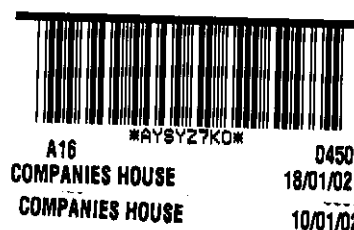


**POINTING HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**  
**AND**  
**FINANCIAL STATEMENTS**  
**3 MONTHS ENDED 31 DECEMBER 2000**  
**COMPANY NO. 2700455**



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INCORPORATING HERBERT ARMSTRONG

*Chartered Accountants*

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Company No. 2700455

**POINTING HOLDINGS LIMITED**

**REPORT OF THE DIRECTORS**

**AND**

**FINANCIAL STATEMENTS**

**3 MONTHS ENDED 31 DECEMBER 2000**

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**POINTING HOLDINGS LIMITED****REPORT OF THE DIRECTORS**

The directors present their report and audited financial statements for the 3 months ended 31 December 2000. The financial statements have been prepared on the going concern basis of accounting for the reasons set out in notes one and thirty four to these financial statements.

**ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is to hold investments, for the purposes of manufacture and controlling global distribution of products strategic to the group.

On the 20 December 2000 the business of Pointing Chemicals Limited was sold. From that date Pointing Chemicals Limited has not traded.

The directors anticipate that in due course the manufacture of dyestuff intermediates, dyestuffs and fine chemicals business will be transferred to other companies within the Sensient Technologies Corporation.

Details of the principal activities of the subsidiary companies are contained within the notes to the financial statements. The trades of certain of the overseas subsidiaries are subsequently being merged with those of other subsidiaries of Sensient Technologies Corporation. No adjustments have been made to reflect these transactions. The directors anticipate that in due course the overseas companies will either be sold or closed.

**RESULTS AND DIVIDENDS**

The profit on ordinary activities of the group is £216,072 (30 September 2000 : loss £7,590,303) after charging taxation of £710,190 (30 September 2000 : £584,226). After adjusting for currency translation differences on foreign currency investments of £5,660, the profit and loss reserves have increased resulting in a reduced deficit of £1,949,029 to carry forward.

**THE POSSIBLE INTRODUCTION OF THE EURO**

The directors are fully aware of the issues in relation to the implementation of the Euro. They have addressed this matter and implemented strategies to ensure that all the systems within the group are now Euro compliant. The directors do not anticipate incurring any significant expenditure in connection with this issue.

**POINTING HOLDINGS LIMITED****REPORT OF THE DIRECTORS - CONTINUED****DIRECTORS AND DIRECTORS' INTERESTS**

At 31 December 2000 none of the directors had a beneficial interest in the shares of the company or any other UK group company.

The directors who served during and following the period were as follows:-

S. Rolfs  
D. Foell (resigned 28 August 2001)  
C. Lawlor (appointed 28 August 2001)

There were no changes in share capital during the period and no director had any beneficial interest in the shares of any subsidiary company. Other than employment contracts, no director had a contract, or was materially interested in any significant contract, with the company at any time during the period.

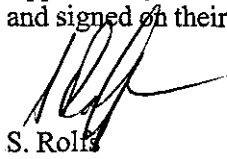
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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.

The directors are also 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.

Approved by the board of directors on 17 December 2001  
and signed on their behalf by:



S. Rolfs  
Director

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF POINTING HOLDINGS LIMITED

We have audited the financial statements of Pointing Holdings Limited on pages 5 to 31 for the period ended 31 December 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

#### **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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of 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.

However the evidence available to us was limited. We have not been able to obtain audited information to confirm the asset values of the overseas subsidiaries and associated companies detailed in note 14. The investments covered by this qualification have been included in the consolidated financial statements at a deficit of shareholders' funds of £295,047 as indicated by unaudited management accounts. These management accounts also disclose turnover of £385,828 for the unaudited subsidiaries and a pre-tax profit of £58,422 (including the results of one unaudited associate). In addition it has not been possible to obtain management accounts for Pointing Hodgsons Pty Ltd beyond September 2000. Should the net assets of the unaudited companies or their profit and loss account figures subsequently prove to be different to the amounts disclosed in the management accounts then there would be consequent adjustments to the group's financial statements. Additionally we have not been able to obtain sufficient evidence for the purpose of our audit of disclosures in respect of the associated undertakings as required by Financial Reporting Standard Number Nine – Associates and Joint Ventures as shown in note 14 to these financial statements.

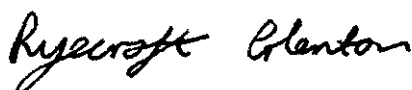
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT****TO THE SHAREHOLDERS OF POINTING HOLDINGS LIMITED - CONTINUED****Going concern and contingent liabilities**

In forming our opinion, we have considered the adequacy of the disclosures made in note one of the financial statements concerning the uncertainty arising from the group's insolvent position and note 34 about the dispute over pensionable earnings. In view of the significance of these uncertainties we consider that they should be drawn to your attention but our opinion is not qualified in respect of either item.

**Qualified opinion arising from limitation in audit scope**

Except for any adjustments that might have been found to be necessary, had it been possible to obtain sufficient evidence concerning the results and net assets of the overseas subsidiaries and associated companies, in our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 December 2000 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**RYECROFT GLENTON**  
Chartered Accountants  
**Registered Auditors**

27 Portland Terrace

Newcastle upon Tyne

**NE2 1QP**

**17 December 2001**

**POINTING HOLDINGS LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**3 MONTHS ENDED 31 DECEMBER 2000**

	Notes	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>TURNOVER</b>	2a&b	2,718,378	28,480,011
Cost of sales		2,203,755	22,264,418
<b>GROSS PROFIT</b>		514,623	6,215,593
Distribution costs		(79,585)	(343,283)
Administrative expenses		(649,164)	(5,526,702)
Other operating income		-	294,768
<b>OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS</b>		(214,126)	640,376
Exceptional items	3	(18,734)	(6,611,402)
<b>OPERATING LOSS</b>	4	(232,860)	(5,971,026)
Share of associates' operating profits		81,104	510,610
Profit/(loss) on disposal of discontinued operations	28	1,143,445	(751,184)
Profit/(loss) on disposal of fixed assets		931	(72,317)
Interest receivable and similar income	5	12,029	135,947
Interest payable and similar charges	6	(78,387)	(858,107)
<b>GROUP PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		926,262	(7,006,077)
Tax on profit/(loss) on ordinary activities	10	(710,190)	(584,226)
<b>GROUP PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	cfw'd	216,072	(7,590,303)

## POINTING HOLDINGS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

	Notes	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>GROUP PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	bfw'd	216,072	(7,590,303)
<b>DIVIDENDS</b>	11	-	(2,070,180)
<b>RETAINED PROFIT/(LOSS) FOR THE PERIOD</b>		<u>216,072</u>	<u>(9,660,483)</u>

There were no material acquisitions during the period.

There is no material difference between the profit/(loss) disclosed above and the result on an unmodified historical cost basis.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the company has not been included in these financial statements. The parent company's loss for the financial period amounted to £208,923.

The notes on pages 10 to 31 form part of these financial statements.



## POINTING HOLDINGS LIMITED

## STATEMENT OF PROFIT AND LOSS ACCOUNT RESERVES

3 MONTHS ENDED 31 DECEMBER 2000

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>Group</b>		
As at 1 October 2000	(2,170,761)	7,536,702
Retained profit/(loss) for the period	216,072	(9,660,483)
Currency translation differences on foreign currency investments	5,660	(46,980)
	<u>(1,949,029)</u>	<u>(2,170,761)</u>
As at 31 December 2000		
<b>Company</b>		
As at 1 October 2000	314,463	3,362,534
Retained loss for the period	(208,923)	(3,048,071)
	<u>105,540</u>	<u>314,463</u>
As at 31 December 2000		

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

ATTRIBUTABLE TO THE MEMBERS OF POINTING HOLDINGS LIMITED

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
Profit/(loss) for the financial period	216,072	(9,660,483)
Currency translation differences on foreign currency investments	5,660	(46,980)
<b>TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE PERIOD AND RECOGNISED SINCE THE LAST ANNUAL REPORT</b>	<u><u>221,732</u></u>	<u><u>(9,707,463)</u></u>

The notes on pages 10 to 31 form part of these financial statements.



## POINTING HOLDINGS LIMITED

## CASH FLOW STATEMENT

3 MONTHS ENDED 31 DECEMBER 2000

		3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Operating loss		(232,860)	(5,971,026)
Effect of foreign exchange differences		28,665	131,577
Depreciation of fixed assets		66,540	851,087
Impairment review		-	4,072,853
(Increase)/decrease in stocks		(492,279)	1,301,917
Increase in debtors		1,083,772	1,812,445
Increase in creditors		255,629	216,546
		<u>709,467</u>	<u>2,415,399</u>
Net cash inflow from operating activities			
		<u>709,467</u>	<u>2,415,399</u>
		3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
		709,467	2,415,399
Returns on investments and servicing of finance	24	(66,358)	(590,766)
Taxation		(68,357)	(66,049)
Capital receipts/(expenditure)	25	65,845	(169,495)
Acquisitions and disposals	29	1,326,808	(50,334)
		<u>1,967,405</u>	<u>1,538,755</u>
Equity dividends paid		-	(2,070,180)
		<u>1,967,405</u>	<u>(531,425)</u>
Cash outflow before use of financing			
		1,967,405	(531,425)
Financing	30	(460,210)	2,170,338
		<u>1,507,195</u>	<u>1,638,913</u>
Increase in cash	31		
		<u>1,507,195</u>	<u>1,638,913</u>

The notes on pages 10 to 31 form part of these financial statements.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

3 MONTHS ENDED 31 DECEMBER 2000

## 1. ACCOUNTING POLICIES

**Accounting convention and accounting standards**

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards.

**Basis of consolidation**

The group financial statements incorporate the financial statements of Pointing Holdings Limited and all its subsidiary companies as from the effective date of acquisition up to the effective date of disposal. Subsidiary companies within the group make up their financial statements to the same date, except in the following cases where it has not been practicable:-

Company	Accounting period end
Pointing Canada Ltd	31 March
Pointing Color Inc.	31 March
Warner Jenkinson Pointing (Pty) Ltd	30 September
Pointing Asia Ltd	31 March

For these companies the group has consolidated their results using unaudited management accounts drawn up to 31 December (30 September 2000 : 30 September).

**Going concern**

Despite the insolvent position disclosed by the balance sheet at the period end, the financial statements have been prepared on a going concern basis on the assumption of the continuing support of the group's holding companies. To the date of the preparation of these financial statements no action has been taken which invalidates this assumption and the directors have received a letter indicating that financial support will continue to be provided by other group companies until at least 31 December 2002. Additionally share capital has been issued on 21 February 2001 which improved the group shareholders' funds.

**Fixed assets, depreciation and amortisation****Freehold land and buildings:**

It is considered by the directors that the market value of the land and buildings is not significantly different from the value included in the balance sheet. The assets have been the subject of an impairment review and details are given in note 13 to these financial statements.

Depreciation on the following tangible fixed assets is provided to write down their cost over the expected useful lives of assets. The rates of depreciation are as follows:

Freehold land and buildings	Nil
Short leasehold land and buildings	over the life of the lease
Plant and machinery	straight line over estimated life
Office machines, fixtures and fittings	10% - 15% per annum reducing balance
Motor vehicles	25% per annum reducing balance

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 1. ACCOUNTING POLICIES - CONTINUED

**Investments in subsidiary undertakings**

On acquisition of a subsidiary by the group, all of the subsidiary's assets and liabilities that existed at the date of acquisition were recorded at their fair values reflecting their condition at that date. Investments in newly formed subsidiaries were valued at cost for three or five years following formation. Thereafter, or following acquisition, they were shown at their balance sheet value until 31 March 1998 with surpluses credited to revaluation reserve and deficits charged to the post acquisition profit and loss reserve.

From 1 April 1998 investments have not been revalued except to recognise permanent diminutions in value.

**Investments in associated undertakings**

The group's share of profits less losses of associated undertakings are included in the consolidated profit and loss account and the group's share of their net assets are included in the consolidated balance sheet.

The associated businesses prepare their financial statements to the following dates:-

Business	Accounting period end
Pointing Hodgsons Pty Ltd	31 March
Monarch Food Colors L.P.	31 December

For these companies the group has included the group share disclosed in the unaudited management accounts prepared up to 30 September for Pointing Hodgsons Pty Ltd and 31 December 2000 for Monarch Food Colors L.P.

**Goodwill and amortisation**

Goodwill arising on consolidation, which represents the excess of the consideration over the fair value of the separable net tangible assets acquired, is charged directly to reserves in the year of acquisition.

In the financial statements of the holding company goodwill arising on the acquisition of subsidiaries is eliminated by amortisation through the profit and loss account over its useful economic life which is considered to be 10 years from the date of acquisition by the group.

**Stock and work in progress**

Stock and work in progress have been valued on a basis consistent with previous years as follows:

- Finished goods at cost of production less a deduction for a proportion of fixed, variable and semi-variable overheads.
- Work in progress at cost of production less overhead in "a" above plus further deductions for direct cost, variable and fixed overheads.
- Raw materials and packages at cost of purchase or net realisable value, whichever is the less.

**POINTING HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****3 MONTHS ENDED 31 DECEMBER 2000****1. ACCOUNTING POLICIES - CONTINUED****Pensions**

The group operates a defined benefit scheme, which requires contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives.

Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The group also operates various money purchase schemes. Contributions are charged to the profit and loss account when they fall due.

Pension contributions to foreign pension schemes are charged to the profit and loss account when they fall due.

**Deferred taxation**

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes only where the directors are of the opinion that it can be reasonably foreseen that such deferred taxation will be payable in the future.

**Turnover**

Turnover represents invoiced sales, less allowances, trade discounts and Value Added Tax.

**Foreign currency translation**

Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded using the rate of exchange agreed at the date of the transaction. Gains or losses on translation of transactions are included in the profit and loss account. Differences arising out of the translation of accounts of foreign investments are taken to reserves.

**Finance leases**

Assets acquired under finance leases are capitalised and included at cost less depreciation within the tangible fixed assets. The related obligations are included in creditors. Finance charges are included in interest payable.

**Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 3 MONTHS ENDED 31 DECEMBER 2000

2a. ANALYSIS OF TURNOVER AND PROFIT/(LOSS) BEFORE TAXATION	3 month period ended 31 December 2000		18 month period ended 30 September 2000	
	Turnover £	Pre tax profit £	Turnover £	Pre tax loss £
<b>By activity</b>				
Development, manufacture and supply of quality food additives, ingredients and other speciality chemicals	<u>2,718,378</u>	<u>926,262</u>	<u>28,480,011</u>	<u>(7,006,077)</u>
<b>By geographical market</b>				
United Kingdom	2,299,649		17,071,781	
Overseas	418,729		11,408,230	
	<u>2,718,378</u>		<u>28,480,011</u>	

The directors consider that any further analysis would be seriously prejudicial to the interests of the group.

2b. SEGMENTAL INFORMATION	Operations		
	Discontinued £	Continuing £	Total £
<b>3 month period ended 31 December 2000</b>			
TURNOVER	1,068,409	1,649,969	2,718,378
Cost of sales	897,609	1,306,146	2,203,755
GROSS PROFIT	<u>170,800</u>	<u>343,823</u>	<u>514,623</u>
Distribution costs	(56,738)	(22,847)	(79,585)
Administrative expenses	(59,015)	(590,149)	(649,164)
Exceptional items:-			
Acquisition costs	-	(18,734)	(18,734)
OPERATING PROFIT/(LOSS)	<u>55,047</u>	<u>(287,907)</u>	<u>(232,860)</u>
<b>18 month period ended 30 September 2000</b>			
TURNOVER	13,750,174	14,729,837	28,480,011
Cost of sales	10,827,673	11,436,745	22,264,418
GROSS PROFIT	<u>2,922,501</u>	<u>3,293,092</u>	<u>6,215,593</u>
Distribution costs	(281,056)	(62,227)	(343,283)
Administrative expenses	(2,219,965)	(3,306,737)	(5,526,702)
Other operating income/(charges)	(23,112)	317,880	294,768
Exceptional items:-			
Acquisition costs	(11,472)	(889,148)	(900,620)
Competition commission costs	-	(441,282)	(441,282)
Impairment review	-	(4,072,853)	(4,072,853)
Redundancy costs	-	(609,147)	(609,147)
Environmental provision	-	(587,500)	(587,500)
OPERATING PROFIT/(LOSS)	<u>386,896</u>	<u>(6,357,922)</u>	<u>(5,971,026)</u>

The discontinued operations represent the business of Pointing Chemicals Limited which was sold on 20 December 2000, the Flavours division of Pointing Limited which was sold on 27 September 2000 and the businesses of Pointing Canada Limited, Pointing Color Inc and Pointing Mexico S.A. De C.V. which were discontinued during the period ended 30 September 2000.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 3. EXCEPTIONAL ITEMS

	3 month period ended 31 December 2000		18 month period ended 30 September 2000	
	£	£	£	£
<b>Exceptional administrative expenses</b>				
Acquisition costs	18,734		900,620	
Competition commission costs	-		441,282	
		18,734		1,341,902
Impairment review re impending closure of a site		-		4,072,853
<b>Provision for loss on termination of operation</b>				
Redundancy costs	-		609,147	
Environmental provision	-		587,500	
		-		1,196,647
		<u>18,734</u>		<u>6,611,402</u>

## 4. OPERATING LOSS

This is stated after charging:

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
Depreciation of tangible fixed assets	66,540	851,087
Auditors' remuneration for:		
Audit (company £4,500: 30 September 2000 £4,500)	16,300	18,300
Other services to the group	25,988	45,635
Foreign exchange losses	46,604	92,467
Hire of plant and machinery - operating leases	28,002	156,656
Building rent	6,663	106,718

And after crediting:

Rents received	<u>-</u>	<u>35,000</u>
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## 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
Bank and short term deposit interest	3,038	135,947
H.P. interest repaid	8,991	-
	<u>12,029</u>	<u>135,947</u>



## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 3 MONTHS ENDED 31 DECEMBER 2000

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>6. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On loans and overdrafts repayable within five years:		
By instalments	44,681	354,822
Other loans and overdrafts	33,479	389,860
Hire purchase interest	227	113,425
	<u>78,387</u>	<u>858,107</u>
	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>7. STAFF COSTS</b>		
Wages and salaries	468,853	4,824,964
Social security costs	36,740	311,558
Other pension costs	41,516	337,725
Redundancy costs	-	792,126
	<u>547,109</u>	<u>6,266,373</u>

The average monthly number of employees (including directors) during the period was 79 (30 September 2000 : 146).

**Pensions**

Other pension costs include £nil (30 September 2000 : £19,448) paid in respect of foreign pension schemes.

**8. PENSIONS**

The group operates a funded defined benefit scheme for the benefit of certain employees of the group. The scheme's assets are independently administered by its trustees. The funding of the scheme is assessed in accordance with the advice of a professional qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation carried out on 1 April 2000 excluded certain bonus, payments made to employees and used the following assumptions:-

- A rate of return on investments of 8.5% per annum before retirement and 6.5% after retirement
- A rate of salary increase of 6.5% per annum
- An employer's regular pension cost of 11.8% of total pensionable salaries
- An average remaining service life of membership of 18 years

At the date of valuation, the market value of the scheme's assets was £3,556,040 and the level of funding was 101% on an ongoing basis.

Contributions of £15,591 (30 September 2000 : £18,339) were due to the scheme at the period end.

The group also operates various money purchase schemes. These schemes are independently administered by their trustees.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 3 MONTHS ENDED 31 DECEMBER 2000

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>9. DIRECTORS' EMOLUMENTS</b>		
Total emoluments excluding pension contributions	<u>-</u>	<u>422,946</u>
<b>Highest paid director</b>		
Emoluments excluding pension contributions	<u>-</u>	<u>419,202</u>

At the period end there are no directors accruing retirement benefits under the defined benefit scheme (30 September 2000 : none).

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>10. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
U.K. corporation tax at 30% (30 September 2000 : 30%)	(675,000)	(360,000)
Adjustments relating to prior years	925	(29,122)
ACT no longer valued	-	(26,887)
	<u>(674,075)</u>	<u>(416,009)</u>
Overseas taxation	(4,211)	(78,513)
Share of associate's tax charge	-	(35,097)
Group's liability arising on share of associate's profit	(28,520)	(83,821)
Transfer to deferred taxation including retranslation adjustment	(3,384)	29,214
	<u>(710,190)</u>	<u>(584,226)</u>

The overseas tax charge relates solely to tax chargeable on profits.

No tax credits have been recognised in respect of the exceptional items disclosed in notes 2b and 3 because no value is ascribed to group relief.

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>11. DIVIDENDS</b>		
Interim dividends paid of £nil (30 September 2000 : £60) per share	<u>-</u>	<u>2,070,180</u>

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 12. COMPANY INTANGIBLE FIXED ASSETS

<b>Cost</b>	<b>Goodwill £</b>
At 1 October 2000 and at 31 December 2000	<u>1,151,753</u>
<b>Amortisation</b>	
At 1 October 2000	518,289
Charge for period	<u>28,794</u>
At 31 December 2000	<u>547,083</u>
<b>Net book value</b>	
At 31 December 2000	<u>604,670</u>
At 30 September 2000	<u>633,464</u>

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 3 MONTHS ENDED 31 DECEMBER 2000

13a. GROUP TANGIBLE FIXED ASSETS	Land and buildings £	Plant, fixtures and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 October 2000	1,157,033	8,503,864	12,277	9,673,174
Additions	-	-	2,922	2,922
Disposals	-	(627,178)	(11,528)	(638,706)
Retranslation adjustments	(37)	(4,902)	(749)	(5,688)
At 31 December 2000	<u>1,156,996</u>	<u>7,871,784</u>	<u>2,922</u>	<u>9,031,702</u>
<b>Depreciation</b>				
At 1 October 2000	457,032	7,908,938	7,848	8,373,818
Charge for period	-	66,540	-	66,540
Applicable to disposals	-	(530,988)	(7,370)	(538,358)
Retranslation adjustments	(37)	(2,997)	(478)	(3,512)
At 31 December 2000	<u>456,995</u>	<u>7,441,493</u>	<u>-</u>	<u>7,898,488</u>
<b>Net book value:</b>				
At 31 December 2000	<u>700,001</u>	<u>430,291</u>	<u>2,922</u>	<u>1,133,214</u>
At 30 September 2000	<u>700,001</u>	<u>594,926</u>	<u>4,429</u>	<u>1,299,356</u>

The net book value of tangible fixed assets includes an amount of £nil (30 September 2000 : £7,200) in respect of assets held under finance leases. These assets have been depreciated or reduced by the impairment review by £850,800 during the period ended 30 September 2000.

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
Land and buildings at net book value comprise:		
Freeholds	700,000	700,000
Long leaseholds	<u>1</u>	<u>1</u>
	<u>700,001</u>	<u>700,001</u>

Freehold land and buildings includes land with a value of £195,165 on which no depreciation has been charged.

The freehold land and buildings were the subject to valuation on 5 December 1995 or 21 September 1998 carried out by independent firms of qualified surveyors. The valuations were based upon estimated realisation prices assuming a two year period to effect the disposals. The directors believe that the property values have not significantly changed since the time of the original valuations.

The plant, fixtures and equipment has also been the subject of an impairment review carried out by employees on behalf of the directors in the period ended 30 September 2000. The valuations arrived at were based upon anticipated transfer or scrap values and an estimate of the remaining economic useful lives of the assets. In view of the limited remaining economic useful lives no discount rate has been applied.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

13b. COMPANY TANGIBLE FIXED ASSETS	Freehold land and buildings £
<b>Cost:</b>	
At 1 October 2000 and 31 December 2000	<u>260,000</u>
<b>Depreciation:</b>	
At 1 October 2000 and 31 December 2000	<u>60,000</u>
<b>Net book value:</b>	
At 31 December 2000	<u>200,000</u>
At 30 September 2000	<u>200,000</u>

Freehold land and buildings includes land with a value of £26,000 on which no depreciation has been charged.

The freehold land and buildings were professionally valued on 21 September 1998 by J M Clark and Partners as disclosed in note 13a.

14. FIXED ASSET INVESTMENTS	Group Investment in associated undertakings 31.12.00      30.09.00 £                      £		Company Shares in unlisted group undertakings 31.12.00      30.09.00 £                      £	
<b>Valuation</b>				
At 1 October 2000	1,068,906	521,100	6,043,340	6,043,340
Reclassification (note 27)	-	150,502	-	-
Group share of profit	81,104	510,610	-	-
Group share of associate's tax charge	-	(35,097)	-	-
Distribution received	-	(131,394)	-	-
Currency translation adjustments	(16,311)	53,185	-	-
	<u>1,133,699</u>	<u>1,068,906</u>	<u>6,043,340</u>	<u>6,043,340</u>

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 14. FIXED ASSET INVESTMENTS - CONTINUED

The group's investments in associated companies originally cost £497,837 (30 September 2000 : £497,837). The 30 September 2000 figure was increased by the 1995 cost to the group of Pointing Hodgsons Pty Ltd as a result of its transfer from subsidiary company status to associated company status.

The company's investments in directly owned subsidiaries originally cost £109,227 (30 September 2000 : £109,227) excluding goodwill and subsequent revaluations to reflect the shareholder's funds of the subsidiaries. An amount of £25,000 (30 September 2000 : £25,000) has been written off these cost figures as a result of subsequent recognition of a permanent diminution in value.

Name	Description of shares held	Proportion of equity held * indicates holding held directly by the company	Nature of business
<b>Details of unlisted group undertakings</b>			
Dinoval Chemicals Ltd	£1 ordinary shares	100%	Intermediate holding company.
Dinoval Chemicals UK Ltd	£1 ordinary shares	100%	No longer trading.
Dinoval Ltd	£1 ordinary shares	100%	No longer trading.
July Ltd (previously Flavex Ltd)	£1 ordinary shares	100%	No longer trading.
Pointing Asia Ltd (incorporated in Hong Kong)	HK\$100 shares	100%	Sell and distribute food colour and flavour.
Pointing Canada Ltd (incorporated in Canada)	C\$1 common shares	100%	Sell and distribute food colour and food ingredients. Now discontinued.
Pointing Chemicals Ltd.	£1 ordinary shares	100%*	Distribution of chemical products until business sold on 20 December 2000
Pointing Color Inc. (incorporated in U.S.A.)	US\$1 common shares	100%	Sell and distribute food colour. Now discontinued.
Pointing International Ltd	£1 ordinary shares	100%*	Intermediate holding company.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 14. FIXED ASSET INVESTMENTS - CONTINUED

Name	Description of shares held	Proportion of equity held * indicates holding held directly by the company	Nature of business
<b>Details of unlisted group undertakings - continued</b>			
Pointing Ltd	£1 ordinary shares	100%*	Manufacture and sale of colours, flavours and food ingredients.
Pointing Mexico S.A. de C.V. (incorporated in Mexico)	N\$ 1000 common variable shares N\$ 100 common shares	100% 100%	Sell and distribute food colour and food ingredients Now discontinued.
Warner Jenkinson Pointing (Pty) Ltd previously called Pointing S.A. (Pty) Ltd (incorporated in S. Africa)	R1 ordinary shares	100%	Sell and distribute food colour and food ingredients.
Rikem Ltd	£1 ordinary shares	100%	No longer trading.
<b>Details of unlisted associated undertakings</b>			
Monarch Food Colors L.P. (a Missouri - U.S.A. Limited Partnership)	Unincorporated	24.44%	Manufacture and marketing of food colours and other products.
Pointing Hodgsons Pty Ltd (incorporated in Australia)	A\$1 "A" class shares	50%	Sell and distribute food colour and food ingredients.

The aggregate amount of the capital and reserves of Pointing Hodgsons Pty Ltd as shown by its unaudited management accounts to 30 September 2000 was £416,650 and its profit before tax for the six month period was £63,003.

The aggregate amount of the capital and reserves of Monarch Food Colors L.P. as shown by its unaudited management accounts to 31 December 2000 was £1,008,720 (30 September 2000 : £2,597,979) and its profit before tax for the twelve month period was £1,332,823 (nine month period £1,008,720).

The directors have been unable to obtain all the financial information necessary to give the additional disclosures required by Financial Reporting Standard No. 9 - "Associates, joint ventures and other joint arrangements" in respect of Monarch Food Colors L.P. and Pointing Hodgsons Pty Ltd. The disclosures required are details of contingent liabilities and capital commitments together with certain balance sheet and profit and loss account information.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 14. FIXED ASSET INVESTMENTS - CONTINUED

The group's share of Monarch Food Colors L.P.'s profit before and after taxation for the 3 month period as disclosed by their unaudited management accounts exceeded 25% of the group's profit before and after taxation and are as follows:-

	Profit before taxation £	Profit after taxation £
Monarch Food Colors L.P.	<u>83,883</u>	<u>55,363</u>

It has not been possible to obtain management accounts for Pointing Hodgsons Pty Ltd beyond September 2000.

All the above undertakings operated principally in their country of incorporation and in the case of Monarch Food Colors L.P. in the U.S.A.

In the opinion of the directors, the aggregate value of the assets of the company consisting of shares in and amounts arising from, the company's investments is not less than the aggregate of the amount at which those assets are stated in the company's balance sheet.

15. STOCKS - group	31 December 2000 £	30 September 2000 £
Raw materials	903,811	487,046
Work in progress	174,601	147,087
Finished goods and goods for resale	1,321,411	1,943,322
Other stocks	46,426	34,702
	<u>2,446,249</u>	<u>2,612,157</u>

16. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR	Group		Company	
	31 December 2000 £	30 September 2000 £	31 December 2000 £	30 September 2000 £
Other debtors	750,000	-	-	-
Intergroup loans	-	-	4,713,328	870,426
	<u>750,000</u>	<u>-</u>	<u>4,713,328</u>	<u>870,426</u>



## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		Company	
	31 December 2000	30 September 2000	31 December 2000	30 September 2000
	£	£	£	£
Trade debtors	852,749	2,430,967	-	-
Amounts owed by group undertakings	196,606	623,430	-	3,909,217
Amounts owed by associated undertakings	81,521	105,481	-	-
Other debtors	1,597,444	1,442,280	-	-
Prepayments and accrued income	91,979	287,340	-	218,307
Value added tax	30,602	18,087	28,590	15,052
Corporation tax	68,884	70,030	-	-
	<u>2,919,785</u>	<u>4,977,615</u>	<u>28,590</u>	<u>4,142,576</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		Company	
	31 December 2000	30 September 2000	31 December 2000	30 September 2000
	£	£	£	£
Bank loans and overdrafts	2,209,914	3,202,909	520,000	520,000
Trade creditors	672,191	1,472,699	-	-
Amounts owed to group undertaking	2,592,115	2,555,628	1,857,690	1,827,718
Other creditors	90,938	6,953	-	-
Other taxation and social security costs	249,423	151,967	3,603	3,603
Corporation taxes	1,216,640	581,861	-	-
Lease finance creditors	1,894	2,273	-	-
Accruals and deferred income	1,647,143	1,539,163	30,433	51,410
	<u>8,680,258</u>	<u>9,513,453</u>	<u>2,411,726</u>	<u>2,402,731</u>

Included in amounts owed to group undertakings is an unsecured loan of £1,794,046 (30 September 2000 : £1,794,046).

For details of security refer to note 19.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group		Company	
	31 December 2000 £	30 September 2000 £	31 December 2000 £	30 September 2000 £
Secured loans	1,950,000	2,080,000	1,950,000	2,080,000
Amounts owed to group undertakings (note 21)	1,804,020	1,804,020	1,804,020	1,804,020
Lease finance creditors	-	379	-	-
	<u>3,754,020</u>	<u>3,884,399</u>	<u>3,754,020</u>	<u>3,884,020</u>
<b>Secured loans comprise:</b>				
Commercial mortgage	-	329,452	-	-
Bank loan repayable by quarterly instalments with interest charged at 0.85% above base rate	2,470,000	2,600,000	2,470,000	2,600,000
Lease finance creditors	1,894	2,652	-	-
	<u>2,471,894</u>	<u>2,932,104</u>	<u>2,470,000</u>	<u>2,600,000</u>
<b>Repayable as follows:</b>				
In one year or less	521,894	851,725	520,000	520,000
Between one and two years	520,000	520,379	520,000	520,000
Between two and five years	1,430,000	1,560,000	1,430,000	1,560,000
	<u>2,471,894</u>	<u>2,932,104</u>	<u>2,470,000</u>	<u>2,600,000</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group arranged through the composite accounting agreement referred to in note 34. The lease finance creditors are secured by the assets to which they relate.

20. PROVISIONS FOR LIABILITIES AND CHARGES	Group	
	31 December 2000 £	30 September 2000 £
<b>Deferred taxation - sundry timing differences</b>		
Provided in financial statements		
Accelerated capital allowances	<u>(15,926)</u>	<u>(12,586)</u>

Potential deferred taxation in respect of accelerated capital allowances amounting to approximately £900,000 was not provided for in previous years as the directors considered that future capital expenditure plans meant that there would be no crystallisation of the potential liability. The potential liability is now extinguished as a result of the impairment review carried out in the period ended 30 September 2000.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 21. SHARE CAPITAL

	Company			
	Authorised	Issued and fully paid		
	31 December 2000	30 September 2000	31 December 2000	30 September 2000
	£	£	£	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>34,503</u>	<u>34,503</u>

On 22 April 1999 following the takeover of the Pointing Group an amount of £1,804,014 was advanced to Pointing Holdings Limited with the intention that this amount be used to issue further £1 ordinary shares. On 21 February 2001 the company's authorised share capital was increased by 4,950,000 ordinary £1 shares to 5,000,000 ordinary £1 shares. On the same day the amount advanced to the company of £1,804,014, included in creditors due after more than one year as shown in note 19, was used to increase the company's ordinary share capital by a further 1,804,014 £1 ordinary shares in order to provide more working capital.

## 22. REVALUATION RESERVE

	Company	
	31 December 2000	30 September 2000
	£	£
At 1 October 2000	5,959,113	5,959,113
Revaluations arising in the period	-	-
At 31 December 2000	<u>5,959,113</u>	<u>5,959,113</u>

## 23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group	
	31 December 2000	30 September 2000
	£	£
Profit/(loss) for the financial period	216,072	(7,590,303)
Dividends	-	(2,070,180)
	<u>216,072</u>	<u>(9,660,483)</u>
Currency translation differences on foreign currency	5,660	(46,980)
	<u>221,732</u>	<u>(9,707,463)</u>
Net addition to/(deduction from) to shareholders' funds	(2,136,258)	7,571,205
Closing shareholders' funds	<u>(1,914,526)</u>	<u>(2,136,258)</u>

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## 3 MONTHS ENDED 31 DECEMBER 2000

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Distribution received from associated undertaking	-	131,394
Interest received	12,029	135,947
Interest paid	(78,160)	(744,682)
Interest element of finance lease rentals payments	(227)	(113,425)
	<u>(66,358)</u>	<u>(590,766)</u>

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>25. CAPITAL RECEIPTS/(EXPENDITURE)</b>		
Purchase of tangible fixed assets	(2,922)	(244,917)
Receipts from sales of tangible fixed assets	68,767	75,422
	<u>65,845</u>	<u>(169,495)</u>

**26. MAJOR NON-CASH TRANSACTIONS**

- a. The group's operating profit was reduced by £6,611,402 during the 18 month period ended 30 September 2000 as a result of exceptional items (note 3). The following elements of these charges did not result in any cash flows during that period:-

	18 month period ended 30 September 2000 £
Impairment review (reduced the carrying values of the group's tangible fixed assets)	4,072,853
Competition commission costs (included in creditors)	441,282
Redundancy provisions (included in accruals)	482,881
Environmental provision (included in accruals)	587,500
	<u>5,584,516</u>

- b. During the period ended 30 September 2000 the group's investment in Pointing Hodgsons Pty Ltd was reclassified as an Associate undertaking due to a change in the level of control exercised by the group. Further details of the reclassification are set out in note 27.

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

18 month  
period ended  
30 September  
2000  
£

## 27. RECLASSIFICATION OF INVESTMENT AS AN ASSOCIATE

## Net assets reclassified

Tangible fixed assets	125,365
Stocks	352,196
Debtors	332,029
Cash at bank and in hand (note 29)	50,334
Creditors	(471,796)
Tax creditor	(25,871)
Hire purchase creditor	(61,254)
Minority interest	(150,501)

150,502

## Represented by

Transfer from subsidiary (note 14)

150,502

3 month  
period ended  
31 December  
2000  
£

18 month  
period ended  
30 September  
2000  
£

## 28. SALE OF BUSINESS DIVISIONS

## Net assets disposed of

Tangible fixed assets	32,512	823,723
Intangible fixed assets (research and development)	-	443,153
Debtors	1,130,323	335,955
Stock	658,187	510,707
Cash in hand (note 29)	192	-
Creditors	(914,442)	(105,672)

906,772

2,007,866

Profit/(loss) on disposal

1,143,445

(751,184)

2,050,217

1,256,682

## Represented by

Cash received (note 29)

-

-

Debtor re sale proceeds

2,234,430

1,420,868

Disposal costs accrued

(184,213)

(164,186)

2,050,217

1,256,682

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

	3 month period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>29. ACQUISITION AND DISPOSALS</b>		
Cash received re sale of business divisions (note 28)	-	-
Opening debtor cash received re sale of business division	1,327,000	-
Cash at bank and in hand reduced by reclassification of investment (note 27)	-	(50,334)
Cash in hand reduced by sale of business division	(192)	-
	<u>1,326,808</u>	<u>(50,334)</u>
	3 month Period ended 31 December 2000 £	18 month period ended 30 September 2000 £
<b>30. FINANCING</b>		
New secured loan	-	2,603,278
New unsecured group loans	-	3,598,066
Repayment of secured loans	(459,452)	(3,159,573)
Capital element of finance lease rental payments	(758)	(871,433)
	<u>(460,210)</u>	<u>2,170,338</u>

## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

## 31. ANALYSIS OF CHANGES IN NET DEBT

	At 1 October 2000 £	Cash flows £	Other non- cash changes £	Exchange movement £	At 31 December 2000 £
Cash at bank and in hand	1,316,146	843,652	-	(7,067)	2,152,731
Overdrafts	(2,353,457)	663,543	-	-	(1,689,914)
		<u>1,507,195</u>	<u>-</u>	<u>(7,067)</u>	
Secured loans due after one year	(2,080,000)	-	130,000	-	(1,950,000)
Unsecured group loans due after one year	(1,804,020)	-	-	-	(1,804,020)
Secured loans due within one year	(849,452)	459,452	(130,000)	-	(520,000)
Unsecured group loans due within one year	(1,794,046)	-	-	-	(1,794,046)
Finance leases	(2,652)	758	-	-	(1,894)
		<u>460,210</u>	<u>-</u>	<u>-</u>	
	<u>(7,567,481)</u>				<u>(5,607,143)</u>

**POINTING HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****3 MONTHS ENDED 31 DECEMBER 2000****32. ULTIMATE HOLDING COMPANY CONTROL**

At the period end, the company was a wholly owned subsidiary of Sensient Technologies (UK) Limited whose ultimate holding company is Sensient Technologies Corporation.

Sensient Technologies (UK) Limited is incorporated in Great Britain and is registered in England and Wales. Its financial statements are filed at Companies House, Cardiff. Sensient Technologies Corporation is incorporated and registered in the United States of America. Its financial statements are filed at the Securities and Exchange Commission, Washington DC.

**33. RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemption granted by Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions and balances with other group companies where 90% or more of the voting rights are controlled within the group.

The group had transactions on an arms length basis with Pointing Hodgsons Pty Limited. During the period the group sold goods totalling £nil to Pointing Hodgsons Pty Limited. At the period end Pointing Hodgsons Pty Limited owed £68,049 to Pointing Limited in respect of a trading balance and also owed £13,472 to Pointing International Limited in respect of an unpaid dividend. Pointing Hodgsons Pty Limited is a related party because Pointing International Limited owns 50% of the voting share capital.

**34. CONTINGENT LIABILITIES**

The group has entered into a composite accounting agreement involving Pointing Holdings Limited, Pointing International Limited, Pointing Limited and Pointing Chemicals Limited. The directors believe that no liability will crystallise.

Upon the take-over of the Pointing Group on 19 April 1999, by Sensient Technologies Corporation, bonuses were paid to many of the employees then employed by the Pointing Group. Most of these employees were also members of the Pointing Limited Pension Fund. The bonuses are the subject of a dispute concerning whether or not they form part of those employees' pensionable earnings.

The total amount of bonuses paid amounted to £596,736. The majority of this amount was paid to members of the pension fund. Should the bonuses paid to members of the pension fund be found to be part of their pensionable earnings then the actuarial valuation referred to in note 8 would have been likely to show an actuarial liability in excess of assets and also a deficit as calculated using the minimum funding requirement basis. Any such deficit would trigger a requirement for further contributions to be paid by the Pointing Group. The potential deficit has not been quantified although the directors believe that any such deficit would be material in the context of these financial statements.

The directors intend to resist any suggestion that the bonuses form part of the pensionable earnings for members of the Pension Fund. They have not made any provision within these financial statements for the potential actuarial deficit as they have received persuasive information which indicates that the Pointing Group will not suffer any such cost.



## POINTING HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3 MONTHS ENDED 31 DECEMBER 2000

	31 December 2000 £	30 September 2000 £
<b>35. CAPITAL COMMITMENTS</b>		
Contracts not provided for in the financial statements	<u>nil</u>	<u>nil</u>

**36. FINANCIAL COMMITMENTS**

At the period end the group had annual commitments under non-cancellable operating leases as follows:

	Land and building £	Other assets £
Expiring within one year	7,536	7,021
Expiring between two and five years inclusive	<u>-</u>	<u>147,860</u>