

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

Directors' Report and Financial Statements

for the year ended 31 December 2006

Registered Number: 2723173

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Cognis Speciality Organics Far East Limited

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Cognis Speciality Organics Far East Limited

Directors' report

The Directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2006.

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.

	2006		2005	
	No. 000	£'000	No. 000	£'000
Authorised				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Issued and fully paid				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</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.

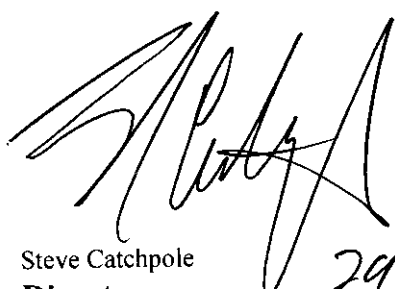
Cognis Speciality Organics Far East Limited

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


Steve Catchpole
Director 29/10/07

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).

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 2006 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 2006 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

31st October 2007

Cognis Speciality Organics Far East Limited

Profit and Loss Account

for the year ended 31 December 2006

	<i>Note</i>	2006 £'000	2005 £'000
Administrative expenses		(3)	(4)
Other operating income		<u>-</u>	<u>8</u>
Operating (loss)/profit	2	(3)	4
Interest receivable		<u>-</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		(3)	4
Taxation on ordinary activities	4	<u>1</u>	<u>(1)</u>
(Loss)/profit for the financial year	8	<u><u>(2)</u></u>	<u><u>3</u></u>

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 2006*

		2006		2005	
	Note	£'000	£'000	£'000	£'000
		2006		2005	
Current Assets					
Debtors falling due within one year	5	61		20	
Cash at bank and in hand		<u>-</u>		<u>54</u>	
		61		74	
Creditors					
Amounts falling due within one year	6	<u>-</u>		<u>(11)</u>	
Total net current assets			61		63
Net assets			<u>61</u>		<u>63</u>
Capital and reserves					
Called up share capital	7		500		500
Profit and loss account	8		(439)		(437)
Equity shareholders' funds			<u>61</u>		<u>63</u>

The financial statements on pages 6 to 12 were approved by the Board on 29/10/07 and signed on its behalf by:



S L Catchpole
Director

Cognis Speciality Organics Far East Limited

Statement of total recognised gains and losses *for the year ended 31 December 2006*

	2006 £'000	2005 £'000
(Loss)/profit for the financial year	(2)	3
Total recognised gains and losses	<u>(2)</u>	<u>3</u>

Reconciliation of movements in shareholders' funds *for the year ended 31 December 2006*

	2006 £'000	2005 £'000
(Loss)/profit for the financial year	(2)	3
Net addition to shareholders' funds	<u>(2)</u>	<u>3</u>
Shareholders' funds at start of year	63	60
Shareholders' funds at end of year	<u>61</u>	<u>63</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

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.

2. Operating profit

The auditor's remuneration for 2006 has been borne by Cognis UK Limited, a fellow Group Company.

Cognis Speciality Organics Far East Limited

Notes to the financial statements (continued)

3. Directors and employees

	2006 £'000	2005 £'000
Social security costs	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

There were no employees during 2006.

4. Tax on loss on ordinary activities

The current tax credit is no different (2005: no different) than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained below.

	2006 £'000	2005 £'000
<i>Analysis of charge in the period</i>		
Current tax on income for the period	(1)	1
Adjustments in respect of prior years	-	-
	<u>(1)</u>	<u>1</u>
Tax credit on profit/(loss) on ordinary activities	<u>(1)</u>	<u>1</u>
	2006 £'000	2005 £'000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before taxation	<u>(3)</u>	<u>4</u>
Expected current tax (credit)/charge at 30% (2005:30%)	(1)	1
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>-</u>
Total current tax (credit)/charge (see above)	<u>(1)</u>	<u>1</u>

At 31 December 2006 there was no unprovided deferred taxation (2005 : Nil).

Cognis Speciality Organics Far East Limited

Notes to the financial statements (continued)

5. Debtors : Amounts falling due within one year

	2006 £'000	2005 £'000
Amounts owed by group undertakings	<u>61</u>	<u>20</u>
	<u>61</u>	<u>20</u>

6. Creditors: Amounts falling due within one year

	2006 £'000	2005 £'000
Corporation tax creditor	-	1
Accruals and deferred income	<u>1</u>	<u>10</u>
	<u>1</u>	<u>11</u>

7. Called up share capital

	2006		2005	
	No. 000	£'000	No. 000	£'000
Authorised				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Issued and fully paid				
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

8. Reserves

	Profit and Loss £'000
Balance at start of year	(437)
Loss for the financial year	<u>(2)</u>
Balance at end of year	<u>(439)</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 2006 are available to the public and may be obtained from Charleston Road, Hythe, Southampton, SO45 3ZG.

10. 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.

There were no related party transactions in 2006.