses	3	(422)	(182)
Total administrative expenses		<u>(8,372)</u>	<u>(9,697)</u>
OPERATING PROFIT	3	<u>1,217</u>	<u>165</u>
Interest receivable and similar income	5	1,706	1,355
Interest payable and similar charges	6	(976)	(687)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,947</u>	<u>833</u>
Tax on profit/(loss) on ordinary activities	7	(58)	(89)
PROFIT FOR THE FINANCIAL YEAR	15	<u>1,889</u>	<u>744</u>

All results derive from continuing operations in both the current and prior financial year

The company has no recognised gains and losses for the current or the prior financial year other than those included in the results above, and therefore, no separate statement of total recognised gains and losses has been presented

There is no material difference between the results shown on a historic cost basis and those shown above in both the current and prior financial year

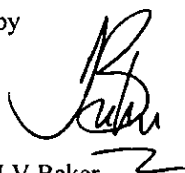
The notes on pages 9 to 17 form part of these financial statements

MOMENTIVE SPECIALTY CHEMICALS UK LIMITED

BALANCE SHEET 31 December 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	8	15,633	17,723
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	9	3,877	3,638
Debtors	10	81,762	67,925
Cash at bank and in hand		470	721
		<hr/>	<hr/>
		86,109	72,284
CREDITORS amounts falling due within one year			
	11	(20,009)	(18,653)
		<hr/>	<hr/>
NET CURRENT ASSETS		66,100	53,631
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		81,733	71,354
		<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year			
	12	(28,764)	(20,269)
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	(194)	(199)
		<hr/>	<hr/>
NET ASSETS		52,775	50,886
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Share premium account	15	25,127	25,127
Profit and loss account	15	27,646	25,757
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	16	52,775	50,886
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 24 September 2012 and were signed on its behalf by



J V Baker
Director

The notes on pages 9 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (UK Generally Accepted Accounting Practice). The particular accounting policies adopted which have been applied consistently throughout the current and the prior financial year, are described below.

Going concern

The directors have considered the twelve month period from the date of approval of these accounts and are satisfied that the company remains a going concern on the basis that the ongoing support will be available from the parent company to meet the debts of the company as they fall due.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is provided to write off cost in equal annual instalments over the estimated useful lives of the assets. Items not yet brought into use are classified as assets under construction and are not depreciated. When such items are brought into use, they are transferred to the appropriate category and depreciation is charged. The depreciable lives are as follows:

Freehold land and buildings	50 years
Plant and equipment	10-18 years

The carrying value of tangible fixed assets are reviewed for impairment when the events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value with cost being determined on the first-in, first-out basis and including an appropriate proportion of production overheads. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made where necessary for obsolete, slow-moving and defective stocks.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Research and development

Amounts spent on research and development are written off against income in the period incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Cash flow statement

The company has adopted FRS1 and consequently claims exemption from the preparation of a cash flow statement in accordance with the provisions of that standard. The company's cash flows are included within the group financial statements of Momentive Specialty Chemicals Inc.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Pensions

The company operates personal pension arrangements for its existing UK scheme members. Contributions by the company are paid directly into the individual arrangements and charged to the profit and loss account as incurred.

Provisions

Provisions are made for reorganisation costs the company expect to incur in future periods. The reorganisation provisions are based on management's best estimate of the liabilities. Provisions are discounted to their present value where the impact is significant.

2 TURNOVER

Turnover represents amounts derived from the supply of goods which fall within the company's ordinary activities after deduction of trade discounts and value added tax. Turnover is recognised on despatch. The company's turnover is attributable to one activity, the manufacture and sale of adhesives and resins. The geographical analysis of turnover is as follows:

	2011	2010
	£'000	£'000
United Kingdom	62,270	51,948
Rest of Europe	41,398	34,911
Other	2,230	1,903
	<hr/> 105,898 <hr/>	<hr/> 88,762 <hr/>

3. OPERATING PROFIT/(LOSS)

	2011	2010
	£'000	£'000
The operating profit/(loss) is arrived at after charging/(crediting)		
Staff costs (note 4)	8,246	7,511
Depreciation of tangible fixed assets - owned (Note 8)	3,155	3,382
Gain/(Loss) on disposal of fixed assets	(5)	(26)
Exceptional administrative expenses	422	182
Operating lease rentals		
- vehicles	177	122
- plant and equipment	100	140
- land and buildings	20	20
Research and development	476	439
Foreign exchange gains	(33)	(46)
Services provided by the company's auditors and its associates		
Auditors Remuneration – Audit Services	32	42
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

3. OPERATING PROFIT (continued)

Exceptional administrative expenses relates predominantly to the costs detailed below

	2011	2010
	£'000	£'000
Reorganisation costs	403	23
Impairment R&D building	-	132
Other	19	27
	<u>422</u>	<u>182</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2011	2010
	£'000	£'000
Directors' emoluments		
Emoluments (excluding pension contributions)	347	310
Aggregate value of company contributions paid to a defined contribution scheme on behalf of directors	27	25
	<u>374</u>	<u>335</u>

	£'000	£'000
Emoluments of highest paid director		
Emoluments (excluding pension contributions)	221	162
Aggregate value of company contributions paid to a defined contribution scheme on behalf of director	20	14
	<u>241</u>	<u>176</u>

	No	No.
Number of directors who are members of a defined contribution scheme	2	2

	No	No.
Average number of persons employed		
Production	95	96
Sales	19	19
Administration	34	34
	<u>148</u>	<u>149</u>

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	7,046	6,474
Social security costs	722	612
Pension costs (Note 20)	478	425
	<u>8,246</u>	<u>7,511</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£'000	£'000
Interest receivable on inter-company loans	1,706	1,355

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£'000	£'000
Interest payable on inter-company loans	976	687

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2011	2010
	£'000	£'000
Current taxation		
United Kingdom corporation tax		
Current tax on income for the year at 26.5% (2010 28%)	58	89
Double taxation relief	(58)	(89)
Overseas taxation	58	89
Adjustment in respect of prior years	-	-
Total current tax	58	89
Total deferred tax	-	-
Tax on (profit)/loss on ordinary activities	58	89

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year is different to the standard rate of corporation tax in the UK 26.5% (2010 28%)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows

	2011 £'000	2010 £'000
Profit/(Loss) on ordinary activities before tax	1,947	833
Tax on profit on ordinary activities before tax at 26.5% (2010 – 28%)	516	233
Factors affecting charge for the year		
Expenses not deductible for tax purposes	48	2
Capital allowances in excess of depreciation	1,363	865
Short-term timing differences	71	(4)
Utilisation of brought forward losses	(139)	(829)
Group relief received/surrendered	(1,801)	(178)
Current tax charge for the year	58	89

Factors that may affect future tax charges:

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses brought forward and other similar items as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1,571,000 (2010 £3,054,668). The asset would be recovered if suitable tax profits arise in future periods.

Announcements were made during and after the year by the Chancellor of the Exchequer of proposed changes to corporation tax rates which will have an effect on the future tax charge of the company. Reductions in the corporation tax rate from 28% to 26%, effective from 1st April 2011, were enacted during the year, together with a future reduction to 25% from 1st April 2012. However, after the year end a further reduction to 24% from 1 April 2012 was substantively enacted. Further reductions of 1% per annum, effective from 1st April each year, to a rate of 22% have been announced but not yet substantively enacted.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2011	3,922	62,892	482	67,296
Additions	-	333	738	1,071
Disposals	-	(17)	-	(17)
Transfers	134	843	(977)	-
At 31 December 2011	<u>4,056</u>	<u>64,051</u>	<u>243</u>	<u>68,350</u>
Depreciation				
At 1 January 2010	1,727	47,846	-	49,573
Charge for the year	122	3,033	-	3,155
Disposals	-	(12)	-	(12)
At 31 December 2011	<u>1,849</u>	<u>50,867</u>	<u>-</u>	<u>52,716</u>
Net book value				
At 31 December 2011	<u>2,207</u>	<u>13,184</u>	<u>243</u>	<u>15,633</u>
At 31 December 2010	<u>2,195</u>	<u>15,046</u>	<u>482</u>	<u>17,723</u>

9. STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	1,934	2,053
Work-in-progress	808	604
Finished goods and goods for resale	1,135	981
	<u>3,877</u>	<u>3,638</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

10 DEBTORS

	2011	2010
	£'000	£'000
Trade debtors	16,351	14,365
Amounts owed by group undertakings		
- parent company	18,137	18,137
- fellow subsidiary companies	46,083	34,228
Other debtors	656	739
Prepayments and accrued income	535	456
	<u>81,762</u>	<u>67,925</u>

Amounts owed by the parent undertaking is unsecured, does not bear interest and is not payable on demand

Amounts owed by fellow subsidiaries comprise trade receivables, £1,078,500 (2010 £1,134,000), loans receivable, £44,426,300 (2010 £32,597,000), and interest receivable £578,200 (2010 £497,000) The loans receivable are unsecured, bearing interest at a rate of 7.0625% and are not payable on demand

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	6,444	3,515
Amounts owed to group undertakings		
- fellow subsidiaries	9,980	12,106
Corporation tax	-	-
Other creditors including taxation and social security	236	59
Accruals and deferred income	3,349	2,973
	<u>20,009</u>	<u>18,653</u>

Amount owed to group undertakings are unsecured, do not bear interest and are not repayable on demand

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£'000	£'000
Amounts owed to group undertakings	28,764	20,269

Amount owed to group undertakings are unsecured, bearing interest at a rate of 7.0625% and are not repayable on demand

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Environmental provision £'000
Balance brought forward	199
Profit and loss account	
Utilisation	(5)
	<hr/>
Balance carried forward	194
	<hr/>

Environmental provision

Haverhill

The provision reflects the estimated demolition and environmental costs of exiting from the Haverhill site £5,125 of the provision was utilised in the year and the provision at the 31 December 2011 year-end is £193,963 (2010- £199,089)

14. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised, issued and fully paid		
1,995 (2010 1,995) ordinary shares of £1 each	2	2
	<hr/>	<hr/>

15. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	25,127	25,757	50,884
Retained profit for the financial year		1,889	1,889
	<hr/>	<hr/>	<hr/>
At 31 December 2011	25,127	27,646	52,773
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£'000	£'000
Profit for the financial year	1,889	744
Opening shareholders' funds	50,886	50,142
Closing shareholders' funds	<u>52,775</u>	<u>50,886</u>

17. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company has committed to making the following payments during the next year in respect of operating leases

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	-	-	3
Between two and five years	-	78	-	123
After five years	20	22	20	14
	<u>20</u>	<u>100</u>	<u>20</u>	<u>140</u>

18. CAPITAL COMMITMENTS

At 31 December 2011, the company had no contracted capital commitments (2010 - £nil)

19. RELATED PARTY DISCLOSURES

The company claims exemption from disclosing transactions with members of the group headed by Momentive Specialty Chemicals Inc in accordance with the exemptions contained in paragraph 3(c) of FRS8, as it is a 100% subsidiary of that group whose financial statements are publicly available

20. PENSIONS

The total pension cost for the year ended 31 December 2011 in respect of the group personal pension arrangements was £478,000 (2010 - £425,000) There were no amounts prepaid or outstanding at the year end (2010 - £nil)

21. PARENT UNDERTAKINGS/ULTIMATE CONTROLLING PARTY

In 2003, 955 shares were issued to Borden Chemical Canada Inc Borden International Holdings Limited retains 51% of the equity of the company The smallest and largest group which consolidates the results of the company is that headed by Momentive Specialty Chemicals Inc The consolidated financial statements of Momentive Specialty Chemicals Inc are available from 180 East Broad Street, Columbus, Ohio 43215 At 31 December 2011, the ultimate controlling entity was considered by the directors to be Apollo Management, LP, a private investment firm based in the USA