

SAS Holdings Limited
(Registered number 1697448)
Financial statements
Year ended 31 December 2006

FRIDAY



A70J7R0M

A01

06/07/2007

172

COMPANIES HOUSE

SAS HOLDINGS LIMITED
YEAR ENDED 31 DECEMBER 2006

CONTENTS

DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITORS' REPORT	5
CONSOLIDATED PROFIT AND LOSS ACCOUNT	6
BALANCE SHEETS	7
CONSOLIDATED CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENT	9

**SAS HOLDINGS LIMITED
DIRECTORS AND ADVISORS**

E A McElhinney
M E McElhinney
D J Bichan
J M King

Chairman and Chief Executive
Managing Director – SAS International Limited
Director and Company Secretary
Non-Executive Director

John King has been a non-executive director since 1987. He joined the Group after retiring from the Trafalgar House Group building companies. He is also a consultant to the building and construction industry for business development, mergers and acquisitions.

Head Office

SAS Holdings Limited
31 Suttons Business Park
London Road
Reading
Berkshire
RG6 1AZ

Tel +44 (0)118 929 0900
Fax +44 (0)118 929 0901
www.sasint.co.uk

Registered Number

1697448

Principal Bankers

Royal Bank of Scotland
Corporate Banking Centre
4 Abbey Gardens
Reading
Berkshire
RG1 3BA

Solicitors

Moorcrofts LLP
James House
Mere Park
Dedmere Road
Marlow
Buckinghamshire
SL7 1FJ

Auditors

PKF (UK) LLP
Pannell House
Park Street
Guildford
Surrey
GU1 4HN

Registered Office

34-36 The Broadway
Maidenhead
Berkshire
SL6 1LU

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

The directors present their report and financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was the design and manufacture of ceiling systems, partitioning and other building products. The Group also provides construction project management services on installation and refurbishment projects.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors are satisfied with the increases in turnover and operating profit achieved during 2006. The markets in the UK and overseas for our principal subsidiary, SAS International Limited, are strong and the Group is well placed to take advantage of the opportunities.

Given the nature of the group's activities, the Board considers the level of agreed and prospective forward orders, the trends of raw material prices and the direct labour content of manufactured product cost to be key performance indicators. These are kept under regular review by the Board and appropriate action taken as required.

The Group deal with potential risks to our business as follows:

- High level of capital expenditure keeps SAS ahead of our competition as one of the most efficient players in our industry
- Ongoing investment in the research and development of new products and developing new geographic markets
- Our financial strength allows flexibility to deal with raw material price fluctuations
- Credit risk is managed through a clear credit policy backed up by credit insurance
- Key personnel are retained using performance related incentive schemes

RESULTS AND DIVIDENDS

The Group's revenue for the year was £46.5m (2005: £35.2m) and profit before tax for the year amounted to £3.5m (2005: £1.5m).

The Directors have not recommended a dividend in respect of the year ended 31 December 2006 (2005: £nil).

DIRECTORS

The directors who served during the year and their interests in the ordinary share capital of the Company at the beginning and end of the year, were as follows:

	No. of shares	
	31 December 2006	31 December 2005
E A McElhinney	159,892	159,892
M E McElhinney	-	-
D J Bichan (appointed 15 August 2006)	-	-
J M King	-	-

A J Williams resigned as a director on 31 May 2006.

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

EMPLOYEES

The Group supports the principle of equal opportunities. Its policy is that there should be no unfair discrimination on the grounds of sex, religion or race. Equal employment opportunities are available to all persons, including the disabled, having full regard to their particular skills and abilities.

The directors believe in encouraging employees to become fully informed of the Group's activities and to be more closely involved in the business. Where practicable, employee salaries and wages are linked to trading results.

CHARITABLE DONATIONS

During the year the Group made charitable donations of £10,000 (2005: £nil).

INFORMATION GIVEN TO THE AUDITORS

Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FINANCIAL INSTRUMENTS

The group does not actively use financial instruments as part of its financial risk management. The Group's policy is to finance working capital through retained earnings which, when appropriate, are placed on deposit at prevailing interest rates. The Group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Group's financial position or result for the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and 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 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 that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SAS HOLDINGS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

APPOINTMENT OF AUDITORS

A resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting

By order of the Board

A handwritten signature in black ink, appearing to read 'D J Bichan', written in a cursive style.

D J Bichan
Company Secretary

17 May 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAS HOLDINGS LIMITED

We have audited the group and parent company financial statements ('the financial statements') of SAS Holdings Limited for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information in the directors' report includes that specific information presented in the Chairman's Statement that is cross referenced from the business review section of the directors' report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report and the chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

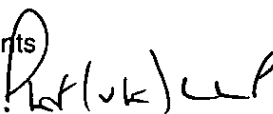
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 group's and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements.


PKF (UK) LLP
Registered auditors

Guildford, UK

25 May 2007

SAS HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> £'000	<u>2005</u> £'000
Turnover	2	46,493	35,236
Cost of sales		(31,364)	(23,605)
Gross profit		15,129	11,631
Distribution costs		(1,383)	(1,056)
Administrative expenses		(10,947)	(9,791)
Operating profit	3	2,799	784
Share of operating loss in joint venture		(30)	(7)
Total operating profit		2,769	777
Exceptional item:			
Profit on disposal of freehold property		-	70
Profit on ordinary activities before interest and amounts written off investments		2,769	847
Interest receivable and similar income	5	795	1,111
Amounts written off investments	6	-	(288)
Interest payable and similar charges	7	(21)	(22)
Other finance costs - pensions	8	(90)	(150)
Profit on ordinary activities before taxation		3,453	1,498
Tax on profit on ordinary activities	9	(1,094)	(827)
Profit on ordinary activities after taxation		2,359	671
Minority interest		(37)	-
Profit for the financial year	22	2,322	671

All amounts relate to continuing activities.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>2006</u> £'000	<u>2005</u> £'000
Profit for the year		
Group	2,351	713
Joint venture	(29)	(42)
	2,322	671
Actuarial gain / (loss) on the defined benefit pension scheme	121	(462)
Deferred taxation on the deficit in the defined benefit pension scheme	(15)	183
Total gains and losses recognised since last annual report	2,428	392

SAS HOLDINGS LIMITED
BALANCE SHEETS
31 DECEMBER 2006

		Group		Company	
	Notes	2006	2005	2006	2005
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12	23	47	-	-
Tangible assets	13	17,585	11,048	140	-
Investments	14	143	214	16,916	17,118
		<hr/>	<hr/>	<hr/>	<hr/>
		17,751	11,309	17,056	17,118
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Stocks	15	9,449	8,864	-	-
Debtors due within one year	16	11,347	8,451	996	5,149
Debtors due in over one year	16	-	2	4,476	234
Short term investments	17	10,084	-	10,084	-
Cash at bank and in hand		13,429	26,333	13,030	23,187
		<hr/>	<hr/>	<hr/>	<hr/>
		44,309	43,650	28,586	28,570
Creditors: amounts falling due within one year	18	(10,167)	(6,579)	(164)	(322)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		34,142	37,071	28,422	28,248
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		51,893	48,380	45,478	45,366
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due after more than one year	19	(139)	(14)	-	-
Provisions for liabilities and charges	20	(2,134)	(1,173)	(1,709)	(1,123)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets excluding pension liability		49,620	47,193	43,769	44,243
Pension liability	11	(2,320)	(2,357)	(2,320)	(2,357)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets including pension liability		47,300	44,836	41,449	41,886
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Called up share capital	21	229	229	229	229
Share premium account	22	60	60	60	60
Capital redemption reserve	22	4,582	4,582	4,582	4,582
Profit and loss account	22	42,386	39,958	36,578	37,015
		<hr/>	<hr/>	<hr/>	<hr/>
Equity shareholders' funds	23	47,257	44,829	41,449	41,886
Minority interest		43	7	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		47,300	44,836	41,449	41,886
		<hr/>	<hr/>	<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board of Directors on 17 May 2007 and signed on its behalf by


E A McElhinney
 Director

SAS HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Net cash inflow from operating activities	24	5,327	1,558
Returns on investment and servicing of finance	25	773	1,092
Taxation		(1,140)	(616)
Capital expenditure and financial investment	25	(7,774)	(1,488)
		<hr/>	<hr/>
Cash (outflow) / inflow before use of liquid resources and financing		(2,814)	546
Management of liquid resources	25	(10,084)	-
Financing	25	(6)	(522)
		<hr/>	<hr/>
(Decrease) / increase in cash in the year		(12,904)	24
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds	26		
(Decrease) / increase in cash in the year		(12,904)	24
Cash outflow from decrease in debt and lease financing		6	66
Cash outflow from increase in liquid resources		10,084	-
		<hr/>	<hr/>
Change in net funds resulting from cash flows		(2,814)	90
New finance leases and hire purchase contracts		(148)	-
		<hr/>	<hr/>
Movement in net funds during the year		(2,962)	90
Net funds at 1 January 2006		26,333	26,243
		<hr/>	<hr/>
Net funds at 31 December 2006		23,371	26,333
		<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies of the Group, which have been applied consistently is as follows

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries on an acquisition accounting basis. The results of subsidiaries and businesses acquired are incorporated in the consolidated financial statements from the date of their acquisition and those disposed of are excluded from their date of disposal.

(b) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied during the year and includes the sales value of long term contracts relevant to their state of completion.

(c) Tangible fixed assets

Freehold land is stated at cost and not depreciated. Other fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets. Interest costs on major fixed asset additions are capitalised during the period of construction and are depreciated as part of the total asset cost. The principal annual rates used for this purpose are

Freehold buildings	2%
Long term leasehold property	2%
Plant and machinery	5-25%
Fixtures, fittings and equipment	5-25%
Motor vehicles	20-25%

Short-term leasehold property is depreciated over the period of the lease.

Plant under construction is depreciated from the date the plant is commissioned.

(d) Government grants

Government grants are treated as deferred income and are credited to the profit and loss account over the expected useful life of the related assets, typically ten years.

(e) Investments

Current asset investments

Current asset investments represent liquid investments which the Directors regard as available for investment in the Group's core business at any time. These investments are classified as liquid resources in the cash flow statement.

Fixed asset investments

Except as stated below, investments are stated at cost less amounts written off and provisions for impairment.

In the consolidated financial statements, the investment in the joint venture is accounted for using the gross equity method. The consolidated profit and loss account includes the Group's share of the pre-tax profit and attributable taxation of the joint venture based on the undertakings' latest statutory financial statements. In the consolidated balance sheet, the investment in the joint venture is included at the Group's share of the net assets of the undertaking.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES (continued)

(f) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs, in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

(g) Long-term contracts

Work in progress on long-term contracts is stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Profits on contracts are only taken when the results of the contract can reasonably be foreseen. Where turnover on contracts exceeds payments on account an "amount recoverable on contracts" is established and separately disclosed within debtors.

(h) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses arising on these transactions are included in the profit and loss account.

Assets and liabilities and the profit and loss accounts of overseas operations are translated at the closing exchange rates. Exchange gains and losses arising on these translations are taken directly to reserves.

(i) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(j) Goodwill

Goodwill arising on consolidation and on the acquisition of businesses represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised over its estimated useful economic life not exceeding 20 years. Capitalised goodwill is reviewed for evidence of impairment at the end of the first full financial year following the initial date of recognition and thereafter when appropriate.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES (continued)

(k) Leases

Assets held under finance lease and hire purchase contracts are capitalised and depreciated in accordance with the Group's depreciation policy. The finance charges are allocated over the period of the lease in proportion to the capital amounts outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

(l) Pension arrangements

The Group operates defined contribution and defined benefit pension schemes.

The cost of the defined contribution schemes is charged to the profit and loss account in the year to which it relates.

For the defined benefit scheme any increase in the present value of the liabilities of the scheme expected to arise from the current service of employees in the year is charged to operating profit. The expected return on the scheme's assets and the expected increase during the year in the present value of the scheme's liabilities are included as other finance income or costs as appropriate. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme assets, to the extent they are recoverable, and pension scheme liabilities, are recognised in the balance sheet and represent the difference between the market value of scheme assets and the present value of scheme liabilities, net of deferred taxation. Pension scheme liabilities are determined on an actuarial basis using the projected unit method and are discounted at a rate using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

2 TURNOVER

The Group's turnover and profit before taxation is derived from one class of business and includes overseas sales amounting to £8,815,000 (2005 - £6,320,000). The net assets of the Group reside predominantly within the United Kingdom.

3 OPERATING PROFIT

	<u>2006</u> £'000	<u>2005</u> £'000
Depreciation of tangible fixed assets		
- owned	1,418	1,488
- held under hire purchase and finance lease agreements	2	-
Amortisation of goodwill	24	23
Operating lease rentals		
- plant and machinery	136	83
- other	680	777
Rental income	(76)	(88)
Deferred grant income released	(2)	(6)
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

4 AUDITORS' REMUNERATION

	<u>2006</u> £'000	<u>2005</u> £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	20	20
Fees payable to the company's auditors and its associates for other services		
- the audit of the company's subsidiaries, pursuant to legislation	41	30
- tax services	15	10
- all other services	5	-
Fees in respect of the SAS Pension Plan		
-audit	5	5
	<hr/> 86	<hr/> 65
	<hr/> <hr/>	<hr/> <hr/>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2006</u> £'000	<u>2005</u> £'000
Group interest receivable and similar income	794	1,110
Joint venture interest receivable	1	1
	<hr/> 795	<hr/> 1,111
	<hr/> <hr/>	<hr/> <hr/>

6 AMOUNTS WRITTEN OFF INVESTMENTS

	<u>2006</u> £'000	<u>2005</u> £'000
Provision for impairment of listed investment	-	41
Provision for impairment of unlisted investment	-	247
	<hr/> -	<hr/> 288
	<hr/> <hr/>	<hr/> <hr/>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2006</u> £'000	<u>2005</u> £'000
Interest payable on finance lease and hire purchase arrangements	3	2
Other interest	18	16
	<hr/> 21	<hr/> 18
Group interest payable	21	18
Interest payable by joint venture	-	4
	<hr/> 21	<hr/> 22
	<hr/> <hr/>	<hr/> <hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

8 OTHER FINANCE COSTS - PENSIONS

	<u>2006</u> £'000	<u>2005</u> £'000
Interest on defined benefit pension scheme's liabilities	509	489
Expected return on the defined benefit pension scheme's assets	(419)	(339)
	<hr/>	<hr/>
	90	150
	<hr/>	<hr/>

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge for the year	<u>2006</u> £'000	£'000	<u>2005</u> £'000	£'000
Current taxation				
United Kingdom corporation tax on profits for the year	723		813	
Corporation tax adjustments in respect of prior periods	(58)		6	
	<hr/>	665	<hr/>	819
UK corporation tax adjustment in respect of prior periods – joint venture		-		32
Foreign tax		52		-
		<hr/>		<hr/>
Total current tax		717		851
Deferred tax				
Origination and reversal of timing differences		377		(24)
		<hr/>		<hr/>
Tax on profit on ordinary activities		1,094		827
		<hr/>		<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

9 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower (2005 higher) than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

The differences are explained below

	<u>2006</u> £'000	<u>2005</u> £'000
Profit on ordinary activities before tax	<u>3,453</u>	<u>1,498</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	1,036	449
Effects of		
Expenditure not deductible for tax purposes	114	140
Expenditure incurred in year deductible in future periods	199	234
Expenditure incurred in prior periods deductible in the current year	(382)	(420)
Capital allowances in excess of depreciation	(225)	238
Amounts written off investments not deductible for tax purposes	-	86
Intra-group charges not deductible overseas in current year	67	77
Overseas profits taxed at rates lower than the standard rate of tax in the UK	(72)	-
Profit on disposal of investment not subject to taxation	(4)	-
Adjustment to tax charge of prior years	(58)	6
Adjustment to tax charge of prior years in the joint venture	-	32
Losses carried forward	42	9
Total UK corporation tax	<u>717</u>	<u>851</u>

There was no effect on the tax charge of the exceptional item in the previous year

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

10 DIRECTORS' REMUNERATION

	<u>2006</u> £'000	<u>2005</u> £'000
Directors:		
Aggregate emoluments	198	345
Company pension contributions to money purchase schemes	9	14
	<hr/>	<hr/>
	207	359
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing under money purchase pension schemes and defined benefit pension schemes were 2 (2005 - 2) and 1 (2005 - 2) respectively

	<u>2006</u> £'000	<u>2005</u> £'000
Highest paid director:		
Aggregate emoluments	106	125
Company pension contributions to a money purchase scheme	7	-
	<hr/>	<hr/>
	113	125
	<hr/>	<hr/>

11 EMPLOYEE INFORMATION

The average number of employees during the year, including executive directors was

	Group <u>2006</u> Number	<u>2005</u> Number
Manufacturing	449	398
Group administration and management	2	3
	<hr/>	<hr/>
	451	401
	<hr/>	<hr/>

The employment costs of all employees included above were

	Group <u>2006</u> £'000	<u>2005</u> £'000
Wages and salaries	11,324	9,212
Social security contributions	1,158	937
Pension and post retirement benefit contributions	322	313
	<hr/>	<hr/>
	12,804	10,462
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

11 EMPLOYEE INFORMATION (continued)

Pension arrangements

The Group operates three pension schemes, two defined contribution schemes and one defined benefit scheme

Defined contribution schemes

The pension cost of the defined contribution schemes, which represents contributions payable by the Group, amounted to £322,000 (2005 - £313,000) in the year. Included in creditors is £47,009 (2005 - £38,789) in respect of contributions payable to the scheme.

Defined benefits scheme

On 4 September 2001 the defined benefit scheme, the SAS Pension Plan, was closed to new members and on 31 August 2002 the scheme was closed to future accrual of benefits and therefore regular contributions to the scheme ceased on that date. As a result of the closures, under the projected unit valuation method the current service cost will increase as members approach retirement.

During the year the Group made payments totaling £21,000 (2005: £3,000) to the scheme in respect of enhancements to members' transfer values. Any future contributions to the scheme will be made in accordance with the advice of the Scheme's Actuary.

The most recent formal actuarial valuation of the defined benefit scheme was carried out as at 1 January 2004 by a qualified independent actuary. The actuary has updated this valuation, on an approximate basis, to 31 December 2006 using the following principal assumptions:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
	%	%	%
Increase in salaries	-	-	-
Increase in inflation	3.1	2.90	2.90
Increase in pensions in payment	3.5	2.90 - 3.50	2.90 - 3.50
Discount rate used	5.2	4.80	5.30
Revaluation rate for deferred pensions	3.1	2.90	2.90
	<hr/>	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

11 EMPLOYEE INFORMATION (continued)

The assets of the scheme and the expected rate of return of the assets and the deficit in the scheme at the end of the year were

	31 December 2006		31 December 2005		31 December 2004	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities	6.50%	5,861	6.05%	4,851	-	-
Bonds	5.20%	985	4.80%	1,440	-	-
Other	6.50%	826	6.05%	934	-	-
Managed funds	-	-	-	-	6.30%	2,028
Cash on deposit	5.00%	72	-	97	4.75%	4,507
Total market value of assets		7,744		7,322		6,535
Present value of scheme liabilities		(11,059)		(10,689)		(9,293)
Deficit in the scheme		(3,315)		(3,367)		(2,758)
Related deferred tax asset		995		1,010		827
Net pension liability		(2,320)		(2,357)		(1,931)

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

11 EMPLOYEE INFORMATION (continued)

Defined benefits scheme (continued)

The following amounts have been included in the financial statements under the headings shown

	<u>2006</u> £'000	<u>2005</u> £'000
Other finance costs		
Interest on pension scheme liabilities	509	489
Expected return on assets in the scheme	(419)	(339)
	<hr/>	<hr/>
Charge to other finance costs	90	150
	<hr/>	<hr/>
Statement of total recognised gains and losses		
Difference between the expected and actual rate of return on assets	141	584
Experience gains and losses arising on the scheme liabilities	28	(61)
Effect of changes in the financial assumptions underlying the present value of the scheme liabilities	(48)	(985)
	<hr/>	<hr/>
Actuarial profit / (loss) recognised in the statements of total recognised gains and losses	121	(462)
	<hr/>	<hr/>
Movement in deficit during the year		
Deficit in scheme at the beginning of the year	(3,367)	(2,758)
Movement in the year		
Contributions	21	3
Other finance costs	(90)	(150)
Actuarial gain / (loss)	121	(462)
	<hr/>	<hr/>
Deficit in scheme at the end of the year	(3,315)	(3,367)
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

11 EMPLOYEE INFORMATION (continued)

Defined benefits scheme (continued)

History of amounts recognised in the statement of total recognised gains and losses

	31 Dec 2006	31 Dec 2005	31 Dec 2004	31 Dec 2003	30 Sept 2002
Difference between expected and actual return on scheme assets					
amount (£'000)	141	584	(141)	70	(1,314)
percentage of scheme assets	2%	8%	2%	1%	24%
Experience gains / (loss) on scheme liabilities					
amount (£'000)	28	(61)	(15)	(446)	470
percentage of the present value of scheme liabilities	0.2%	0.6%	0.2%	5%	5%
Effect of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
amount (£'000)	(48)	(985)	(210)	(599)	(404)
Percentage of the present value of the scheme liabilities	0.4%	9%	2%	7%	4%
Total actuarial gain / (loss) recognised in statement of total recognised gains and losses					
amount (£'000)	121	(462)	(366)	(975)	(1,248)
percentage of the present value of scheme liabilities	1%	4%	4%	11%	12%

12 INTANGIBLE FIXED ASSETS

Goodwill

Group: **£'000**

Cost

At 1 January 2006 and 31 December 2006 **116**

Amortisation

At 1 January 2006 **69**

Charge for the year **24**

At 31 December 2006 **93**

Net book value

At 31 December 2006 **23**

At 31 December 2005 **47**

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

13 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Long - term leasehold land and buildings £'000	Short - term leasehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2006	8,231	-	276	17,085	598	26,190
Additions	5,489	84	-	2,169	238	7,980
Disposals	-	-	-	(83)	(75)	(158)
Reclassification	(5,599)	5,599	-	-	-	-
At 31 December 2006	8,121	5,683	276	19,171	761	34,012
Depreciation						
At 1 January 2006	667	-	219	13,920	336	15,142
Charge for period	23	126	57	1,057	157	1,420
Disposals	-	-	-	(83)	(52)	(135)
Reclassification	(380)	380	-	-	-	-
At 31 December 2006	310	506	276	14,894	441	16,427
Net book value						
At 31 December 2006	7,811	5,177	-	4,277	320	17,585
At 31 December 2005	7,564	-	57	3,165	262	11,048

The net book value of plant and machinery includes £144,826 (2005 - £Nil) of assets held under finance leases and hire purchase contracts

Company	Motor vehicles £'000
Cost	
At 1 January 2006	-
Additions	174
At 31 December 2006	174
Depreciation	
At 1 January 2006	-
Charge for period	34
At 31 December 2006	34
Net book value	
At 31 December 2006	140
At 31 December 2005	-

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

14 INVESTMENTS

Group	<u>Joint venture</u> £'000	<u>Other investments</u> £'000	<u>Total</u> £'000
At 31 December 2006	53	90	143
At 31 December 2005	82	132	214

The movement in the investment in the joint venture in the year was

	<u>Joint venture</u> £'000
At 1 January 2006	82
Share of loss for the period	(29)
At 31 December 2006	53

The Group's share of the net assets of the joint venture comprises

	£'000
Share of gross assets	98
Share of gross liabilities	(45)
Share of net assets	53

The investment in the joint venture represents an investment of 50% of the ordinary shares of £1 each of European Manufacturing Joint Venture Limited, a company registered in England. The company was formed to carry out the Hong Kong airport project which was won by the partners in 1995. The Group's share of the loss for the year and net assets of the Company are based on the Company's latest available accounts for the year ended 30 June 2006.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

14 INVESTMENTS (continued)

The movements in other investments in the year were

	<u>Freehold Land</u> £'000	<u>Listed investment</u> £'000	<u>Unlisted investment</u> £'000	<u>Total</u> £'000
At cost				
At 1 January 2006	90	264	248	602
Disposals	-	(264)	(248)	(512)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	90	-	-	90
	<hr/>	<hr/>	<hr/>	<hr/>
Provision for impairment at				
1 January 2006	-	223	247	470
Disposals	-	(223)	(247)	(470)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 December 2006	90	-	-	90
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2005	90	41	1	132
	<hr/>	<hr/>	<hr/>	<hr/>

The investment in freehold land represents a minority investment in 59 acres of freehold land. The chairman Mr E A McElhinney, has a controlling interest in the investment.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

14 INVESTMENTS (continued)

Company	Shares in subsidiary undertakings £'000	Shares in joint venture £'000	Other investments £'000	Total £'000
At cost less amounts written off				
At 1 January 2006	16,986	50	602	17,638
Disposals	(210)	-	(512)	(722)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	16,776	50	90	16,916
	<hr/>	<hr/>	<hr/>	<hr/>
Provision for impairment				
At 1 January 2006	50	-	470	520
Disposals	(50)	-	(470)	(520)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
31 December 2006	16,776	50	90	16,916
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 December 2005	16,936	50	132	17,118
	<hr/>	<hr/>	<hr/>	<hr/>

The analysis of other investments of the Company is included within other investments of the Group

At the year end the Group owned the whole of the issued share capital of the following subsidiaries unless otherwise shown -

SAS International Limited –	incorporated in England and Wales
SAS Building Factors (Ireland) Limited –	incorporated in the Republic of Ireland, 90% of the issued ordinary share capital
SAS Building Factors (Cyprus) Limited –	incorporated in the Republic of Cyprus

The principal activity of SAS International Limited during the year was the design and manufacture of suspended ceilings, partitioning and other building products. The Company also provides construction project management services on selective installation and refurbishment projects.

SAS Building Factors (Ireland) Limited provides construction project management services on selective installation and refurbishment projects in Ireland.

The principal activity of SAS Building Factors (Cyprus) Limited, which was formed in 2004, was that of property development.

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

15 STOCKS

	Group	
	<u>2006</u>	<u>2005</u>
	£'000	£'000
Raw materials and consumables	3,485	3,171
Work in progress	254	248
Finished goods and goods for re-sale	2,171	1,796
	<hr/>	<hr/>
	5,910	5,215
Net costs incurred on long term contract balances	3,539	3,649
	<hr/>	<hr/>
	9,449	8,864
	<hr/>	<hr/>

16 DEBTORS

	Group		Company	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£'000	£'000	£'000	£'000
Due within one year				
Trade debtors	9,554	7,521	8	15
Amounts recoverable on contracts	156	-	-	-
Amounts owed by subsidiary undertakings	-	-	827	4,619
Other debtors	164	312	6	-
Prepayments and accrued income	1,473	618	155	110
Deferred tax	-	-	-	405
	<hr/>	<hr/>	<hr/>	<hr/>
	11,347	8,451	996	5,149
	<hr/>	<hr/>	<hr/>	<hr/>
Due in more than one year				
Loan to subsidiary undertaking	-	-	4,029	-
Deferred tax	-	2	447	234
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2	4,476	234
	<hr/>	<hr/>	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

16 DEBTORS (continued)

The movements on, and the composition of, the deferred tax balances are

Company	Group £'000	Company £'000
At 1 January 2006	2	639
Transferred to provisions for liabilities and charges	(2)	-
Charged to the profit and loss account	-	(192)
	<hr/>	<hr/>
At 31 December 2006	-	447
	<hr/>	<hr/>

	Group		Company	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	(625)	-	22
Other timing differences	-	627	447	617
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2	447	639
	<hr/>	<hr/>	<hr/>	<hr/>

The Group's deferred tax provision for 2006 is included in provisions for liabilities and charges as shown in note 20

The deferred tax assets are expected to be recovered against future taxable profits of the Group

17 SHORT TERM INVESTMENTS

	Group		Company	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£'000	£'000	£'000	£'000
Short term investments at cost	10,084	-	10,084	-
	<hr/>	<hr/>	<hr/>	<hr/>

At the year end these investments had a market value of £10,370,000, of which £229,964 were listed investments

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£'000	£'000	£'000	£'000
Trade creditors	8,082	4,477	-	1
Amounts owed to subsidiary undertakings	-	-	67	222
Obligations under finance lease and hire purchase agreements	15	-	-	-
Corporation tax	132	555	-	-
Other taxation and social security	668	644	-	-
Other creditors	214	300	21	17
Accruals and deferred income	1,056	603	76	82
	10,167	6,579	164	322

Obligations under finance lease and hire purchase agreements were secured over the assets being financed

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£'000	£'000	£'000	£'000
Accruals and deferred income	12	14	-	-
Obligations under finance leases and hire purchase agreements	127	-	-	-
	139	14	-	-

Amounts due on assets held under hire purchase agreements used as security for the related liability are

	<u>2006</u>	<u>2005</u>
	£'000	£'000
Between one and two years	16	-
Between two and five years	55	-
After five years	56	-
	127	-

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

20 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Property provisions £'000	Deferred tax £'000	Other £'000	Total £'000
At 1 January 2006	392	-	781	1,173
Transferred from debtors	-	(2)	-	(2)
Utilised	(97)	-	-	(97)
Charged/(credited) to the profit and loss account	20	377	663	1,060
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	315	375	1,444	2,134
	<hr/>	<hr/>	<hr/>	<hr/>

Company	Property provisions £'000	Other £'000	Total £'000
At 1 January 2006	342	781	1,123
Utilised	(97)	-	(97)
Charged to the profit and loss account	20	663	683
	<hr/>	<hr/>	<hr/>
At 31 December 2006	265	1,444	1,709
	<hr/>	<hr/>	<hr/>

The property provisions of the company include £28,000 (2005 £42,000) in respect of the provision for future costs of vacated leasehold properties which should be utilised within two years and £237,000 (2005 £300,000) in respect of dilapidations which is expected to be utilised within one year. Property provisions in the Group include an additional £50,000 in respect of dilapidations which is expected to be utilised within one year.

The other provisions represent provision for amounts that may become payable under a group employee incentive scheme.

21 SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised:		
99,980,000 Ordinary shares of £1 each	99,980	99,980
	<hr/>	<hr/>
Allotted, called up and fully paid:		
228,559 Ordinary shares of £1 each	229	229
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

22 RESERVES

Group	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	60	4,582	39,958	44,600
Profit for the year	-	-	2,322	2,322
Actuarial gain on the defined benefit pension scheme	-	-	121	121
Deferred taxation on the deficit in the defined benefit pension scheme	-	-	(15)	(15)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	60	4,582	42,386	47,028
	<hr/>	<hr/>	<hr/>	<hr/>

The profit and loss account reserve comprises

	2006 £'000	2005 £'000
Profit and loss account reserve excluding pension liability	44,706	42,315
Pension liability	(2,320)	(2,357)
	<hr/>	<hr/>
Profit and loss reserve	42,386	39,958
	<hr/>	<hr/>

Company	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	60	4,582	37,015	41,657
Loss for the year	-	-	(543)	(543)
Actuarial gain on the defined benefit pension scheme	-	-	121	121
Deferred taxation on the defined benefit pension scheme	-	-	(15)	(15)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	60	4,582	36,578	41,220
	<hr/>	<hr/>	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

22 RESERVES (continued)

The profit and loss account reserve comprises

	<u>2006</u> £'000	<u>2005</u> £'000
Profit and loss account reserve excluding pension liability	38,898	39,372
Pension liability	(2,320)	(2,357)
	<hr/>	<hr/>
Profit and loss reserve	36,578	37,015
	<hr/>	<hr/>

As provided by Section 230 of the Companies Act 1985, the Company does not publish a separate profit and loss account. The parent Company's loss for the year was £543,000 (2005 – £788,000 loss)

23 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2006</u> £'000	<u>2005</u> £'000
Profit for the financial year	2,322	671
Repurchase of shares	-	(456)
Other recognised gains and losses relating to the year	106	(279)
	<hr/>	<hr/>
Net decrease in shareholders' funds	2,428	(64)
Opening shareholders' funds	44,829	44,893
	<hr/>	<hr/>
Closing shareholders' funds	47,257	44,829
	<hr/>	<hr/>

24 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2006</u> £'000	<u>2005</u> £'000
Operating profit	2,799	784
Depreciation	1,420	1,488
Amortisation of goodwill	24	23
Contributions paid to defined benefit pension scheme	(21)	(3)
Profit on sale of tangible fixed assets	(5)	-
Increase in stocks	(585)	(837)
Increase in debtors	(2,896)	(905)
Increase in creditors and provisions	4,580	1,008
Loss on disposal of fixed asset investments	12	-
Profit on exchange	(1)	-
	<hr/>	<hr/>
Net cash inflow from operating activities	5,327	1,558
	<hr/>	<hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

25 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	<u>2006</u> £'000	<u>2005</u> £'000
Returns on investments and servicing of finance		
Interest received	794	1,110
Interest paid – Hire purchase agreements and finance leases	(3)	(2)
Other	(18)	(16)
	<hr/> 773	<hr/> 1,092
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(7,832)	(2,040)
Sale of tangible fixed assets	28	552
Sale of other fixed asset investments	30	-
	<hr/> (7,774)	<hr/> (1,488)
	<hr/> <hr/>	<hr/> <hr/>
Management of liquid resources		
Funds placed with investment bank	(10,084)	-
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Capital element of finance lease and hire purchase agreements	(6)	(66)
Shares repurchased	-	(456)
	<hr/> (6)	<hr/> (522)
	<hr/> <hr/>	<hr/> <hr/>

26 ANALYSIS OF CHANGES IN NET FUNDS

	As at 1 January 2006 £'000	Cash flow £'000	Other non cash changes £'000	As at 31 December 2006 £'000
Cash at bank and in hand	26,333	(12,904)	-	13,429
Current asset investments	-	10,084	-	10,084
Finance lease and HP agreements	-	6	(148)	(142)
	<hr/> 26,333	<hr/> (2,814)	<hr/> (148)	<hr/> 23,371
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SAS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

27 CAPITAL COMMITMENTS

Commitments for future capital expenditure not provided for in the accounts

	Group	
	<u>2006</u> £'000	<u>2005</u> £'000
Contracted	1,518	4,016

28 OPERATING LEASE COMMITMENTS

The Group was committed to making the following payments during the next year in respect of non-cancellable operating leases

	<u>2006</u>		<u>2005</u>	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
On leases expiring				
Within one year	84	8	274	11
Between two and five years	21	138	43	72
After five years	322	-	343	-
	<hr/>	<hr/>	<hr/>	<hr/>
	427	146	660	83

On the 17th January 2007 the company entered into a lease agreement in respect of a further property. The term of the lease is for 12 months, rent free, with an option to purchase at the end of that period. If this option is not exercised, a lease for a further nine months becomes operational.

29 RELATED PARTY TRANSACTIONS

During the year the Group charged £40,000 (2005 £23,000) to its joint venture, European Manufacturing Joint Venture Limited. The amount due to the Group by the joint venture at the year end was £74,350 (2005 £23,000).

30 CONTINGENT LIABILITIES

At 31 December 2006 the Group had contingent liabilities in the form of bank guarantees amounting to £723,574 (2005 £1,321,000).

31 ULTIMATE CONTROLLING PARTY

The directors regard Mr E A McElhinney as the ultimate controlling party.