

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

Directors' Report and Financial Statements

for the year ended 31 December 2004

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 2004.

Principal activities

Business review

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

	2004 £'000	2003 £'000
Loss before taxation	(6)	(35)
Taxation credit	13	-
Profit for the year	<u>7</u>	<u>(35)</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 10) 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.

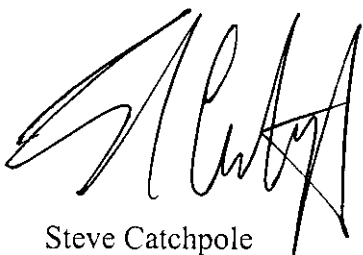
Cognis Speciality Organics Far East Limited

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

Cognis Speciality Organics Far East Limited

Statement of Directors' responsibilities

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 and of the profit or loss 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, 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. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on this basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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 on pages 5 to 13.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 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.

Fundamental Uncertainty – Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the availability and adequacy of the financial support that the directors expect will be required within the foreseeable future. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants
Registered Auditor

27th January 2005

Cognis Speciality Organics Far East Limited

Profit and Loss Account

for the year ended 31 December 2004

	<i>Note</i>	2004 £'000	2003 £'000
Administrative expenses		(6)	(179)
Other operating income		<u>-</u>	<u>144</u>
Operating loss	2	(6)	(35)
Interest receivable		<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation		(6)	(35)
Taxation credit on loss on ordinary activities	4	<u>13</u>	<u>-</u>
Retained profit/(loss) for the year	9	<u><u>7</u></u>	<u><u>(35)</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 9.

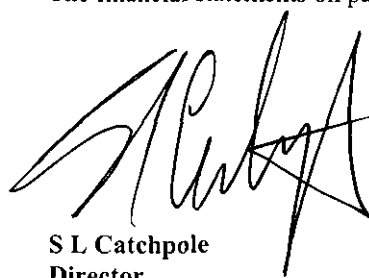
Cognis Speciality Organics Far East Limited

Balance Sheet

at 31 December 2004

	Note	2004		2003	
		£'000	£'000	£'000	£'000
Current Assets					
Debtors falling due within one year	5	23		62	
Cash at bank and in hand		<u>47</u>		<u>33</u>	
		70		95	
Creditors					
Amounts falling due within one year	6	<u>(10)</u>		<u>(42)</u>	
Total net current assets			60		53
Total assets less current liabilities			<u>60</u>		<u>53</u>
Capital and reserves					
Called up share capital	7		500		500
Profit and loss account	9		(440)		(447)
Equity shareholders' funds			<u>60</u>		<u>53</u>

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



S L Catchpole
Director

25 - 1 - 2006

Cognis Speciality Organics Far East Limited

Statement of total recognised gains and losses *for the year ended 31 December 2004*

	2004 £'000	2003 £'000
Profit/(Loss) for the financial year	7	(35)
Currency translation differences	-	-
Total recognised gains and losses	<u>7</u>	<u>(35)</u>

Reconciliation of movements in shareholders' funds *for the year ended 31 December 2004*

	2004 £'000	2003 £'000
Profit/(Loss) for the financial year	7	(35)
Net addition to/(reduction in) shareholders' funds	7	(35)
Shareholders' funds at start of year	53	88
Shareholders' funds at end of year	<u>60</u>	<u>53</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.

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 loss

The operating loss is stated after charging / (crediting):

	2004 £'000	2003 £'000
Loss/(gain) on disposal of fixed assets	-	3
Depreciation of fixed assets	-	2
	<u>-</u>	<u>2</u>

The auditor's remuneration for 2004 has been borne by Cognis Performance Chemicals UK Limited, a fellow Group Company.

3. Directors and employees

	2004 £'000	2003 £'000
Wages and salaries	-	87
Social security costs	1	2
Pension costs	-	2
	<u>1</u>	<u>91</u>

Average numbers employed	No.	No.
Administration	-	2

Included within employee costs are residual Social Security costs of £1,000 (2003 : £2,000).

Cognis Speciality Organics Far East Limited

Notes to the financial statements (continued)

4. Tax on loss on ordinary activities

	2004 £'000	2003 £'000
<i>Analysis of charge in the period</i>		
Current tax on income for the period	(2)	(11)
Adjustments in respect of prior years	(11)	-
Tax credit on Loss on ordinary activities	<u>(13)</u>	<u>(11)</u>

The current tax credit is higher (2003: no difference) than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

Loss on ordinary activities before taxation	<u>(6)</u>	<u>(35)</u>
Expected current tax credit at 30% (2003: 30%)	(2)	(11)
<i>Effects of:</i>		
Group relief not paid for	-	-
Adjustments to tax charge in respect of previous periods	<u>(11)</u>	<u>-</u>
Total current tax charge / (credit) (see above)	<u>(13)</u>	<u>(11)</u>

At 31 December 2004 there was no unprovided deferred taxation (2003 : Nil).

Cognis Speciality Organics Far East Limited

Notes to the financial statements (continued)

5. Debtors : Amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed by group undertakings	20	7
Other debtors	<u>3</u>	<u>55</u>
	<u>23</u>	<u>62</u>

6. Creditors: Amounts falling due within one year

	2004 £'000	2003 £'000
Accruals and deferred income	<u>10</u>	<u>42</u>

Cognis Speciality Organics Far East Limited

Notes to the financial statements (continued)

7. Called up share capital

	2004		2003	
	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. Pensions

Pensions are provided to employees through the South Korean State Insured Defined Contribution Scheme into which both the company and the employees contribute. The charge for the year is £1,000 (2003 : £2,000).

9. Reserves

	Profit and Loss £'000
Balance at start of year	(447)
Retained profit for the financial year	<u>7</u>
Balance at end of year	<u>(440)</u>

Cognis Speciality Organics Far East Limited

Notes to the financial statements (continued)

10. 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 2004 are available to the public and may be obtained from Charleston Road, Hythe, Southampton, SO45 3ZG.

11. Restrictions on cash

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