



**POINTING CHEMICALS LIMITED**

**COMPANY NO. 2365064**

**REPORT OF THE DIRECTORS**

**AND ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2001**

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**POINTING CHEMICALS LIMITED****REPORT OF THE DIRECTORS**

The directors present their report and audited financial statements for the year ended 31 December 2001.

**ACTIVITIES AND BUSINESS REVIEW**

On 20 December 2000, the company's business was sold to The White Sea and Baltic Company Limited. From that date the company has not traded and the directors do not anticipate that trade will recommence.

**RESULTS AND DIVIDENDS**

During the year the profit on ordinary activities is £741,744 (3 months to December 2000: profit £480,120 including an exceptional profit on sale of the company's business of £1,393,445) after crediting taxation of £675,000 (charged in the 3 months to December 2000 : £674,075). The directors do not recommend the payment of a dividend. The tax credit arises because the company does not have to pay for capital losses obtained from other group companies.

**THE POSSIBLE INTRODUCTION OF THE EURO**

The directors are fully aware of the issues in relation to the possible introduction of the Euro and do not anticipate incurring any significant expenditure in connection with this issue.

**DIRECTORS AND DIRECTORS' INTERESTS**

At 31 December 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 the year were: -

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

Other than employment contracts or as disclosed in the notes to the financial statements no director had a contract, or were materially interested in any significant contract, with the company at any time during the year.

**POINTING CHEMICALS LIMITED****REPORT OF THE DIRECTORS - CONTINUED****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:

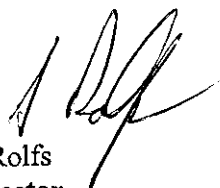
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

**AUDITORS**

Following the passing of an elective resolution to dispense with the annual appointment of auditors by the company, Rycroft Glenton remain in office until otherwise determined.

Approved by the board of directors on 21 October 2002  
and signed on their behalf by:



S. Rolfs  
Director

**AUDITORS' REPORT TO**  
**POINTING CHEMICALS LIMITED**  
**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 4 to 11, together with the financial statements of the company for the year ended 31 December 2001 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

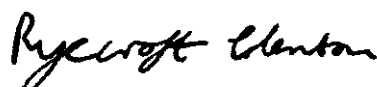
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 11 are properly prepared in accordance with that provision.



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

27 Portland Terrace

Newcastle upon Tyne

**NE2 1QP**

**4 November 2002**

**POINTING CHEMICALS LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2001**

|  |       | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>30 December<br>2000<br>£ |
|--|-------|---|--|
|  | Notes |   |  |
| <b>GROSS PROFIT</b>  |       | 3,083                                       | 170,800                                    |
| Distribution costs   |       | 5,824                                       | (56,738)                                   |
| Administrative expenses  |       | 2,853                                       | (354,228)                                  |
| <b>OPERATING PROFIT/(LOSS)</b>                                   | 3     | 11,760                                      | (240,166)                                  |
| Profit on sale of the company's business                         |       | 8,507                                       | 1,393,445                                  |
| Interest receivable and similar income                           | 4     | 48,378                                      | 916  |
| Interest payable and similar charges                             | 5     | (1,901)                                     | -  |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b>         |       | 66,744                                      | 1,154,195                                  |
| Tax on profit on ordinary<br>activities                          | 9     | (675,000)                                   | 674,075                                    |
| <b>RETAINED PROFIT AFTER TAXATION<br/>FOR THE FINANCIAL YEAR</b> |       | <u>741,744</u>                              | <u>480,120</u>                             |

There were no recognised gains or losses other than the profit for the year.

There were no acquisitions and the company ceased to trade on 20 December 2000 when the business and assets were sold.

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

The notes on pages 7 to 11 form part of the financial statements.

## POINTING CHEMICALS LIMITED

## STATEMENT OF RESERVES

YEAR ENDED 31 DECEMBER 2001

|                              | Profit<br>and loss<br>account<br>£ |
|------------------------------|------------------------------------|
| At 1 January 2001            | 1,436,589                          |
| Retained profit for the year | <u>741,744</u>                     |
| At 31 December 2001          | <u><u>2,178,333</u></u>            |

## RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

|                                      | 31 December<br>2001<br>£ | 31 December<br>2000<br>£ |
|--------------------------------------|--------------------------|--------------------------|
| Profit for the financial year/period | 741,744                  | 480,120                  |
| Opening equity shareholders' funds   | <u>1,448,589</u>         | <u>968,469</u>           |
| Closing equity shareholders' funds   | <u><u>2,190,333</u></u>  | <u><u>1,448,589</u></u>  |

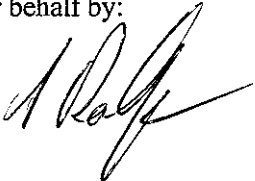

The notes on pages 7 to 11 form part of the financial statements.

**POINTING CHEMICALS LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 2001**

|  |       | 31 December<br>2001<br>£ | 30 December<br>2000<br>£ |
|--|-------|--------------------------|--------------------------|
|  | Notes |                          |                          |
| <b>CURRENT ASSETS</b>                        |       |                          |                          |
| Debtors:                                     |       |                          |                          |
| Amounts falling due after one year           | 10    | 500,000                  | 750,000                  |
| Amounts falling due within one year          | 11    | 2,091,282                | 1,734,430                |
| Cash at bank and in hand                     |       | 4,801                    | 200,636                  |
|  |       | <u>2,596,083</u>         | <u>2,685,066</u>         |
| <b>CREDITORS</b>                             |       |                          |                          |
| Amounts falling due within one year          | 12    | <u>405,750</u>           | <u>1,236,477</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u><u>2,190,333</u></u>  | <u><u>1,448,589</u></u>  |
| <b>CAPITAL AND RESERVES</b>                  |       |                          |                          |
| Called up share capital                      | 14    | 12,000                   | 12,000                   |
| Profit and loss account                      |       | <u>2,178,333</u>         | <u>1,436,589</u>         |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>            |       | <u><u>2,190,333</u></u>  | <u><u>1,448,589</u></u>  |

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The abbreviated accounts on pages 4 to 11 were approved by the board of directors on 21 October 2002 and signed on their behalf by:

|           |   |   |                  |
|-----------|---|---|------------------|
| S. ROLFS  |  | ) | <b>DIRECTORS</b> |
| C. LAWLOR |  | ) |                  |

The notes on pages 7 to 12 form part of the financial statements.

**POINTING CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2001**

**1. ACCOUNTING POLICIES**

**Accounting convention and accounting standards**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in financial reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a 100% subsidiary of a company preparing consolidated financial statements.

**Fixed assets, depreciation and amortisation**

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

|  |                                   |
|--|-----------------------------------|
| Office machines, fixtures and fittings | 10% per annum straight line basis |
| Computer equipment                     | 33% per annum straight line basis |

**Operating leases**

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

**Stock and work in progress**

Stocks were valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Turnover**

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

**Pensions**

The company 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 cost, 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 company also operates a defined contribution scheme and contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.



## POINTING CHEMICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 DECEMBER 2001

## 1. ACCOUNTING POLICIES - CONTINUED

**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.

**Foreign currency translation**

In translating balances into sterling, the company has adopted Statement of Standard Accounting Practice number 20, which directs that translation be at the closing rate of exchange at the year end. Transactions in foreign currencies were recorded during the year using an agreed rate of exchange. Gains or losses on translation of transactions were included in the profit and loss account.

## 2. ANALYSIS OF TURNOVER

The turnover and profit before tax were attributable to the one principal activity of the company.

## 3. OPERATING PROFIT/(LOSS)

|  | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>31 December<br>2000<br>£ |
|--|---|--|
| This is stated after charging:                   |   |  |
| Pension contributions                            | -   | 4,976                                      |
| Depreciation                                     | -   | 3,049                                      |
| Auditors' remuneration (paid by holding company) | 1,500                                       | 2,000                                      |
| Operating lease cost : motor vehicles            | -   | 10,154                                     |
| : land and buildings                             | -   | 2,398                                      |
| Net loss on foreign currency translation         | <u>-</u>                                    | <u>1,911</u>                               |

## 4. INTEREST RECEIVABLE AND SIMILAR INCOME

|                                     | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>31 December<br>2000<br>£ |
|-------------------------------------|---|--|
| Bank interest received              | 912   | 916  |
| Interest received from other debtor | 47,466                                      | -  |
|                                     | <u>48,378</u>                               | <u>916</u>                                 |

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

|                                    | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>31 December<br>2000<br>£ |
|------------------------------------|---|--|
| Interest payable on bank overdraft | <u>1,901</u>                                | <u>-</u>                                   |

## POINTING CHEMICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

## YEAR ENDED 31 DECEMBER 2001

|                                      | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>31 December<br>2000<br>£ |
|--------------------------------------|---|--|
| 6. STAFF COSTS (Including directors) |   |  |
| Wages and salaries                   | -   | 50,733                                     |
| Social security costs                | -   | 7,147                                      |
| Pension contributions                | -   | 4,976                                      |
|                                      | <u>-</u>                                    | <u>62,856</u>                              |

The were no employees during the year (December 2000: 8).

## 7. PENSIONS

The company participated in a funded defined benefit scheme for the benefit of certain employees of the company. 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 of the group:

A further actuarial valuation has been carried out by a qualified independent actuary at the group's year end. This has been done to meet the transitional arrangements of Financial Reporting Standard No. 17 – retirement benefits (as amended by the Exposure Draft issued in July 2002). The valuation as prepared and the disclosures made assume that Pointing Limited (a fellow subsidiary of Pointing Chemicals Limited) is ultimately responsible to meet the balance of the cost of the scheme.

The directors believe that no charge would be levied on this company in the event of Pointing Limited having to make further contributions to the scheme.

|  | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>31 December<br>2000<br>£ |
|--|---|--|
| 8. DIRECTORS' EMOLUMENTS   |   |  |
| The directors' aggregate emoluments, including pension contributions in respect of qualifying services were: |   |  |
| Emoluments receivable  | -   | 57,515                                     |
| Value of company pension contributions to money purchase scheme  | -   | 2,438                                      |
|  | <u>-</u>                                    | <u>59,953</u>                              |
| Emoluments of highest paid director  |   |  |
| Total emoluments   | -   | 34,460                                     |
| Value of company pension contribution to money purchase scheme   | -   | 1,576                                      |
|  | <u>-</u>                                    | <u>36,036</u>                              |

There were no directors accruing retirement benefits under the defined contribution scheme (December 2000: 2).

## POINTING CHEMICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 DECEMBER 2001

|   | 12 months ended<br>31 December<br>2001<br>£ | 3 months ended<br>31 December<br>2000<br>£ |
|---|---|--|
| <b>9. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>                        |   |  |
| UK corporation tax on profits at 30%                                  | -   | 674,075                                    |
| Overprovision re previous period                                      | <u>675,000</u>                              | <u>-</u>                                   |
| No value was ascribed to group relief surrendered by group companies. |   |  |
| <b>10. DEBTORS AMOUNTS FALLING DUE AFTER ONE YEAR</b>                 | <b>31 December<br/>2000<br/>£</b>           | <b>31 December<br/>2000<br/>£</b>          |
| Other Debtors   | <u>500,000</u>                              | <u>750,000</u>                             |
| <b>11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>               | <b>31 December<br/>2001<br/>£</b>           | <b>31 December<br/>2000<br/>£</b>          |
| Amounts owed by group undertakings                                    | 1,750,000                                   | -  |
| Other debtors   | 297,466                                     | 1,734,430                                  |
| Taxation and Social Security  | 43,816                                      | -  |
|   | <u>2,091,282</u>                            | <u>1,734,430</u>                           |
| <b>12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>             | <b>31 December<br/>2001<br/>£</b>           | <b>31 December<br/>2000<br/>£</b>          |
| Amounts owed to group undertakings                                    | 405,750                                     | 271,160                                    |
| Other creditors including: -  |   |  |
| Corporation tax   | -   | 675,000                                    |
| Taxation and social security  | -   | 63,057                                     |
| Other creditors   | -   | 59,969                                     |
| Accruals and deferred income  | -   | 167,291                                    |
|   | <u>405,750</u>                              | <u>1,236,477</u>                           |

Any bank overdraft is covered by way of composite accounting agreements as directed in note 17.

## POINTING CHEMICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 DECEMBER 2001

## 13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2001 and 2000 the company had no annual commitments under non-cancellable operating leases.

## 14. SHARE CAPITAL

|  | 31 December<br>2001 |               | 31 December<br>2000 |               |
|--|---------------------|---------------|---------------------|---------------|
|  | No.                 | £             | No.                 | £             |
| <b>Authorised</b>                      |                     |               |                     |               |
| Ordinary shares of £1 each             | <u>12,000</u>       | <u>12,000</u> | <u>12,000</u>       | <u>12,000</u> |
| <b>Issued, allotted and fully paid</b> |                     |               |                     |               |
| Ordinary shares of £1 each             | <u>12,000</u>       | <u>12,000</u> | <u>12,000</u>       | <u>12,000</u> |

## 15. ULTIMATE PARENT COMPANY

At the year 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 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.

## 16. 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.

## 17. CONTINGENT LIABILITIES

The company has entered into composite accounting agreements with other group companies. The directors believe that no liabilities will crystallise.

## 18. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 December 2001.