

Following the Abex Distribution and prior to the PCT Distribution, Abex, through the Company, sold three of its five operating divisions and combined the two others to form Aerospace. Prior to July 16, 1992, PCT was an indirect wholly owned subsidiary of Henley Group. On April 15, 1996, the Company sold to Parker Hannifin Corporation ("Parker Hannifin") its entire aerospace operations including substantially all of its assets (the "Aerospace Sale").

The Company and its predecessors have been engaged in the licorice extract and flavorings business since 1850. Based upon its knowledge of the licorice industry, the Company believes that it is the world's largest producer of licorice extract and the only manufacturer of licorice extract in the United States. The Company also believes that it manufactures more than 70% of the worldwide licorice extract sold to end-users. Approximately 72% of the Company's licorice sales are to the worldwide tobacco industry for use as flavoring and moistening agents in the manufacture of American blend cigarettes as well as other tobacco products (moist snuff, chewing tobacco and pipe tobacco). While licorice extract represents a small percentage of the total cost of manufacturing American blend cigarettes and other tobacco products, the particular formulation and quantity used by each brand is an important element of the brand's flavor.

The Company also sells licorice extract to worldwide confectioners, food processors and pharmaceutical manufacturers for use as flavoring or masking agents. In addition, the Company sells licorice root residue as a garden mulch under the name Right Dress. The Company's other products, which are about 17% of the Company's revenues, include non-licorice natural flavors, spices and botanicals that are used as flavoring ingredients in food and tobacco products.

The Company has achieved its position as the world's leading manufacturer of licorice extract through its experience in obtaining licorice root, its technical expertise at maintaining the consistency and quality of its product and its ability to develop and manufacture proprietary formulations for individual customers and applications.

The Company's principal executive offices are located at Third Street and Jefferson Avenue, Camden, New Jersey 08104, and its telephone number is (609) 964-8840.

OPERATING STRATEGIES

The Company intends to maintain its position as the world leader in licorice extract: (a) by continuing to expand in foreign markets as the popularity of American blend cigarettes continues to increase; (b) by improving its manufacturing process and raw material procurement in order to achieve lower costs and; (c) by forming joint ventures in strategic areas of the world to increase its overall licorice business.

PRODUCTS AND MANUFACTURING

Licorice extract products. The Company produces a variety of licorice products from licorice root, licorice extract produced by others and certain other flavor ingredients at its facilities in Camden, New Jersey and Gardanne, France. The Company selects licorice root from various sources to optimize flavoring and chemical characteristics and then shreds the root to matchstick size. Licorice solids are then extracted from the shredded root with hot water. After filtration and evaporation, the concentrated extract is converted into powder, semifluid or blocks, depending on the customer's requirements, and then packaged and shipped. For certain customers, extracts from root may be blended with licorice extracts from other producers and non-licorice ingredients to produce licorice