

**Akzo Nobel Pulp and Performance
Chemicals (AC) Limited**
(formerly Eka Chemicals (AC) Limited)
**Directors' Report and Financial
Statements**
31 December 2012
Registered number 3384260



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Directors' Report

The directors present the Directors' Report and audited financial statements for the year ended 31 December 2012

Principal activities and business review

The Company participates in a partnership, "The Particol Partnership", with Interlates Limited, a wholly owned subsidiary of Allied Colloids Group Plc for the exploitation of patent rights to paper chemical technology

Results and dividend

The results for the year ended 31 December 2012 are set out on page 5 of the financial statements

The directors do not recommend the payment of a dividend

Change of name

On 01 October 2012, the Company changed its name from Eka Chemicals (AC) Limited to Akzo Nobel Pulp and Performance Chemicals (AC) Limited

Going concern

Akzo Nobel N V, the Company's ultimate parent undertaking, has provided notification that it shall continue to provide financial and other support to the Company for a period of at least twelve months from the date of approval of these financial statements and thereafter for the foreseeable future to enable it to continue to trade. On this basis the directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future, and it is therefore appropriate to adopt the going concern basis in preparation of the financial statements

Directors

The directors who held office during the year were as follows

J Clifford	(resigned 31 December 2012)
J Goddard	
P Otway	(resigned 6 April 2012)
O H Director Limited	(appointed 24 August 2012)

Political and charitable contributions

The Company made no political donations or charitable contributions during the current or previous financial year.

Auditor

Pursuant to Section 487(2) of the Companies Act 2006, the Company's auditor is deemed to be reappointed and therefore KPMG LLP will continue in office

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

By order of the Board

O.H. SECRETARIAT LIMITED

AUTHORISED SIGNATORY

O.H. Secretariat Limited
Company Secretary

26th Floor
Portland House
Bressenden Place
London
SW1E 5BG

11 June 2013

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 their profit or loss for that period. In preparing financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc
15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of Akzo Nobel Pulp and Performance Chemicals (AC) Limited (formerly Eka Chemicals (AC) Limited)

We have audited the financial statements of Akzo Nobel Pulp and Performance Chemicals (AC) Limited (formerly Eka Chemicals (AC) Limited) for the year ended 31 December 2012 which are set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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 Akzo Nobel Pulp and Performance Chemicals (AC) Limited (formerly Eka Chemicals (AC) 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



Richard Broadbelt (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

11 June 2013

Profit and loss account

For the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	89	72
Administrative expenses	3	(72)	(59)
Operating profit	2-4	17	13
Interest receivable and similar income	5	-	-
Profit on ordinary activities before taxation		17	13
Tax on profit on ordinary activities	6	(34)	143
(Loss)/profit for the financial year		(17)	156

The notes on pages 8 to 12 form part of these financial statements

The results for both the current and preceding years relate to continuing operations

There were no recognised gains or losses in either year other than those dealt with in the profit and loss account

Balance sheet
At 31 December 2012

	<i>Note</i>	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Investments	7	-	-	-	-
Current assets					
Debtors	8	103		114	
Creditors: amounts falling due within one year	9	(296)		(320)	
Net current liabilities			(193)		(206)
Total assets less current liabilities			(193)		(206)
Debtors: amounts falling due after one year	8		341		371
Net assets			148		165
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	12		148		165
Shareholders' funds			148		165

The notes on pages 8 to 12 form part of these financial statements

These financial statements were approved by the board of directors on 11 June 2013 and were signed on its behalf by

O.H. DIRECTOR LIMITED

AUTHORISED SIGNATORY

O.H. Director Limited
Director

Reconciliation of movements in shareholders' funds
For the year ended 31 December 2012

	2012 £000	2011 £000
(Loss)/profit for the financial year	(17)	156
Net (reduction in)/addition to shareholders' funds	(17)	156
Opening shareholders' funds	165	9
Closing shareholders' funds	148	165

The notes on pages 8 to 12 form part of these financial statements

Notes

(Forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 "Cash flow statements", the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

As 100% of the Company's voting rights are controlled within the group headed by Akzo Nobel N V, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group

Foreign currencies

Transactions in foreign currencies are recorded using the rate set at the beginning of each month. Any gains or losses are included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date, except as otherwise required by Financial Reporting Standard 19 'Deferred Tax'

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to the AkzoNobel group

2 Turnover

Geographical segment by destination

	2012	2011
	£000	£000
Other group companies - Finland	12	19
Other group companies - USA	77	53
	<u>89</u>	<u>72</u>

Notes (continued)

3 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging

	2012	2011
	£000	£000
Auditors' remuneration audit of these financial statements	1	1
Other operating charges	71	58
	<u><u>72</u></u>	<u><u>59</u></u>

4 Staff numbers and costs

The Company had no employees during either year. The directors of the Company are employed and remunerated by other group companies in both the current and prior year.

Notes (continued)

5 Taxation

	2012 £000	2012 £000	2011 £000	2011 £000
<i>UK corporation tax</i>				
Current tax on profit for the period	4		3	
Adjustments in respect of prior periods	-		84	
	<u>4</u>		<u>87</u>	
Total current tax charge		4		87
<i>Deferred tax (note 8)</i>				
Origination/reversal of timing differences	-		(260)	
Effect of decreased tax rate	30		30	
	<u>30</u>		<u>(230)</u>	
Total deferred tax charge/(credit)		30		(230)
Tax charge/(credit) on profit on ordinary activities		<u>34</u>		<u>(143)</u>

Factors affecting the tax charge for the current period

The current tax charge for the period equals (2011 different from) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	17	13
	<u>4</u>	<u>3</u>
Current tax charge at 24.5% (2011 26.5%)		
<i>Effects of</i>		
Adjustments to tax charge in respect of previous periods	-	84
	<u>4</u>	<u>87</u>
Total current tax charge (see above)		

Factors that may affect future current and total tax charges

On 19 July 2011 a change in the rate of corporation tax was substantively enacted, with corporation tax reduced from 26% to 25% effective from 1 April 2012. The Budget of 21 March 2012 announced a further reduction of the rate to 24% also effective from 1 April 2012. Therefore the standard rate of corporation tax for 2012 was 24.5% (2011 26.5%).

On 3 July 2012 another reduction in the rate from 24% to 23% was substantively enacted being effective from 1 April 2013.

In the Autumn 2012 budget statement a further rate change was announced reducing the rate from 23% to 21% effective from 1 April 2014 and in the budget of 20 March 2013 this rate was further reduced to 20% effective from 1 April 2015. Neither of these changes has been substantively enacted at the Company's balance sheet date. This will reduce the Company's future current tax position accordingly.

Notes (continued)

6 Fixed asset investments

	Total £000
<i>Cost less initial capital repaid</i>	
At beginning and end of year	2,687
<i>Write down of investment to share of net asset value</i>	
At beginning and end of year	(2,687)
<i>Net book value</i>	
At 31 December 2012 and 2011	-

The Particol Partnership is a 50/50 joint venture with Interlates Limited, a wholly owned subsidiary of Allied Colloids Group Plc

7 Debtors

	2012 £000	2011 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	74	81
Other debtors	6	-
Group relief receivable	-	24
Prepayments and accrued income	23	9
	<u>103</u>	<u>114</u>
Amounts falling due after more than one year:		
Deferred tax asset (see note 10)	341	371
	<u>444</u>	<u>485</u>

8 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	251	300
Amounts owed to The Particol Partnership	37	19
Group tax payable	7	-
Accruals and deferred income	1	1
	<u>296</u>	<u>320</u>

Notes (continued)

9 Deferred tax

Deferred tax assets are recognised to the extent that future probable taxable profits will be available against which the deferred tax asset can be utilised and based upon future taxable profit forecasts the Company has recognised a deferred tax asset. The deferred tax asset is in respect of,

	2012 £000	2011 £000
Accelerated depreciation over tax balances	341	371

11 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
2 (2011: 2) ordinary shares of £1 each	-	-

All shares are classified in shareholders' funds

12 Reserves

	Profit and loss account £000
At beginning of year	165
Loss for the financial year	(17)
At end of year	148

13 Ultimate parent company and parent undertaking of larger group of which the Company is a member.

The Company is a wholly owned subsidiary undertaking of Akzo Nobel Pulp and Performance Chemicals Limited, a company registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Akzo Nobel N V, the ultimate parent company, incorporated in the Netherlands.

Copies of the Akzo Nobel N V Annual Report and Accounts are available to the public and may be obtained from Velperweg 76, PO Box 9300, 6800 SB Arnhem, The Netherlands.