

***COGNIS SPECIALITY ORGANICS FAR EAST  
LIMITED***

**Directors' Report and Financial Statements**

**for the year ended 31 December 2005**

*Registered Number: 2723173*



## ***Cognis Speciality Organics Far East Limited***

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**Directors' report**

The Directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2005.

**Principal activities and Business review**

The Company has been wound down. There has been no trading during the year and the Directors do not anticipate any further trading.

	2005 £'000	2004 £'000
Profit/(loss) before taxation	4	(6)
Taxation	(1)	13
Profit for the year	<u>3</u>	<u>7</u>

**Dividends**

The Directors have been unable to propose payment of a dividend in respect of either this or the preceding year.

**Directors and their interests**

The following persons served as Directors of the Company during the year: -

S H Song  
S L Catchpole

None of the Directors had any interest in the shares of the Company at any time during the year.

The ultimate parent Company (see note 9) is incorporated in Germany. Therefore, pursuant to section 3 of the Companies (Disclosure of Director's Interests) (Exceptions) regulations 1985, Directors' interests in the ultimate parent are not shown.

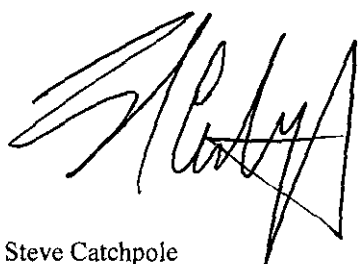
## ***Cognis Speciality Organics Far East Limited***

### **Directors' report (continued)**

#### **Auditors**

On 26 September 1996, pursuant to section 386 of the Companies Act 1985, the Company passed an elective resolution to dispense with the obligation to appoint Auditors annually. Therefore, KPMG LLP will continue as auditors for the foreseeable future.

By order of the Board

A handwritten signature in black ink, appearing to read 'Steve Catchpole', written over a horizontal line.

Steve Catchpole  
Director

30/10/2006

## *Cognis Speciality Organics Far East Limited*

### 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.

The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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 LLP**

*Dukes Keep  
Marsh Lane  
Southampton  
SO14 3EX  
United Kingdom*

**Independent auditors' report to the members of Cognis Speciality Organics Far East Limited**

We have audited the financial statements of Cognis Speciality Organics Far East Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

**Independent auditors' report to the members of Cognis Speciality Organics Far East Limited** *(continued)*

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

WIMG LLP

KPMG LLP

*Chartered Accountants*

*Registered Auditor*

31 October 2006 .

## ***Cognis Speciality Organics Far East Limited***

### **Profit and Loss Account**

*for the year ended 31 December 2005*

	<i>Note</i>	2005 £'000	2004 £'000
Administrative expenses		(4)	(6)
Other operating income		<u>8</u>	<u>-</u>
<b>Operating profit/(loss)</b>	2	<b>4</b>	<b>(6)</b>
Interest receivable		<u>-</u>	<u>-</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>4</b>	<b>(6)</b>
Taxation on ordinary activities	4	<u>(1)</u>	<u>13</u>
<b>Retained profit for the year</b>	8	<b><u>3</u></b>	<b><u>7</u></b>

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

A statement of movement on reserves is set out in note 8.



# ***Cognis Speciality Organics Far East Limited***

## **Balance Sheet**

*at 31 December 2005*

### **Current Assets**

Debtors falling due within one year	5	20	23
Cash at bank and in hand		<u>54</u>	<u>47</u>
		74	70

### **Creditors**

Amounts falling due within one year	6	<u>(11)</u>	<u>(10)</u>
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**Total net current assets** 63 60

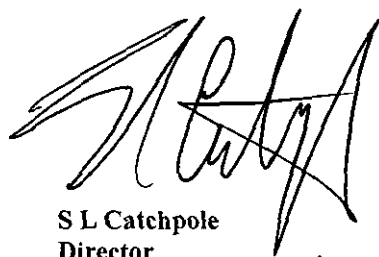
**Net assets** 63 60

### **Capital and reserves**

Called up share capital	7	500	500
Profit and loss account	8	(437)	(440)

**Equity shareholders' funds** 63 60

The financial statements on pages 5 to 13 were approved by the Board on and signed on its behalf by:



**S L Catchpole**  
**Director**

*30/10/2006*

## ***Cognis Speciality Organics Far East Limited***

### **Statement of total recognised gains and losses** *for the year ended 31 December 2005*

	2005 £'000	2004 £'000
Profit for the financial year	3	7
<b>Total recognised gains and losses</b>	<u>3</u>	<u>7</u>

### **Reconciliation of movements in shareholders' funds** *for the year ended 31 December 2005*

	2005 £'000	2004 £'000
Profit for the financial year	<u>3</u>	<u>7</u>
<b>Net addition to shareholders' funds</b>	3	7
Shareholders' funds at start of year	60	53
<b>Shareholders' funds at end of year</b>	<u>63</u>	<u>60</u>

# ***Cognis Speciality Organics Far East Limited***

## **Notes to the financial statements**

### **1. Principal 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. During the year the Company adopted FRS 21 'Events after the balance sheet date' and FRS 28 'Corresponding amounts', with no material effect on the current or prior year.

#### **Basis of accounting**

The Company's financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards.

In previous years the financial statements have been prepared on a going concern basis. However, on 1 December 2003, the directors took the decision to cease trading following a Group reorganisation. As the directors intend to liquidate the branch and the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent Company includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Cognis GmbH, the Company has taken advantage of the exemption in FRS 8 and has not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Cognis GmbH, within which this company is included may be obtained from Charleston Road, Hythe, Southampton SO45 3ZG.

#### **Foreign currencies**

The Company maintains its accounting records in Korean Won. In preparing the Company's financial statements, monetary assets and liabilities are translated into Sterling at the closing rate, non-monetary assets and liabilities at the rate ruling at the date of transaction and the profit and loss account is translated at the average rate.

#### **Deferred taxation**

Deferred taxation 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 FRS 19.

## ***Cognis Speciality Organics Far East Limited***

### **Notes to the financial statements *(continued)***

#### **2. Operating profit**

The auditor's remuneration for 2005 has been borne by Cognis UK Limited, a fellow Group Company.

#### **3. Directors and employees**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Social security costs	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

There were no employees during 2005

# *Cognis Speciality Organics Far East Limited*

## Notes to the financial statements (continued)

### 4. Tax on loss on ordinary activities

	2005 £'000	2004 £'000
<i>Analysis of charge in the period</i>		
Current tax on income for the period	1	(2)
Adjustments in respect of prior years	-	(11)
Tax credit on profit/(loss) on ordinary activities	<u>1</u>	<u>(13)</u>
The current tax credit is no different (2004: no difference) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:		
Loss on ordinary activities before taxation	<u>4</u>	<u>(6)</u>
Expected current tax credit at 30% (2004: 30%)	1	(2)
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(11)</u>
Total current tax charge / (credit) (see above)	<u>1</u>	<u>(13)</u>

At 31 December 2005 there was no unprovided deferred taxation (2004 : Nil).

# *Cognis Speciality Organics Far East Limited*

## Notes to the financial statements *(continued)*

### 5. Debtors : Amounts falling due within one year

	2005 £'000	2004 £'000
Amounts owed by group undertakings	20	20
Other debtors	-	3
	<u>20</u>	<u>23</u>

### 6. Creditors: Amounts falling due within one year

Corporation tax creditor	1	-
Accruals and deferred income	10	10
	<u>11</u>	<u>10</u>

# ***Cognis Speciality Organics Far East Limited***

## **Notes to the financial statements (continued)**

### **7. Called up share capital**

	<b>2005</b>		<b>2004</b>	
	<b>No. 000</b>	<b>£'000</b>	<b>No. 000</b>	<b>£'000</b>
<b>Authorised</b>				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

### **8. Reserves**

	<b>Profit and Loss £'000</b>
Balance at start of year	(440)
Retained profit for the financial year	<u>3</u>
Balance at end of year	<u>(437)</u>

## ***Cognis Speciality Organics Far East Limited***

### **Notes to the financial statements *(continued)***

#### **9. Immediate and ultimate holding Company**

On 1 April 2003, the Company was acquired by Cognis Holdings UK Limited and, accordingly, Cognis GmbH, incorporated in Germany, became the Company's ultimate parent company and ultimate controlling party, with effect from that date.

The consolidated financial statements of Cognis GmbH for the year ended 31 December 2005 are available to the public and may be obtained from Charleston Road, Hythe, Southampton, SO45 3ZG.

#### **10. Restrictions on cash**

Certain restrictions exist over the free flow of cash out of South Korea, therefore the cash at year end could not be easily repatriated to the UK. Since the year end the company repatriated the cash to the UK.

#### **11. Related party transactions**

On 21 November 2005 the company made a loan of £35,000 to Mr SH Song, a director. The loan was repaid on 23 December 2005. This loan was contrary to the provisions of the Companies Act 1985.