

BORDEN CHEMICAL GB LIMITED

Report and Financial Statements

31 December 2001

**Deloitte & Touche
Cardiff**



BORDEN CHEMICAL GB LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

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BORDEN CHEMICAL GB LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Hartland
B H Jones (appointed 6 August 2002)
G C Gallacher (appointed 26 June 2001)
J P Bevilaqua (appointed 28 August 2002)

SECRETARY

B H Jones

REGISTERED OFFICE

Sully Moors Road
Sully, Penarth
South Glamorgan
CF64 5YU

BANKERS

National Westminster Bank plc
PO Box 315
High Street
Southampton
SO14 2BF

SOLICITORS

Allen & Overy
One New Change
London
EC4M 9QQ

AUDITORS

Deloitte & Touche
Cardiff

BORDEN CHEMICAL GB LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

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 with sites at Barry, Cowie and Rotterdam.

The Barry plant mainly produces resin for the PRG business unit, but also Phenolic resin for the Forest Products group used for applications such as the production of Oriented Strand Board, doorskins and plywood. The PRG products supplied from Barry include a range of phenolic and formaldehyde based resins used by industrial customers in a variety of applications, from automotive mouldings and abrasives to electronics, filtration, construction and foundry applications. The resins manufactured at Barry are formulated to meet the bonding requirements of our customers.

The Cowie plant produces Urea Formaldehyde, Melamine Formaldehyde and Melamine Urea Formaldehyde mainly for use in particleboard and MDF manufacture. More specialist UF resins are supplied for use as adhesives in the woodworking industry mainly for bonding wood and paper veneers to particleboard and MDF.

The Rotterdam plant produces and supplies Formaldehyde for use in the wider chemical industry for applications such as the production of resins used in woodworking manufacture.

The ultimate parent company remains as Borden Chemical Inc (BCI), which has operations in 12 countries, more than 50 manufacturing plants and annual turnover of approximately \$1.5bn. BCI is one of the world's leading integrated producers of industrial adhesives and related products.

REVIEW OF DEVELOPMENTS

Closure of North Baddesley and the Transfer of Production to Barry

The period's major development has been progress towards the integration of the two manufacturing organisations and the planned reorganisation of future activities within the group. The directors anticipate that benefits will arise from this in the future.

Following the acquisition of Blagden Chemicals Limited by Borden International Holdings Limited, from Blagden Plc in 1999, the plan to transfer production from the Borden Chemical UK Limited, North Baddesley site was completed during 2001. Production at the North Baddesley Site ceased and demolition of the site commenced in August 2001, in preparation for the sale of the land as a residential development.

As part of the project to transfer the production and European headquarters to Barry, capital expenditure of £14.2 million was invested at Barry. In addition Borden Chemical UK Limited has incurred exceptional costs of £19.4 million since 2000 as part of the transfer and integration project.

The production capacity and the European headquarters of the Borden Chemical UK site, North Baddesley has been incorporated into the Borden Chemical GB site, Barry. Consequently, reference should be made to the Borden International Holdings Limited Financial Statements for complete business results.

Performance Resins - Barry

Production ceased at North Baddesley in August 2001. The resident business at North Baddesley was transferred to Barry, South Wales, where the capacity was absorbed into the site acquired from Blagden Chemicals following significant capital investment at the plant. The resident business at Barry is part of the Performance Resins Group, which manufactures a wide range of phenolic resins utilised in a variety of industrial applications.

Guest operations at the Barry site comprise, Zeon Chemicals Europe Limited, Cardiff and Vale Enterprise, AES Barry Power Station, EVC (UK) Limited, Kingspan Insulation Limited and Laporte Performance Chemicals Limited.

BORDEN CHEMICAL GB LIMITED

DIRECTORS' REPORT

Volumes of Borden product despatched from Barry in 2001 were approximately 36,000 tonnes. The emphasis during 2001 has been on the safe and cost efficient transfer and integration of the manufacturing capacity into the improved site at Barry, with a view to establishing Borden as one of the industry's lowest cost manufacturers of phenolic based industrial resins. The sales from Barry are to over 300 customers based mainly in the E.U.

Capacity and performance of the Barry plant is expected to improve as efficiencies are realised, as the production facilities become fully utilised.

Performance for the year continued to be affected by costs, which were duplicated at both sites during the period up to the closure of the North Baddesley operation. Margins are expected to improve in 2002 over the 2001 and 2000 levels following the integration of the production capabilities and business restructure together with the emphasis on safe, reliable, low cost supply.

Forest Products – Cowie

Volumes of product despatched from the Forest Products manufacturing operations in 2001 was approximately 80,000 tonnes. Results during the year were characterised by difficult trading conditions for the wood panel manufacturers, resulting in lower volumes and margins.

Formaldehyde– Rotterdam

Volumes of formaldehyde despatched from Rotterdam in the period were approximately 105,000 tonnes.

POST BALANCE SHEET EVENTS

Following the year end the board took the decision to transfer the trade and assets of Borden Chemical UK Limited to Borden Chemical GB Limited with effect from 1 January 2002. Borden Chemical GB Limited will subsequently change its name to Borden Chemical UK Limited and Borden Chemical UK Limited will simultaneously be renamed Borden Chemical GB Limited. Both companies continue to be wholly owned by Borden International Holdings.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account. The directors do not recommend payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The present board of directors is set out on page 1. The present board served throughout the entire year other than as indicated on page 1. A Green resigned on 6 August 2001 and T J Zappala resigned on 28 August 2002.

None of the directors held any beneficial interest in the shares of the company or in any members of the group during the year or subsequently.

RESEARCH AND DEVELOPMENT

The group spent £982,000 (2000 - £574,000) on research and development during the period.

EMPLOYEES' INVOLVEMENT IN COMPANY AFFAIRS

The group's senior management meets on a regular basis with union and other employee representatives to discuss company results and other issues or topical events. In addition, the company makes every effort to keep employees informed of its activities where this is possible.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Donations to charities made during the year amounted to £5,825 (2000: nil). The company made no political contributions during the year.

BORDEN CHEMICAL GB LIMITED

DIRECTORS' REPORT

EMPLOYMENT OF DISABLED PERSONS

The group's companies recognise their responsibility to employ disabled persons in suitable employment, and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

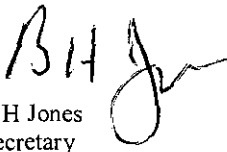
Any employee who becomes disabled is encouraged to remain in the company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work, which is available, and any necessary training is arranged.

Disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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


B H Jones
Secretary

Date 30 October 2002

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, 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; 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 proper accounting records which 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDEN CHEMICAL GB LIMITED

We have audited the financial statements of Borden Chemical GB Limited for the year ended 31 December 2001 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

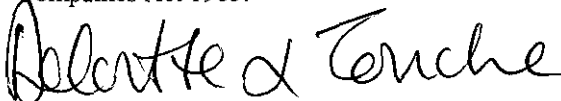
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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 affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

Cardiff

Date



BORDEN CHEMICAL GB LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2001

| | Note | 2001 £'000 | 2000 £'000 |
|--|------|---------------|---------------|
| TURNOVER | 2 | 51,344 | 37,648 |
| Cost of sales | | (46,227) | (35,859) |
| Gross profit | | 5,117 | 1,789 |
| Distribution costs | | (2,059) | (448) |
| Administrative expenses | | (2,603) | (473) |
| OPERATING PROFIT | 3 | 455 | 868 |
| Loss on sale of operations | 4 | - | (697) |
| Interest payable and similar charges | 6 | (3,380) | (3,482) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (2,925) | (3,311) |
| Tax on (loss) on ordinary activities | 7 | 1,538 | 944 |
| RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | 15 | (1,387) | (2,367) |

All activities are continuing

BORDEN CHEMICAL GB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2001**

| | 2001 £'000 | 2000 £'000 |
|---|-----------------------------|-----------------------------|
| Retained loss for the year | (1,387) | (2,367) |
| Currency translation differences | <u>-</u> | <u>101</u> |
| Total recognised gains and losses for the year | <u><u>(1,387)</u></u> | <u><u>(2,266)</u></u> |

BORDEN CHEMICAL GB LIMITED

BALANCE SHEET 31 December 2001

| | Note | 2001 £'000 | 2000 £'000 |
|--|------|---------------|---------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 8 | 39,060 | 36,943 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 2,886 | 2,681 |
| Debtors | 10 | 8,335 | 8,235 |
| Cash at bank and in hand | | 366 | 727 |
| | | 11,587 | 11,643 |
| CREDITORS: amounts falling due within one year | 11 | (23,746) | (17,559) |
| NET CURRENT LIABILITIES | | (12,159) | (5,916) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 26,901 | 31,027 |
| CREDITORS: amounts falling due after more than one year | 12 | (31,056) | (30,562) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | (892) | (4,125) |
| | | 5,047 | (3,660) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 1 | 1 |
| Share premium account | 15 | 128 | 128 |
| Profit and loss account | 15 | (5,176) | (3,789) |
| EQUITY SHAREHOLDERS' DEFICIT | 16 | (5,047) | (3,660) |

These financial statements were approved by the Board of Directors on 30 October 2002
Signed on behalf of the Board of Directors


B H Jones
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on 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 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 |
| Vehicles | 5 years |
| Plant and equipment | 10-18 years |

Investments

Fixed asset investments are stated at cost less any provision for impairment. The company has not prepared consolidated accounts as it is exempt from this requirement under s228 of the Companies Act 1985. Consequently these financial statements present information about the company as an individual entity rather than its group.

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 exchange

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.

Deferred taxation

Deferred taxation is provided on the liability method for all timing differences arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Research and development

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

Pensions

The company operates group 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 in the current year.

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. 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:

| | 2001 £'000 | 2000 £'000 |
|----------------|---------------|---------------|
| United Kingdom | 33,682 | 21,150 |
| Rest of Europe | 14,901 | 16,358 |
| Other | 2,761 | 140 |
| | <u>51,344</u> | <u>37,648</u> |

3. OPERATING PROFIT

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| The operating profit is arrived at after charging: | | |
| Depreciation of tangible fixed assets | 2,907 | 2,424 |
| Operating lease rentals: | | |
| Vehicles | 128 | - |
| Plant and equipment | 538 | 573 |
| Land and buildings | 27 | 12 |
| Research and development | 982 | 574 |
| Auditors' remuneration – audit | 49 | 32 |
| - other services | 16 | - |
| Loss on disposal of fixed assets | 523 | - |
| | <u>5,232</u> | <u>3,615</u> |

4. LOSS ON SALE OF OPERATIONS

On 12 August 2000 the company disposed of its Haverhill chemical business for a consideration of £1,656,000 and on 22 November 2000 sold the remaining land and offices at Haverhill for consideration of £1,200,000. After accounting for related redundancies, the loss on disposal of these operations amounted to £697,000.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2001 £'000 | 2000 £'000 |
|------------------------------|---------------|---------------|
| Directors' emoluments | - | - |

Directors' emoluments have been paid by Borden Chemical UK Limited. It is not possible to allocate the proportion of their remuneration which relates to this company.

| | No. | No. |
|--|-----|-----|
| Number of directors who: | | |
| Are members of a defined contribution scheme | 2 | 1 |
| Average number of employees during the year | 246 | 154 |

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| Staff costs during the year (including directors) | | |
| Wages and salaries | 6,534 | 4,007 |
| Social security costs | 609 | 381 |
| Pension costs | 448 | 233 |
| | 7,591 | 4,621 |

6. INTEREST PAYABLE

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| Interest payable on intercompany loans | 3,380 | 3,482 |

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

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

| | 2001 £'000 | 2000 £'000 |
|--------------------------------------|----------------|---------------|
| Corporation tax at 30% (2000 – 31%) | - | 250 |
| Double taxation relief | - | (250) |
| Overseas taxation | 85 | 250 |
| Deferred taxation | (1,623) | (1,067) |
| | <u>(1,538)</u> | <u>(817)</u> |
| Adjustment in respect of prior years | - | (127) |
| Charge for the year | <u>(1,538)</u> | <u>(944)</u> |

No corporation tax charge arises in the current year due to the losses incurred. The tax credit for 2000 was disproportionate due to the expenditure not allowable for taxation.

8. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £'000 | Plant and equipment £'000 | Assets under construction £'000 | Total £'000 |
|-----------------------|--|---------------------------------|--|----------------|
| Cost | | | | |
| At 1 January 2001 | 5,280 | 45,156 | 11,108 | 61,544 |
| Additions | - | - | 5,547 | 5,547 |
| Transfers | 1,283 | 13,033 | (14,316) | - |
| Disposals | - | (589) | - | (589) |
| | <u>6,563</u> | <u>57,600</u> | <u>2,339</u> | <u>66,502</u> |
| At 31 December 2001 | 6,563 | 57,600 | 2,339 | 66,502 |
| Depreciation | | | | |
| At 1 January 2001 | 4,445 | 20,156 | - | 24,601 |
| Charge for the year | 53 | 2,854 | - | 2,907 |
| Disposals | - | (66) | - | (66) |
| | <u>4,498</u> | <u>22,944</u> | <u>-</u> | <u>27,442</u> |
| At 31 December 2001 | 4,498 | 22,944 | - | 27,442 |
| Net book value | | | | |
| At 31 December 2001 | <u>2,065</u> | <u>34,656</u> | <u>2,339</u> | <u>39,060</u> |
| At 31 December 2000 | <u>835</u> | <u>25,000</u> | <u>11,108</u> | <u>36,943</u> |

BORDEN CHEMICAL GB LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2001

9. STOCKS

| | 2001 £'000 | 2000 £'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables | 1,330 | 727 |
| Work in progress | 13 | 29 |
| Finished goods and goods for resale | 1,543 | 1,925 |
| | <u>2,886</u> | <u>2,681</u> |

10. DEBTORS

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 6,971 | 7,320 |
| Amounts owed by fellow subsidiary companies | 919 | 414 |
| Prepayments and accrued income | 445 | 501 |
| | <u>8,335</u> | <u>8,235</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Trade creditors | 5,941 | 4,795 |
| Amounts owed to fellow subsidiary companies | 6,031 | 9,476 |
| Amounts owed to parent | 10,155 | - |
| Corporation tax | 462 | 377 |
| Other taxation and social security costs | 337 | 506 |
| Accruals and deferred income | 820 | 2,405 |
| | <u>23,746</u> | <u>17,559</u> |

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

| | 2001 £'000 | 2000 £'000 |
|---|---------------|---------------|
| Amounts owed to immediate holding company | <u>31,056</u> | <u>30,562</u> |

The amounts owed to the immediate parent company are secured by fixed and floating charges over the company's assets. The amounts are wholly repayable within five years.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | Deferred tax £'000 | Reorganisation provision £'000 | Total £'000 |
|-------------------------|--------------------------|--------------------------------------|----------------|
| Balance brought forward | 1,623 | 2,502 | 4,125 |
| Profit and loss account | (1,623) | (551) | (2,174) |
| Utilised in the year | - | (1,059) | (1,059) |
| | <u>-</u> | <u>(1,059)</u> | <u>(1,059)</u> |
| Balance carried forward | - | 892 | 892 |
| | <u>-</u> | <u>892</u> | <u>892</u> |

The reorganisation provision reflects the estimated demolition and environmental costs of exiting from the Haverhill site.

The amounts of deferred taxation provided and not provided in the accounts are as follows:

| | Provided 2001 £'000 | Provided 2000 £'000 | Not Provided 2001 £'000 | Not Provided 2000 £'000 |
|--------------------------------|---------------------------|---------------------------|----------------------------------|----------------------------------|
| Deferred taxation | | | | |
| Accelerated capital allowances | 647 | 1,663 | - | - |
| Other timing differences | (647) | (40) | (250) | (480) |
| | <u>-</u> | <u>1,623</u> | <u>(250)</u> | <u>(480)</u> |

14. SHARE CAPITAL

| | 2001 £'000 | 2000 £'000 |
|--|---------------|---------------|
| Authorised, issued and fully paid | | |
| 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

15. RESERVES

| | Share premium account £'000 | Profit and loss account £'000 | Total £'000 |
|--------------------------------------|--------------------------------------|--|----------------|
| At 1 January 2001 | 128 | (3,789) | (3,661) |
| Retained loss for the financial year | - | (1,387) | (1,387) |
| | <u>128</u> | <u>(5,176)</u> | <u>(5,048)</u> |
| At 31 December 2001 | <u>128</u> | <u>(5,176)</u> | <u>(5,048)</u> |

BORDEN CHEMICAL GB LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2001

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2001 £'000 | 2000 £'000 |
|-----------------------------------|---------------|---------------|
| Loss for the financial year | (1,387) | (2,367) |
| | (1,387) | (2,367) |
| Other recognised gains and losses | - | 101 |
| Opening shareholders' deficit | (3,660) | (1,394) |
| Closing shareholders' deficit | (5,047) | (3,660) |

17. OPERATING LEASE COMMITMENTS

At 31 December 2001 the company was committed to making the following payments during the next year in respect of operating leases:

| | Land and buildings | | Plant and equipment | |
|----------------------------|--------------------|---------------|---------------------|---------------|
| | 2001 £'000 | 2000 £'000 | 2001 £'000 | 2000 £'000 |
| Within one year | - | - | - | 58 |
| Between one and five years | 105 | 91 | 121 | 498 |
| After five years | - | 44 | 587 | - |
| | 105 | 135 | 708 | 556 |

18. RELATED PARTY DISCLOSURES

The company claims exemption from disclosing transactions with members of the group headed by Borden Inc. in accordance with the exemptions contained in paragraph 3(c) of FRS 8 as it is a 100% subsidiary of that group whose accounts are publicly available.

19. ULTIMATE HOLDING COMPANY

The immediate parent company is Borden International Holdings Limited, incorporated in England and Wales, which heads the smallest group whose consolidated financial statements include those of the company. The largest group which consolidates the results of the company is that headed by Borden Inc. The consolidated financial statements of Borden Inc. are available from 180 East Broad Street, Columbus, Ohio 43215. No other company produces consolidated financial statements. The ultimate controlling entity is considered by the directors to be Kohlberg, Kravis Roberts & Co.

20. CASH FLOW STATEMENT

The company has adopted FRS 1 and consequently claims exemption from 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 Borden Inc.