

WARNER-JENKINSON EUROPE LIMITED

Report and Financial Statements

31 December 2000

Oldmedow Road
Hardwick Industrial Estate
King's Lynn
Norfolk
PE30 4LA



WARNER-JENKINSON EUROPE LIMITED

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WARNER-JENKINSON EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N G Cracknell
S Rolfs
D Foell

SECRETARY

Gravitas Company Secretarial Services
110 Cannon Street
London
EC4N 6AR

REGISTERED OFFICE

Oldmedow Road
King's Lynn
Norfolk
PE30 4LA

BANKERS

ABN Amro Bank NV
101 Moorgate
London
EC2M 6SB

SOLICITORS

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

AUDITORS

Deloitte & Touche
Chartered Accountants
Leda House
Station Road
Cambridge
CB1 2RN

WARNER-JENKINSON EUROPE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 15 months ended 31 December 2000.

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 THE BUSINESS

The Company has changed its accounting period end from 30 September to the 31 December and consequently the results shown are for the 15 months to 31 December 2000. Turnover increased in the period following the acquisition of Pointing Limited into the Group and the transfer of UK and European business over to Warner Jenkinson Europe Limited. Advances were also made in specialist markets. Margins continue to be affected by price, competition, exchange rates and the geographic mix.

DIVIDENDS AND TRANSFERS TO RESERVES

The results of the company for the period are set out in detail on Page 6.

No dividend was paid in the period and a retained profit of £494,931 has been transferred to reserves.

FUTURE PROSPECTS

The company continues to emphasise the importance of providing excellent customer service and expects growth in the markets served.

FIXED ASSETS

Changes in tangible fixed assets during the period are summarised in note 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

The present directors are shown on Page 1.

WARNER-JENKINSON EUROPE LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS - continued

N.G. Cracknell was appointed a director on 28 April 2000. R.G. Pickles resigned as director on 28 April 2000.

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 period.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors.

ELECTIVE RESOLUTION

At the Annual General Meeting held on the 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.

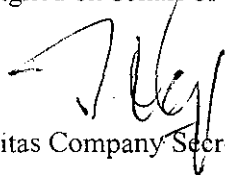
EMPLOYEE INVOLVEMENT

During the period, the policy of providing employees with information about the Company has been continued through the newsletter in which employees have also been encouraged to present their suggestions and views on the Company performance. 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.

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



Gravitas Company Secretarial Services

WARNER-JENKINSON EUROPE 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 as at the end of the financial year and of the profit or loss of the company 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;
- prepare the financial statements on a 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WARNER-JENKINSON EUROPE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF WARNER-JENKINSON EUROPE LIMITED

We have audited the financial statements on pages 6 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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.

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 2000 and of its profit for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche
Chartered Accountants and
Registered Auditors

13. Sept. 2001.

Leda House
Station Road
Cambridge
CB1 2RN

WARNER-JENKINSON EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

for the 15 months ended 31 December 2000

		2000 (15 Mths) £	1999 (12 Mths) £
	Note		
TURNOVER	2.	34,261,047	24,351,816
Cost of sales		26,712,254	18,360,799
Gross profit		<u>7,548,793</u>	<u>5,991,017</u>
Administrative expenses - continuing operations		2,208,991	1,564,528
Administrative expenses - exceptional	4.	<u>441,282</u>	<u>-</u>
Total Administrative Expenses		2,650,273	1,564,528
Distribution costs		3,528,895	2,358,983
		<u>6,179,168</u>	<u>3,923,511</u>
OPERATING PROFIT		<u>1,369,625</u>	<u>2,067,506</u>
Bank interest receivable		46,823	16,782
Interest payable and similar charges	5.	<u>(513,192)</u>	<u>(365,567)</u>
		<u>(466,369)</u>	<u>(348,785)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6.	903,256	1,718,721
Tax on profit on ordinary activities	7.	408,325	566,247
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>494,931</u>	<u>1,152,474</u>
Dividend Paid on Equity Shares		-	100,000
PROFIT RETAINED FOR THE FINANCIAL PERIOD		<u><u>494,931</u></u>	<u><u>1,052,474</u></u>
STATEMENT OF MOVEMENT ON RESERVES			
			Profit and Loss Account £
At 1 October 1999			8,523,350
Retained profit for the period			<u>494,931</u>
At 31 December 2000			<u><u>9,018,281</u></u>

All activities derive from continuing operations.

WARNER-JENKINSON EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

for the 15 months ended 31 December 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the period and the profit for the preceding year. No statement of total recognised gains and losses has therefore been prepared.

Similarly, there have been no movements in shareholders' funds other than the profit for the period and the profit for the preceding year. No reconciliation of movements in shareholders' funds has therefore been prepared.

WARNER-JENKINSON EUROPE LIMITED

BALANCE SHEET

at 31 December 2000

		31 December 2000 £	30 September 1999 £
	Note		
FIXED ASSETS			
Intangible assets	8.	-	26,131
Tangible assets	9.	7,080,401	6,651,510
Investments	10.	-	100
		<u>7,080,401</u>	<u>6,677,741</u>
CURRENT ASSETS			
Stocks	11.	6,003,910	6,260,186
Debtors	12.	5,756,037	5,817,490
Cash at bank and in hand		344,731	211,063
		<u>12,104,678</u>	<u>12,288,739</u>
CREDITORS: amounts falling due within one year	13.	<u>9,482,964</u>	<u>9,805,595</u>
NET CURRENT ASSETS		<u>2,621,714</u>	<u>2,483,144</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		9,702,115	9,160,885
PROVISIONS FOR LIABILITIES AND CHARGES			
	15.	<u>596,783</u>	<u>550,484</u>
		<u>9,105,332</u>	<u>8,610,401</u>
CAPITAL AND RESERVES			
Called up share capital	16.	87,051	87,051
Profit and loss account		<u>9,018,281</u>	<u>8,523,350</u>
EQUITY SHAREHOLDERS' INTERESTS		<u>9,105,332</u>	<u>8,610,401</u>

These financial statements were approved by the Board of Directors

on

4 SEP 2001

Signed on behalf of the Board of Directors

Neil Cracwell

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Intangible Fixed Assets

Intangible fixed assets represent payments for the goodwill on the purchase of Visionrule Limited together with the costs of acquisition. Amortisation is being charged at a rate of 20% per annum on a straight line basis. The final month's amortisation was written off in December 2000.

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	4% per annum on cost
Plant and Machinery	10% per annum on cost
Motor Vehicles	25% per annum on written down value
Computer Equipment	20%-33.3% per annum on cost

Stocks

Stocks and works 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.

Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

1. ACCOUNTING POLICIES (Cont'd)

Leases

Operating lease rentals are charged to income 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.

Foreign Currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date or if appropriate at a forward contract rate. These translation differences are dealt with in the profit and loss account.

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.

Geographical analysis of turnover:

	2000 (15 Mths) £	1999 (12 Mths) £
United Kingdom	11,105,983	9,704,743
Overseas	<u>23,155,064</u>	<u>14,647,073</u>
	<u>34,261,047</u>	<u>24,351,816</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 (15 Mths) £	1999 (12 Mths) £
Directors' emoluments	182,772	127,076
Pension contributions to money purchase schemes	<u>12,380</u>	<u>10,167</u>
	<u>195,152</u>	<u>137,243</u>

During the period 2 directors (1999 - 1) were members of a money purchase pension scheme.

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Cont'd)

Average number of persons employed	2000 (15 Mths)	1999 (12 Mths)
Production	102	93
Sales and distribution	51	46
Administration	26	28
	<u>179</u>	<u>167</u>

Staff costs during the period (including directors)	2000 (15 Mths) £	1999 (12 Mths) £
Wages and salaries	4,964,047	3,675,935
Social Security costs	502,795	360,349
Pension costs	418,214	308,692
	<u>5,885,056</u>	<u>4,344,976</u>

4. NON OPERATING EXCEPTIONAL ITEMS	2000 (15 Mths) £	1999 (12 Mths) £
Legal costs defending the acquisition of Pointing Holdings Limited (fellow subsidiary) to the Competition Commission	<u>441,282</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES	2000 (15 Mths) £	1999 (12 Mths) £
Bank loans, overdrafts and other loans	14,988	14,815
Group interest	<u>498,204</u>	<u>350,752</u>
	<u>513,192</u>	<u>365,567</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:	2000 (15 Mths) £	1999 (12 Mths) £
Depreciation and amortisation		
Owned Assets	1,108,244	738,035
Amortisation	26,131	19,599
Auditors' Remuneration		
Audit fees	24,000	22,660
Other services	13,000	9,220
Rentals under operating leases		
Hire of plant & machinery	12,665	16,251
Other operating leases	420,075	291,776

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 (15 Mths) £	1999 (12 Mths) £
Taxation is based on the result for the year and comprises:		
Corporation Tax @ 30% (1999 - 31%/30%)	188,560	438,173
Deferred taxation	46,299	123,466
Group Relief	173,400	-
	<u>408,259</u>	<u>561,639</u>
Adjustments to prior years' tax provisions		
Corporation tax	<u>66</u>	<u>4,608</u>
	<u>408,325</u>	<u>566,247</u>

The tax charge for the year is higher in relation to the Accounts profit due to depreciation on capital expenditure which did not qualify for capital allowances and other disallowable expenditure.

8. INTANGIBLE FIXED ASSETS

COST	Goodwill £
At 1 October 1999 and at 31 December 2000	<u>97,994</u>
AMORTISATION	
At 1 October 1999	71,863
Provided during period	<u>26,131</u>
At 31 December 2000	<u>97,994</u>
NET BOOK VALUE	
At 31 December 2000	<u>-</u>
At 30 September 1999	<u>26,131</u>

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
COST				
At 1 Oct 1999	2,550,487	8,489,354	37,076	11,076,917
Additions	313,773	1,235,854	-	1,549,627
Disposals	-	(18,481)	(24,475)	(42,956)
At 31 Dec. 2000	2,864,260	9,706,727	12,601	12,583,588

DEPRECIATION

At 1 Oct 1999	467,199	3,923,359	34,849	4,425,407
Charge for the period	116,029	991,482	733	1,108,244
Disposals	-	(7,121)	(23,343)	(30,464)
At 31 Dec. 2000	583,228	4,907,720	12,239	5,503,187

NET BOOK VALUE

At 31 Dec. 2000	2,281,032	4,799,007	362	7,080,401
At 30 Sept 1999	2,083,288	4,565,995	2,227	6,651,510

Included in freehold land and buildings is land with a cost of £507,267.

10. INVESTMENTS HELD AS FIXED ASSETS

Visionrule Limited

During the period an application to the Registrar of Companies was made for the company to be struck off the Register of Companies. The Company was dissolved on the 27th June 2000.

	31 December 2000 £	30 September 1999 £
Purchase Cost of Shares	-	100
Net Book Value	-	100

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

10. INVESTMENTS HELD AS FIXED ASSETS (Cont'd)

Consolidated accounts have not been prepared as the company's immediate parent company, Universal Foods (UK) Limited, prepares consolidated accounts.

11. STOCKS	31 December 2000 £	30 September 1999 £
Raw materials and consumables	1,064,552	937,100
Work in progress	271,755	442,178
Finished goods and goods for resale	4,667,603	4,880,908
	<u>6,003,910</u>	<u>6,260,186</u>

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

12. DEBTORS	31 December 2000 £	30 September 1999 £
Trade debtors	3,616,610	4,129,564
Amounts owed by group undertakings - Fellow subsidiaries	1,258,885	1,109,476
Other debtors	361,341	400,487
Prepayments and accrued income	211,642	177,963
Corporation tax recoverable	307,559	-
	<u>5,756,037</u>	<u>5,817,490</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2000 £	30 September 1999 £
Bank overdraft (Note 14)	239,556	899,416
Trade creditors	1,223,012	2,395,992
Amounts owed to group undertakings - Subsidiary	-	132
Fellow subsidiaries	6,531,244	5,187,193
Corporation tax	-	297,875
Other taxes and social security	105,585	102,964
Other creditors	3,108	996
Accruals and deferred income	921,085	921,027
Group relief payable	459,374	-
	<u>9,482,964</u>	<u>9,805,595</u>

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

14.	BANK OVERDRAFT	31 December 2000 £	30 September 1999 £
	Due within one year		
	Bank overdraft	<u>239,556</u>	<u>899,416</u>

The bank overdraft is guaranteed by the Parent Company and fellow subsidiaries within the UK group.

15. **PROVISIONS FOR LIABILITIES AND CHARGES**

	£
Deferred taxation	
Balance at 1 October 1999	550,484
Provision Current Period	46,299
Balance at 31 December 2000	<u>596,783</u>

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

	Provided 2000 £	Provided 1999 £	Not Provided 2000 £	Not Provided 1999 £
Capital allowances in advance of depreciation	598,045	553,904	37,761	14,093
Other timing differences	(1,262)	(3,420)	(482,164)	-
	<u>596,783</u>	<u>550,484</u>	<u>(444,403)</u>	<u>14,093</u>

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

16.	CALLED UP SHARE CAPITAL	31 December	30 September
		2000	1999
		£	£
	Authorised		
	100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted and fully paid		
	87,051 ordinary shares of £1 each	<u>87,051</u>	<u>87,051</u>

17.	FINANCIAL COMMITMENTS	31 December	30 September
		2000	1999
		£	£
	Capital commitments		
	Contracted for but not provided	<u>72,617</u>	<u>22,473</u>

Operating lease commitments

At 31 December 2000, the company was committed to making the following payments during the next year in respect of operating leases:

	31 Dec. 2000	30 Sept. 1999	31 Dec. 2000	30 Sept. 1999
	Other	Other	Land & buildings	Land & buildings
	£		£	£
Leases which expire:				
Within 1 year	51,336	16,772	55,020	12,960
Within 2 to 5 years	90,333	125,829	-	36,000
After 5 years	-	-	70,092	70,092
	<u>141,669</u>	<u>142,601</u>	<u>125,112</u>	<u>119,052</u>

18. **CONTINGENT LIABILITIES**

The company has entered into cross guarantees in respect of bank facilities of group undertakings. At 31 December 2000 the net amount drawn down under the facilities by other group undertakings was £Nil (1999 - £Nil).

The company was a party at 31 December 2000 to a guarantee to ABN Amro Bank NV in respect of Customs and Excise duty and value added tax on imports of £400,000, and a BAC's payment guarantee of £370,000.

No liability is expected to arise in the normal course of business.

WARNER-JENKINSON EUROPE LIMITED

NOTES TO THE ACCOUNTS

for the 15 months ended 31 December 2000

19. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Sensient Technologies Corporation (formerly called Universal Foods 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 Universal Foods (UK) Limited, a company registered in England and Wales. Universal Foods (UK) Limited is the immediate controlling party of Warner-Jenkinson Europe 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 Universal Foods (UK) Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

20. RELATED PARTY DISCLOSURES

During the period 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.

21. CASHFLOW

The company is a wholly owned subsidiary of Universal Foods (UK) Limited and cashflows of the company are included in the consolidated group cashflow statement of Universal Foods (UK) Limited. Consequently the company is exempt from the requirement to publish a cashflow statement.

22. CHANGE OF ACCOUNTING REFERENCE DATE

The Company has changed its accounting period end from 30 September to the 31 December and consequently the results shown are for the 15 months to 31 December 2000.