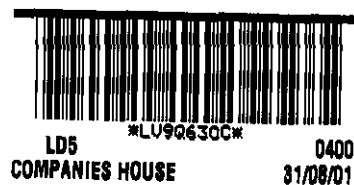


**SENSIENT FLAVORS LIMITED**  
**(formerly known as Universal Flavors**  
**Limited)**

**Report and Financial Statements**

**15 months ended 31 December 2000**

**Deloitte & Touche**  
**Verulam Point**  
**Station Way**  
**St Albans**  
**AL1 5HE**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D W Foell  
S J Rolfs

**SECRETARY**

Gravitas Company Secretarial Services Limited

**REGISTERED OFFICE**

Bilton Road  
Bletchley  
Milton Keynes  
Bucks  
MK1 1HP

**BANKERS**

ABN Amro Bank  
101 Moorgate  
London  
EC2M 6SB

**SOLICITORS**

Nicholson Graham and Jones  
110 Cannon Street  
London  
EC4N 6AR

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Verulam Point  
Station Way  
St Albans  
AL1 5HE

## **DIRECTORS' REPORT**

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

### **ACTIVITIES**

The activities of the company comprise the manufacture, importation and sale of flavours, essences and syrups. The company changed its name from Universal Flavors Limited to Sensient Flavors Limited on 27 January 2001. The company's accounting reference date was changed to 31 December 2000 to be coterminous with that of the ultimate holding company.

### **REVIEW OF DEVELOPMENTS**

The company has consolidated its performance during the 15 month period.

### **DIVIDENDS**

The directors do not recommend payment of a dividend (1999 - £nil).

### **RESEARCH AND DEVELOPMENT**

Research and development continues to be an essential and ongoing policy of the company, with a commitment to continuously improve products and production standards.

### **FUTURE PROSPECTS**

The company will continue to focus its business on profitable product lines and customers offering growth opportunity.

### **DIRECTORS AND THEIR INTERESTS**

The current membership of the board is set out on page 1. The directors who served throughout the period, unless otherwise stated, were:

D W Foell  
S J Rolfs

None of the directors as at 30 September 1999 and 31 December 2000 had a beneficial interest in the shares of the company or any other group companies.

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors. Under Section 385A of the Companies Act 1985, they will continue in office as auditors as the members of the company have passed an elective resolution in accordance with section 252 of the Companies Act 1985.

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

  
S J Rolfs  
Director

29 August 2001

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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; and
- 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.

## **AUDITORS' REPORT TO THE MEMBERS OF**

### **SENSIENT FLAVORS LIMITED**

**(formerly known as Universal Flavors Limited)**

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

#### **Respective responsibilities of directors and auditors**

As described on page 3 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 at 31 December 2000 and of its profit for the fifteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

 2001

**PROFIT AND LOSS ACCOUNT**  
**15 months ended 31 December 2000**

	Note	15 months ended 31 December 2000	Year ended 30 September 1999
		£	£
<b>TURNOVER</b>	2	14,646,206	10,808,925
Cost of sales		(8,674,019)	(6,649,104)
Gross profit		5,972,187	4,159,821
Distribution costs		(1,958,067)	(1,419,052)
Administrative expenses		(2,914,010)	(1,918,270)
Other operating income/(charges)		90,104	(194,874)
		(4,781,973)	(3,532,696)
<b>OPERATING PROFIT</b>	4	1,190,214	627,175
Interest receivable		15,747	2,551
Interest payable and similar charges	5	(49,019)	(44,458)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,156,942	585,268
Tax on profit on ordinary activities	6	(719,009)	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE FINANCIAL YEAR</b>	15	437,933	585,268

All results derive from continuing operations.

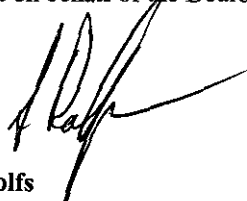
A Statement of Total Recognised Gains and Losses is not included in these accounts as there are no recognised gains or losses for the current or preceding financial years other than as stated in the profit and loss account.

**BALANCE SHEET**  
**31 December 2000**

	Note	31 December 2000 £	30 September 1999 £
<b>FIXED ASSETS</b>			
Intangible assets	7	393,952	448,492
Tangible assets	8	3,445,697	2,991,682
Investments	9	4,437,625	4,437,625
		<u>8,277,274</u>	<u>7,877,799</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,668,658	2,560,141
Debtors	11	3,339,671	3,102,818
Cash at bank and in hand		117,629	118,334
		<u>6,125,958</u>	<u>5,781,292</u>
<b>CREDITORS: amounts falling due within one year</b>			
Trade creditors		(1,249,621)	(1,215,096)
Other creditors	12	(661,134)	(1,104,301)
Accruals and deferred income		(67,880)	(60,528)
		<u>(1,978,635)</u>	<u>(2,375,525)</u>
<b>NET CURRENT ASSETS</b>		4,147,323	3,401,367
Deferred Taxation	13	<u>(707,499)</u>	<u>-</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,717,098</u>	<u>11,279,165</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	16,634,664	16,634,664
Profit and loss account	15	<u>(4,917,566)</u>	<u>(5,355,455)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>11,717,098</u>	<u>11,279,165</u>

These financial statements were approved by the Board of Directors on 29/8/ 2001.

Signed on behalf of the Board of Directors

  
**S J Rolfs**  
Director



**NOTES TO THE ACCOUNTS**  
**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.

**Consolidated financial statements**

As a wholly owned subsidiary of an EC parent undertaking, Universal Foods (UK) Limited, which prepares consolidated financial statements, under s228 of Companies Act 1985, the company is not required to produce its own consolidated financial statements. These accounts are for the company only.

**Intangible fixed assets**

Intangible fixed assets are depreciated over their estimated useful lives. This is a period of fourteen years on a reducing balance basis.

**Tangible fixed assets**

Depreciation is not provided on freehold land or assets in the course of construction. On other assets it is provided at rates calculated to write off the assets over their estimated useful lives.

Freehold buildings	2.5% straight line
Plant and machinery	10% straight line
Fixtures and fittings	10% and 20% straight line

**Stocks**

Stocks 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.

**Investments**

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

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences, arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

**Related parties**

The company has taken advantage of the exemption available in FRS 8 relating to the disclosure of transactions with group companies.

**Leases**

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

**Research and development**

All research and development expenditure is written off as incurred.

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**1. ACCOUNTING POLICIES (continued)**

**Foreign exchange**

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 at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

**Pension costs**

Retirement benefits for certain employees of the company are funded by contributions both from the company and scheme members. The scheme is a defined contribution scheme and payments into the scheme, which are based on pre-determined percentages of members' salaries, are charged against the profits of the period in which they become payable. The scheme is separately administered from the company.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activity excluding Value Added Tax.

<b>15 months ended 31 December 2000</b>	<b>Year ended 30 September 1999</b>
<b>£</b>	<b>£</b>

**Geographical analysis of turnover by destination**

United Kingdom	7,661,577	6,681,800
Other European countries	973,000	833,000
Rest of world	6,011,629	3,294,125
	<u>14,646,206</u>	<u>10,808,925</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

No director received any emoluments in the period (1999: nil)

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES Continued**

There were no directors who were a member of the company's defined benefit scheme (1999: none).

	No.	No.
<b>Average monthly number of persons employed:</b>		
Management	5	5
Sales and distribution	18	18
Production & Administration	61	60
	<u>84</u>	<u>83</u>
	£	£
<b>Staff costs during the period:</b>		
Wages and salaries	3,017,330	2,202,401
Social security costs	296,197	212,741
Pension costs	395,143	223,189
	<u>3,708,670</u>	<u>2,638,331</u>

**4. OPERATING PROFIT**

	15 months ended 31 December 2000 £	Year ended 30 September 1999 £
Operating profit is after charging:		
Research and development	725,346	534,011
Depreciation and other amounts written off tangible fixed assets	303,802	236,424
Amortisation of intangible fixed assets	54,540	41,148
Rentals payable under operating leases:		
Land and buildings	68,000	64,500
Other operating leases	170,750	113,363
Auditors' remuneration:		
- audit	17,000	16,500
- other services	28,279	20,917

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>15 months ended 31 December 2000 £</b>	<b>Year ended 30 September 1999 £</b>
Group company loans	<u>49,019</u>	<u>44,458</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>15 months ended 31 December 2000 £</b>	<b>Year ended 30 September 1999 £</b>
United Kingdom corporation tax at 31% (1999: 31%)	11,510	-
Deferred taxation	285,529	-
Adjustments to prior periods' tax provisions deferred taxation	<u>421,970</u>	<u>-</u>
	<u>719,009</u>	<u>-</u>

The tax charge is high due to a prior year adjustment in respect of deferred taxation.

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**7. INTANGIBLE FIXED ASSETS**

	Customer list and know how £
<b>Cost</b>	
At 1 October 1999 and 31 December 2000	1,296,415
<b>Accumulated amortisation</b>	
At 1 October 1999	847,923
Charge for the period	54,540
At 31 December 2000	902,463
<b>Net book value</b>	
At 31 December 2000	393,952
At 30 September 1999	448,492

**8. TANGIBLE FIXED ASSETS**

	Assets in the course of construction £	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 October 1999	349,635	1,225,950	1,844,200	212,159	3,631,944
Additions	(124,706)	200,130	305,647	376,743	757,814
At 31 December 2000	224,929	1,426,080	2,149,847	588,902	4,389,758
<b>Accumulated depreciation</b>					
At 1 October 1999	-	23,207	561,749	55,303	640,259
Charge for the period	-	15,589	275,166	13,047	303,802
At 31 December 2000	-	38,796	836,915	68,350	944,061
<b>Net book value</b>					
At 31 December 2000	224,929	1,387,284	1,312,928	520,552	3,445,697
At 30 September 1999	349,636	1,202,743	1,282,442	156,856	2,991,682

Included within land and buildings is land of £1,097,087 which is not depreciated.

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**9. INVESTMENTS**

	31 December 2000 £	30 September 1999 £
Investments at cost	4,437,625	4,437,625

Investments represent the cost of acquisition of 100% of the shares in D C Flavours Limited. Its principal business is the manufacturing of food ingredients. D C Flavours Limited is incorporated in England & Wales.

**10. STOCKS**

	31 December 2000 £	30 September 1999 £
Raw materials and laboratory stocks	1,078,778	933,100
Finished goods	1,589,880	1,627,041
	<u>2,668,658</u>	<u>2,560,141</u>

**11. DEBTORS**

	31 December 2000 £	30 September 1999 £
Trade debtors	1,822,698	2,339,691
Amounts owed by group companies	1,330,365	508,219
Prepayments and accrued income	186,608	254,908
	<u>3,339,671</u>	<u>3,102,818</u>

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**12. OTHER CREDITORS**

	31 December 2000 £	30 September 1999 £
Bank overdrafts	203,517	-
Amounts owed to group companies	216,078	884,638
Taxation and social security	171,168	72,281
Other creditors	70,371	147,382
	<u>661,134</u>	<u>1,104,301</u>

**13. DEFERRED TAXATION**

	Provided 31 December 2000 £	Provided 30 September 1999 £	Not Provided 31 December 2000 £	Not Provided 30 September 1999 £
Capital allowances in advance of depreciation	708,114	200,612	-	200,612
Other timing differences	(615)	(200,612)	-	(338,322)
Deferred tax asset	<u>707,499</u>	<u>-</u>	<u>-</u>	<u>(137,710)</u>

**14. CALLED UP SHARE CAPITAL**

	31 December 2000 £	30 September 1999 £
Authorised 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Called up, allotted and fully paid 16,634,664 ordinary shares of £1 each	<u>16,634,664</u>	<u>16,634,664</u>

**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	Share capital £	Profit and loss account £	Total 2000 £	Total 1999 £
At beginning of the period	16,634,664	(5,355,499)	11,279,165	10,693,897
Profit attributable to members of the company	-	437,933	437,933	585,268
At end of the period	16,634,664	(4,917,566)	11,717,098	11,279,165

**16. FINANCIAL COMMITMENTS**

	31 December 2000 £	30 September 1999 £
<b>Capital commitments</b>		
Authorised but not yet contracted for	-	86,645

**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 December 2000 Land and buildings £	31 December 2000 Other £	30 September 1999 Land and buildings £	30 September 1999 Other £
Leases which expire:				
Within one year	-	20,984	-	16,925
Within 2 to 5 years, inclusive	-	102,492	-	103,189
After 5 years	68,000	-	64,500	-
	68,000	123,476	64,500	120,114



**NOTES TO THE ACCOUNTS**  
**15 months ended 31 December 2000**

**17. CONTINGENT LIABILITIES**

The company has entered into composite guarantees whereby Sensient Flavors Limited (formerly Universal Flavors Limited) guarantees the overdrafts of Universal Foods (UK) Limited and Warner-Jenkinson Europe Limited.

**18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent company and controlling party is Sensient Food Corporation (formerly known as Universal Foods Corporation), a company incorporated in the United States of America. The company's financial statements are filed at the Securities and Exchange Commission in Washington DC.

The immediate parent company is Sensient Foods (UK) Limited (formerly known as Universal Foods (UK) Limited), a company incorporated in Great Britain. The company's financial statements are filed at Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.