

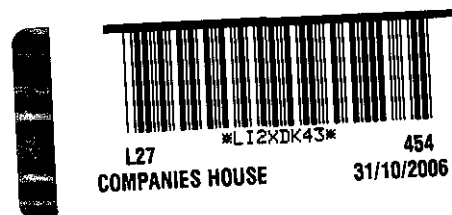
Company Registration No. 741008

SENSIENT COLORS UK LIMITED

Report and Financial Statements

31 December 2005

(- 25/10/2006)
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SENSIENT COLORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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SENSIENT COLORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Rolfs
J Makal
M DeMeyer

SECRETARY

Gravitas Company Secretarial Services
110 Cannon Street
London
EC4N 6AR

REGISTERED OFFICE

Oldmedow Road
King's Lynn
Norfolk
PE30 4LA

BANKERS

Deutsche Bank AG
PO Box 441
6 Bishopsgate
London
EC2P 2AT

SOLICITORS

Nicholson, Graham & Jones
110 Cannon Street
London
EC4N 6AR

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

SENSIENT COLORS UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The company's principal activity is the manufacture and distribution of synthetic and natural colours for the food, pharmaceutical and cosmetic industries.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Turnover decreased 8% over the prior year and turnover and margin continue to be affected by price, competition, exchange rates and geographic mix.

On 19 December 2003 Sensient Technologies announced a cost efficiency programme, which was primarily designed to improve the competitiveness of the global color group. During 2004 a review of divisional manufacturing capacity resulted in consolidation of primary dye production into the 2 larger sites in the US and Mexico. Primary dye manufacture in King's Lynn ceased. The redundancy programme and asset impairment costs resulted in the large loss for 2004.

Sensient Colors UK Limited has a strong future as an added value manufacturing company, supporting customers through Europe, Middle East and Africa.

DIVIDENDS

The directors do not recommend the payment of a dividend (2004 - nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

S Rolfs
C Lawlor (resigned 8 April 2005)
J Makal (appointed 8 April 2005)
M DeMeyer

None of the directors had a beneficial interest in the shares of the company or had any interests in shares of group companies at the end of the year.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade debtors and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

SENSIENT COLORS UK LIMITED

DIRECTORS' REPORT

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Price risk

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

SAFETY

Whilst the company has a reputation for high safety standards, we remain committed to improving our accident prevention systems further. Our safety audit scheme continues to provide a useful measure of site performance against British Safety Council Standards, as well as identifying areas for improvement.

ELECTIVE RESOLUTION

At the Annual General Meeting held on 29 December 1993 elective resolutions were passed to dispense with the following requirements:

- a) To lay directors' reports and financial statements before the members in general meeting.
- b) To hold Annual General Meetings
- c) To appoint auditors annually.

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



M DeMeyer
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and 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 SENSIENT COLORS UK LIMITED

We have audited the financial statements of Sensient Colors UK Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. 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 auditors' 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom 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
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

31 October 2006

SENSIENT COLORS UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2005

	Note	2005 £	2004 £
TURNOVER	2	19,725,922	21,393,892
Cost of sales		<u>(14,498,107)</u>	<u>(16,326,884)</u>
Gross profit		<u>5,227,815</u>	<u>5,067,008</u>
Distribution costs		(2,397,976)	(2,895,024)
Administrative expenses:			
Exceptional restructuring costs	4	-	(1,991,052)
Other		<u>(1,879,090)</u>	<u>(1,845,318)</u>
		<u>(1,879,090)</u>	<u>(3,836,370)</u>
		<u>(4,277,066)</u>	<u>(6,731,394)</u>
OPERATING PROFIT/(LOSS)	5	<u>950,749</u>	<u>(1,664,386)</u>
Interest receivable and similar income	6	61,008	19,665
Interest payable and similar charges	7	<u>(146,998)</u>	<u>(214,406)</u>
		<u>(85,990)</u>	<u>(194,741)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		864,759	(1,859,127)
Tax on profit/(loss) on ordinary activities	8	<u>(251,397)</u>	<u>547,428</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		613,362	(1,311,699)
Retained profit brought forward		<u>9,302,566</u>	<u>10,614,265</u>
Retained profit carried forward		<u><u>9,915,928</u></u>	<u><u>9,302,566</u></u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the financial year and the loss for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

SENSIENT COLORS UK LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	<u>4,551,079</u>	<u>5,241,199</u>
CURRENT ASSETS			
Stocks	10	5,737,496	6,097,121
Debtors	11	6,531,524	5,740,438
Assets held for sale		-	477,150
Cash at bank and in hand		<u>55,140</u>	<u>20,019</u>
		12,324,160	12,334,728
CREDITORS: amounts falling due within one year	12	<u>(6,616,066)</u>	<u>(7,886,371)</u>
NET CURRENT ASSETS		<u>5,708,094</u>	<u>4,448,357</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,259,173	9,689,556
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(256,194)</u>	<u>(299,939)</u>
NET ASSETS		<u><u>10,029,979</u></u>	<u><u>9,389,617</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	87,051	87,051
Profit and loss account		<u>9,915,928</u>	<u>9,302,566</u>
EQUITY SHAREHOLDERS' FUNDS	16	<u><u>10,029,979</u></u>	<u><u>9,389,617</u></u>

These financial statements were approved by the Board of Directors on 23/10/2006.
Signed on behalf of the Board of Directors



M. DeMeyer
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom 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

Depreciation is not provided on freehold land. On other assets it is provided at rates calculated to write off the assets over their estimated useful lives. The rates of depreciation are as follows:

Freehold buildings	2.8% - 4.0% per annum on cost
Plant and machinery	6.7% - 10.0% per annum on cost
Computer equipment	20% - 33.3% per annum on cost

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. 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.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Pension costs

The company operates money purchase contributory pension schemes for which contributions are charged monthly in the profit and loss account as they accrue.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

2. TURNOVER

Turnover represents amounts derived from the provision of goods which fall within the company's ordinary activities after deduction of value added tax. Turnover arises from the sales of synthetic and natural colours in the UK and abroad.

	2005	2004
	£	£
Geographical analysis of turnover by destination:		
United Kingdom	6,093,751	6,836,425
Overseas	13,632,171	14,557,467
	<u>19,725,922</u>	<u>21,393,892</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005	2004
	£	£
Directors' emoluments		
Directors' remuneration	107,450	110,238
Pension contributions to money purchase schemes	9,500	10,060
	<u>116,950</u>	<u>120,298</u>

During the year 1 director (2004 - 2) was a member of a money purchase pension scheme.

	No	No
Average number of persons employed		
Production	58	70
Sales and distribution	28	36
Administration	16	16
	<u>102</u>	<u>122</u>
	£	£

Staff costs during the year (including directors)		
Wages and salaries	2,590,843	3,194,732
Social security costs	297,960	339,037
Pension costs	263,482	298,399
	<u>3,152,285</u>	<u>3,832,168</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

4. EXCEPTIONAL ITEM

Administration costs in 2004 included costs relating to the restructuring due to the Divisional primary dye consolidation programme. These costs included:-

Fixed asset write off	£1,252,248
Redundancies	£588,804
Decommissioning	£150,000

5. OPERATING PROFIT/(LOSS)

	2005 £	2004 £
Operating profit/(loss) is after charging:		
Depreciation		
Owned assets	704,123	887,033
Royalty fees *	462,887	204,430
Auditors' remuneration		
Audit fees	24,720	24,000
Other services	10,300	10,000
Rentals under operating leases		
Hire of plant and machinery	28,776	49,889
Other operating leases	269,879	318,361
	<u> </u>	<u> </u>

* Royalty fees represent charges for sales to a group company's customers.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £	2004 £
Group interest	61,008	19,482
Other interest	-	183
	<u>61,008</u>	<u>19,665</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank loans, overdrafts and other loans	295	-
Group interest	146,703	214,406
	<u>146,998</u>	<u>214,406</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

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

	2005	2004
	£	£
Current tax		
UK corporation tax based on the results for the year	-	-
Adjustment in respect of prior years	(17,093)	(104,485)
Amount charged to group relief	312,235	104,485
	<u>295,142</u>	<u>-</u>
Deferred tax		
Timing differences, origination and reversal	(43,747)	(547,782)
Adjustment in respect of prior years	2	354
	<u>(43,745)</u>	<u>354</u>
	<u>251,397</u>	<u>(547,428)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2004 - 30%). The actual tax charge for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2005	2004
	£	£
Profit/(loss) on ordinary activities before tax	<u>864,759</u>	<u>(1,859,127)</u>
Tax on profit/(loss) on ordinary activities at standard rate	259,428	(557,738)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	7,658	8,554
Tax losses (utilised) not utilised	(165,843)	166,068
Capital allowances in deficit of depreciation	210,992	383,116
Prior period adjustments	(17,093)	-
Total actual amount of current tax	<u>295,142</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 2005	3,297,910	9,670,532	12,968,442
Additions in year	-	70,487	70,487
Disposals	-	(88,322)	(88,322)
	<u>3,297,910</u>	<u>9,652,697</u>	<u>12,950,607</u>
At 31 December 2005			
Depreciation			
At 1 January 2005	1,015,076	6,712,167	7,727,243
Charge for the year	90,310	613,813	704,123
Disposals and impairments	-	(31,838)	(31,838)
	<u>1,105,386</u>	<u>7,294,142</u>	<u>8,399,528</u>
At 31 December 2005			
Net book value			
At 31 December 2005	<u>2,192,524</u>	<u>2,358,555</u>	<u>4,551,079</u>
At 31 December 2004	<u>2,282,834</u>	<u>2,958,365</u>	<u>5,241,199</u>

Included in freehold land and buildings is land with a cost of £372,267.

10. STOCKS

	2005 £	2004 £
Raw materials and consumables	580,583	870,883
Work in progress	554,911	471,510
Finished goods and goods for resale	4,602,002	4,754,728
	<u>5,737,496</u>	<u>6,097,121</u>

In the opinion of the directors, the estimated replacement costs exceed the above costs by an amount which is not material.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

11. DEBTORS

	2005	2004
	£	£
Trade debtors	2,443,958	3,012,468
Amounts owed by group undertakings - fellow subsidiaries	2,745,223	1,691,302
Corporation tax recoverable	891,440	694,202
Other debtors	274,565	183,669
Prepayments and accrued income	176,338	158,797
	<u>6,531,524</u>	<u>5,740,438</u>

All amounts are due within one year.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade creditors	1,028,339	990,187
Amounts owed to group undertakings - fellow subsidiaries	4,279,902	5,800,405
Group relief payable	795,841	480,917
Other taxes and social security	75,600	86,136
Accruals and deferred income	436,384	528,726
	<u>6,616,066</u>	<u>7,886,371</u>

13. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2005	2004
	Fair value	Fair value
	£	£
Derivative financial instruments held to manage the currency profile		
Forward foreign currency contracts	<u>7,903</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	£
Balance at 1 January 2005	299,939
Credit to profit and loss account	(43,745)
	<u>256,194</u>
Balance at 31 December 2005	<u>256,194</u>

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

	Provided		Not provided	
	2005	2004	2005	2004
	£	£	£	£
Capital allowances in advance of depreciation	256,194	466,007	-	-
Revenue losses not utilised	-	(166,068)	-	-
	<u>256,194</u>	<u>299,939</u>	<u>-</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid		
87,051 ordinary shares of £1 each	<u>87,051</u>	<u>87,051</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit/(loss) for the financial year	613,362	(1,311,699)
Net addition to (reduction in) shareholders' funds	613,362	(1,311,699)
Opening shareholders' funds	9,389,617	10,701,316
Closing shareholders' funds	<u>10,029,979</u>	<u>9,389,617</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

17. OPERATING LEASE COMMITMENTS

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Leases which expire:				
Within one year	47,000	27,417	19,682	39,689
Between two and five years	-	-	116,756	78,585
After more than five years	70,092	70,092	-	-
	<u>117,092</u>	<u>97,509</u>	<u>136,438</u>	<u>118,274</u>

18. CAPITAL COMMITMENTS

	2005	2004
	£	£
Contracted for but not provided	<u>19,088</u>	<u>-</u>

19. CONTINGENT LIABILITIES

The company was a party at 31 December 2005 to a guarantee to Deutsche Bank in respect of Customs and Excise duty and value added tax on imports of £400,000, a BACS payment guarantee of £370,000, and an Excise duty guarantee of £400. No liability is expected to arise in the normal course of business.

20. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Sensient Technologies Corporation, a company incorporated in the United States of America.

This is the parent undertaking of the largest group for which group accounts are prepared. The parent undertaking of the smallest such group is Sensient Holdings UK, a company registered in England and Wales. On 21 December 2005, Sensient Technologies (UK) Limited changed its name to Sensient Holdings UK the company was also changed from a limited to an unlimited company.

Sensient Holdings UK is the immediate controlling party of Sensient Colors UK Limited.

Copies of the group financial statements of Sensient Technologies Corporation are filed at the Securities and Exchange Commission, Washington DC. Copies of the group financial statements of Sensient Holdings UK are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

21. RELATED PARTY DISCLOSURES

During the year the company has entered into transactions with Sensient Technologies Corporation and fellow subsidiaries. The company is exempt from disclosing these transactions as group financial statements of Sensient Technologies Corporation are publicly available.

22. CASH FLOW

Sensient Colors UK Limited is a wholly owned subsidiary of Sensient Holdings UK, which in turn is a wholly owned subsidiary of Sensient Technologies Corporation. The ultimate parent company prepares cash flow statements in its accounts. The company has therefore not prepared a cash flow statement as permitted by FRS1 (revised).