

S Black (Import & Export) Limited

**Directors' report and consolidated
financial statements**

Registered number 934139

30 June 1999



Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of S Black (Import & Export) Limited	4
Consolidated profit and loss account	5
Consolidated statement of total recognised gains and losses	5
Consolidated balance sheet	6
Company balance sheet	7
Consolidated cash flow statement	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 1999.

Business review

The principal activity of the group continued to be the sales marketing and technical support of speciality chemicals and pigments.

The results and the position of the group are set out on pages 5 to 7.

In the UK volumes have continued to rise, nevertheless the sterling value of sales is flat, reflecting the difficult trading conditions during the 1998 calendar year. However more encouraging signs have been evident during the latter part of the financial year and it is anticipated that this will continue.

The German company has also experienced flat sales but has achieved an encouraging improvement in gross margin to a level achieved in the UK. Investment in the company's infrastructure continues to form a sound base for future growth.

The directors are confident that the group will continue to make satisfactory progress during the current financial year.

Dividends

Information regarding dividends is set out in note 8 to the financial statements.

Directors and directors' interests

The directors who held office during the year and their interests in the shares of the company were as follows:

	At 30 June 1999			At 30 June 1998		
	Ordinary £1 Shares	Options		Ordinary £1 Shares	Options	
		Executive Share Option Scheme	Employee Share Trust Share Option Scheme		Executive Share Option Scheme	Employee Share Trust Share Option Scheme
S Black	74,500	-	-	74,500	-	-
NL Berry	2,530	3,000	-	2,530	3,000	-
DG Saunter	5,020	-	-	2,520	2,500	-
AG Raybould	3,020	2,000	-	3,020	2,000	-
C Davies (resigned 14 July 1998)	-	-	-	255	1,000	-
JB Lowten	-	-	600	-	-	600
G Ewart	-	-	-	-	-	-

Details of the exercise price and exercise dates are given in note 15 to the financial statements.

The following options were exercised during the year by directors:

	No. of options exercised	Exercise price £
DG Saunter	2,000	20
DG Saunter	500	17
C Davies	1,000	Cancelled

The directors who held office at the end of the financial year had no other disclosable interest in the shares of group companies.

Directors' report *(continued)*

Fixed assets

The movements in tangible fixed assets are set out in note 9 to the financial statements.

Year 2000

As is well known, many computer systems express dates using only the last two digits of the year and in order to avoid malfunction and resulting widespread commercial disruption, will thus require modification or replacement to accommodate the year 2000 and beyond. The operation of our business depends not only on our own computer systems, but also, to some degree, on those of our suppliers and customers and, consequently, on their ability to satisfactorily address their own year 2000 requirements.

A thorough review has been undertaken of the group's computer systems to identify those that require modification or replacement in relation to the year 2000 issues. From this, action plans which are designed to address the key risks in advance of critical dates and without disruption to the underlying business have been developed and implemented.

A review of the impact on our business of year 2000 related failures by our significant suppliers and customers has been undertaken and where appropriate, contingency plans will be developed.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no year 2000 problems will remain because at least some level of failure may still occur. However, the Board believe that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

The costs of dealing with year 2000 issues have been subsumed within the group's ongoing systems developed to meet its business objectives and any further costs are not considered significant.

Charitable donations

The group made no political contributions during the year. Donations to UK charities amounted to £1,234 (1998: £280).

Employees

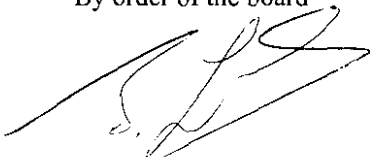
It is the group's policy to provide disabled persons with the opportunities of employment equal to those which are available to all other employees.

The group recognises the benefits of keeping employees informed on matters which are of specific concern to them as employees and it is its policy to provide them with such information on a regular basis whenever appropriate.

Auditors

In accordance with s385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JB Lowten
Secretary

15 Nov 99

Foxholes Business Park
John Tate Road
Hertford
Herts
SG13 7YH

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Aquis Court
31 Fishpool Street
St Albans
Hertfordshire, AL3 4RF

Report of the auditors to the members of S Black (Import & Export) Limited

We have audited the financial statements on pages 5 to 24.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

26 NOV 99

Consolidated profit and loss account

for the year ended 30 June 1999

	Note	1999 £000	1998 £000
Turnover	2	19,469	19,359
Cost of sales		(14,858)	(14,432)
Gross profit		4,611	4,927
Distribution costs		(193)	(192)
Administration expenses		(2278)	(2,386)
Operating profit		2,140	2,349
Profit on disposal of fixed assets - exceptional		-	102
Profit on ordinary activities before interest and other income		2,140	2,451
Other interest receivable and similar income		156	156
Interest payable and similar charges	6	(66)	(91)
Revaluation of investment	10	(2)	1
Profit on ordinary activities before taxation	3	2,228	2,517
Tax on profit on ordinary activities	7	(650)	(580)
Profit on ordinary activities after taxation		1,578	1,937
Minority interests		-	1
Profit for the financial year		1,578	1,938
Dividends on equity and non-equity shares	8	(714)	(352)
Additional finance costs of non-equity interests	8	(52)	(75)
Retained profit for the financial year transferred to reserves		812	1,511

All the above amounts derive from continuing activities.

Consolidated statement of total recognised gains and losses

for the year ended 30 June 1999

	1999 £000	1998 £000
Profit for the financial year	1,578	1,938
Currency translation differences on foreign currency net investments	(1)	2
Total gains and losses recognised since last annual report	1,577	1,940

Consolidated balance sheet
at 30 June 1999

	Note	1999	1998
		£000	£000
Fixed assets			
Tangible assets	9	4,175	3,912
Investments	10	564	552
		<u>4,739</u>	<u>4,464</u>
Current assets			
Stocks of goods for resale		2,868	3,112
Debtors	11	4,006	4,094
Cash at bank and in hand		2,890	2,482
		<u>9,764</u>	<u>9,688</u>
Creditors: amounts falling due within one year	12	<u>(3,630)</u>	<u>(3,940)</u>
Net current assets		<u>6,134</u>	<u>5,748</u>
Total assets less current liabilities		<u>10,873</u>	<u>10,212</u>
Creditors: amounts falling due after more than one year	13	<u>(500)</u>	<u>(750)</u>
Net assets		<u>10,373</u>	<u>9,462</u>
Capital and reserves			
Called up share capital	15	108	106
Share premium account	16	146	100
Profit and loss account	16	10,119	9,256
		<u>10,373</u>	<u>9,462</u>
Shareholders' funds			
Equity interests	17	10,355	9,444
Non-equity interests	17	18	18
		<u>10,373</u>	<u>9,462</u>

These financial statements were approved by the board of directors on 15 November 1999 and were signed on its behalf by:



JB Lowten
Director



NL Berry
Director

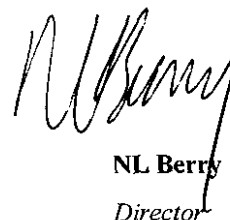
Company balance sheet
at 30 June 1999

	Note	1999 £000	1998 £000
Fixed assets			
Tangible assets	9	4,133	3,871
Investments	10	655	643
		<u>4,788</u>	<u>4,514</u>
Current assets			
Stock of goods for resale		2,747	2,979
Debtors	11	4,409	4,289
Cash at bank and in hand		2,660	2,355
		<u>9,816</u>	<u>9,623</u>
Creditors: amounts falling due within one year	12	<u>(3,531)</u>	<u>(3,734)</u>
Net current assets		<u>6,285</u>	<u>5,889</u>
Total assets less current liabilities		<u>11,073</u>	<u>10,403</u>
Creditors: amounts falling due after more than one year	13	<u>(500)</u>	<u>(750)</u>
Net assets		<u><u>10,573</u></u>	<u><u>9,653</u></u>
Capital and reserves			
Called up share capital	15	108	106
Share premium account	16	146	100
Profit and loss account	16	10,319	9,447
		<u>10,573</u>	<u>9,653</u>
Shareholders' funds			
Equity	17	10,555	9,635
Non-equity	17	18	18
		<u>10,573</u>	<u>9,653</u>

These financial statements were approved by the board of directors on 15 November 1999 and were signed on its behalf by:



JB Lowten
Director



NL Berry
Director

Consolidated cash flow statement
for the year ended 30 June 1999

	<i>Note</i>	1999 £000	1998 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		2,140	2,349
Depreciation charges		260	218
Profit on sale of fixed assets - not exceptional		(26)	-
Decrease/(increase) in stocks		244	(441)
Decrease/(increase) in debtors		101	(1,229)
Decrease in creditors		(267)	(203)
Exchange loss/ (gain)		16	(12)
Net cash inflow from operating activities		2,468	682
Cash flow statement			
Cash flow from operating activities		2,468	682
Returns on investments and servicing of finance	20	(30)	(35)
Taxation		(727)	(565)
Capital expenditure and financial investment	20	(511)	658
Equity dividends paid	8	(592)	(252)
Cash inflow before financing		608	488
Financing	20	(202)	70
Increase in cash in the period		406	558
Reconciliation of net cash flow to movement in net funds			
	21		
Increase in cash in the period		406	558
Cash used to repay loan		250	-
Change in net debt resulting from cash flows		656	558
Translation difference		9	(8)
Movement in net funds in the period		665	550
Net funds at the start of the period		1,475	925
Net funds at the end of the period		2,140	1,475

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules modified to include the revaluation of listed investments.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 1999 using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost. The company's financial statements include the assets, liabilities and result of the S Black (Import & Export) Limited Employee Share Trust.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The profit after tax for the company for the year was £1,586,000 (1998: £1,913,000).

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	100 years
Computer equipment	-	3-5 years
Fixtures, fittings and equipment	-	5-10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Notes *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Operating lease rentals are charged to the profit and loss account as they are incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advanced corporation tax recoverable by deduction from corporation tax is deducted from the corporation tax liability.

Post retirement benefits

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

The group operates a pension scheme providing benefits based on final pensionable pay for one employee. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pension over the employee's working life with the group.

Notes (continued)

2 Segmental information

All turnover and profits before taxation are derived from the sales marketing and technical support of speciality chemicals and pigments. A geographical analysis of turnover is as follows:

	1999 £000	1998 £000
United Kingdom	15,200	15,485
Rest of the World	4,269	3,874
	<hr/> 19,469 <hr/>	<hr/> 19,359 <hr/>

3 Profit on ordinary activities before taxation

	1999 £000	1998 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Group - audit	24	20
- other services	19	29
Company - audit	19	17
- other services	11	20
Depreciation and other amounts written off tangible owned fixed assets	260	218
Exchange losses	16	12
Hire of plant and machinery - rentals payable under operating leases	2	2
Hire of other assets - operating leases	13	12
Profit on disposal of fixed assets - not exceptional	26	-
Profit on disposal of fixed assets - exceptional	-	102
	<hr/>	<hr/>

Notes (continued)

4 Remuneration of directors

	1999 £000	1998 £000
Directors' emoluments	411	539
Company contributions to money purchase pension schemes	19	14
	<u>430</u>	<u>553</u>

The aggregate of emoluments of the highest paid director was £90,000 (1998: £119,000), and company pension contributions of £6,000 (1998: £4,000) were made to a money purchase scheme on his behalf.

	Number of directors 1999	1998
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>4</u>	<u>5</u>
The number of directors who exercised share options was	<u>1</u>	<u>2</u>

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	Number of employees 1999	1998
Sales and support staff	52	45

The aggregate payroll costs of these persons were as follows:

	1999 £000	1998 £000
Wages and salaries	1,283	1,289
Social security costs	141	137
Other pension costs	51	30
	<u>1,475</u>	<u>1,456</u>

Notes (continued)

6 Interest payable and similar charges

	1999 £000	1998 £000
On bank overdrafts	-	2
On bank loans	66	89
	<u>66</u>	<u>91</u>

7 Taxation

	1999 £000	1998 £000
UK corporation tax at 30.75% (1998:31 %)	659	732
Adjustments relating to an earlier year	(9)	(152)
	<u>650</u>	<u>580</u>

8 Dividends and other appropriations

	1999 £000	1998 £000
Equity shares:		
Interim dividend paid	592	252
Non-equity shares:		
Dividend paid in respect of the current year	71	59
Dividend accrued	51	41
	<u>714</u>	<u>352</u>
Additional finance costs of non-equity interests	<u>52</u>	<u>75</u>

In accordance with FRS 4 finance costs on the 'A' Ordinary shares must be spread over the term of the shares. These shares have no fixed conversion date. A dividend of £9.80 per share per annum is payable from 1 August 2000 on 17,850 'A' Ordinary shares in perpetuity (see note 15). Therefore the total annual charge of the non-equity shares under FRS 4 approximates to £175,000.

Notes (continued)

9 Tangible fixed assets

	Land and buildings freehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Group					
<i>Cost</i>					
At beginning of year	3,142	536	602	365	4,645
Additions	266	96	115	61	538
Disposals	-	(102)	(73)	(118)	(293)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	3,408	530	644	308	4,890
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	40	284	199	210	733
Charge for year	22	97	60	81	260
On disposals	-	(102)	(73)	(103)	(278)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	62	279	186	188	715
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 June 1999	3,346	251	458	120	4,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1998	3,102	252	403	155	3,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The gross book value of land and buildings freehold includes £2,335,000 (1998: £2,069,000) of depreciable assets.

Notes *(continued)*

9 Tangible fixed assets *(continued)*

	Land and buildings freehold £000	Computer Equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Company					
<i>Cost</i>					
At beginning of year	3,142	513	581	332	4,568
Additions	266	85	106	61	518
Disposals	-	(102)	(73)	(118)	(293)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	3,408	496	614	275	4,793
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	40	273	191	193	697
Charge for year	22	91	57	71	241
On disposals	-	(102)	(73)	(103)	(278)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	62	262	175	161	660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 June 1999	3,346	234	439	114	4,133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1998	3,102	240	390	139	3,871
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The gross book value of land and buildings freehold includes £2,335,000 (1998: £2,069,000) of depreciable assets.

Notes (continued)

10 Fixed asset investments

Group	Own shares £000	Listed investments £000	Total £000
Cost			
At beginning of the year	536	17	553
Additions	14	-	14
	<hr/>	<hr/>	<hr/>
At end of year	550	17	567
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning of year	-	1	1
Charged in year	-	2	2
	<hr/>	<hr/>	<hr/>
At end of year	-	3	3
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 1999	550	14	564
	<hr/>	<hr/>	<hr/>
At 30 June 1998	536	16	552
	<hr/>	<hr/>	<hr/>

At 30 June 1999 the market value of the listed investments was £14,000 (1998: £17,000)

Investment in own shares

The S Black (Import & Export) Limited Employee Share Trust was established by the company on 14 June 1996. Its purpose is to facilitate the recruitment, retention and motivation of employees of the group. The Trust is administered by S Black (Import & Export) Trustee Limited, a wholly owned subsidiary of S Black (Import & Export) Limited.

Investments include £550,000 relating to 4,080 £1 Ordinary shares of S Black (Import & Export) Limited acquired by the S Black (Import & Export) Limited Employee Share Trust and held at cost. The dividends on these shares have been waived. The amounts of the Trust have been included in these financial statements in accordance with FRS 5 - Reporting the Substance of Transactions.

Notes (continued)

10 Fixed asset investments (continued)

Company	Own shares £000	Shares in group undertakings £000	Listed investments £000	Total £000
Cost				
At beginning of year	536	91	17	644
Additions	14	-	-	14
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	550	91	17	658
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At beginning of year	-	-	1	1
Charged/released in year	-	-	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	3	3
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 1999	550	91	14	655
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1998	536	91	16	643
	<hr/>	<hr/>	<hr/>	<hr/>

The principal companies in which the company's interest at the year end is more than 20% are as follows:

	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
Subsidiary undertakings (both consolidated)			
S Black (Import & Export) GmbH	Germany	Sale, marketing and technical support of speciality chemicals and pigments	80
S Black (Import & Export) Trustee Limited	England & Wales	Trustee	100

The directors are of the opinion that there has been no unproved permanent impairment in the carrying value of the company's and group's investments.

Notes (continued)

11 Debtors

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Trade debtors	3,937	3,722	3,788	3,448
Amounts owed by group undertakings	-	-	563	480
Other debtors	13	335	7	327
Prepayments and accrued income	56	37	51	34
	<u>4,006</u>	<u>4,094</u>	<u>4,409</u>	<u>4,289</u>

All debtors are due within one year.

12 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Bank loans and overdrafts	250	257	250	250
Trade creditors	2,063	2,299	2,010	2,179
Mainstream corporation tax	631	645	631	645
ACT payable	-	63	-	63
Other creditors including taxation and social security	336	295	302	271
Accruals and deferred income	350	381	338	326
	<u>3,630</u>	<u>3,940</u>	<u>3,531</u>	<u>3,734</u>

Notes (continued)

13 Creditors: amounts falling due after more than one year

Group and Company

	1999 £000	1998 £000
Bank loans can be analysed as falling due:		
between one and two years	-	250
between two and five years	500	500
	<u>500</u>	<u>750</u>
	<u><u>500</u></u>	<u><u>750</u></u>

The bank loan was taken out by S Black (Import and Export) Limited Employee Share Trust to facilitate the acquisition of shares in S Black (Import and Export) Limited. The final £500,000 repayment is due on 1 July 2002 or flotation of S Black (Import & Export) Limited if earlier. The rate of interest on the outstanding capital is 1.25% over the LIBOR rate. The loan is guaranteed by S Black (Import & Export) Limited.

14 Provisions for liabilities and charges

The amounts provided and not provided for deferred taxation assets are set out below.

Group and Company

	1999 Provided £000	Unprovided £000	1998 Provided £000	Unprovided £000
Difference between accumulated depreciation and accelerated capital allowances	-	(173)	-	(216)
Other timing differences	-	(5)	-	(6)
	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>(222)</u>
	<u><u>-</u></u>	<u><u>(178)</u></u>	<u><u>-</u></u>	<u><u>(222)</u></u>

Notes (continued)

15 Called up share capital

	1999		1998	
	Number	£000	Number	£000
<i>Authorised</i>				
Equity: Ordinary shares of £1 each	182,150	182	182,150	182
Non equity: 'A' ordinary shares of £1 each	17,850	18	17,850	18
	<u>200,000</u>	<u>200</u>	<u>200,000</u>	<u>200</u>
<i>Allotted, called up and fully paid</i>				
Equity: Ordinary shares of £1 each	90,150	90	87,650	88
Non equity: 'A' ordinary shares of £1 each	17,850	18	17,850	18
	<u>108,000</u>	<u>108</u>	<u>105,500</u>	<u>106</u>

Each 'A' Ordinary share was entitled to a cumulative preference net dividend of £5.60 per annum until 31 July 1998, £7.00 per annum between 1 August 1998 and 31 July 2000 and £9.80 per annum thereafter. If dividends payable on Ordinary shares exceed these amounts the 'A' Ordinary shares shall be entitled to receive the higher amount. At the option of 75% of the shareholders of this class of share the 'A' Ordinary shares may at any time, be converted to a like number of Ordinary shares at no additional cost. In the event of a capital reduction or winding up, the 'A' Ordinary shares have preferential rights compared with the Ordinary shares up to a value of £140.06 plus accrued dividends. Each class of Ordinary share has equivalent voting rights.

No options were granted during the year under the Executive Share Option Scheme. Details of options outstanding are as follows:

Price per share	Normal dates of exercise	Number of Ordinary shares	
		1999	1998
£17	1991 - 1998	-	500
£20	1993 - 2000	1,000	4,000
£38	1996 - 2003	5,000	5,000
		<u>6,000</u>	<u>9,500</u>

Notes (continued)

15 Called up share capital (continued)

No options were granted or exercised under the Employee Share Trust Share Option Scheme during the year. Details of options outstanding are as follows:

Price per share	Normal dates of exercise	Number of ordinary shares	
		1999	1998
£140.06	1997 - 2004	1,000	1,000
£140.06	1998 - 2004	600	600
		<hr/>	<hr/>
		1,600	1,600
		<hr/>	<hr/>

16 Share premium and reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At beginning of year	100	9,256	100	9,447
Retained profit for the year	-	812	-	820
Other recognised gains relating to the year	-	(1)	-	-
Additional finance cost of non-equity interests	-	52	-	52
Options exercised	46	-	46	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	146	10,119	146	10,319
	<hr/>	<hr/>	<hr/>	<hr/>

Notes *(continued)*

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Profit for the financial year	1,578	1,938	1,586	1,913
Dividends	(714)	(352)	(714)	(352)
Additional finance costs of non-equity interests	(52)	(75)	(52)	(75)
	<hr/>	<hr/>	<hr/>	<hr/>
	812	1,511	820	1,486
Other recognised gains relating to the year	(1)	2	-	-
New share capital subscribed	48	70	48	70
Amount added back to profit and loss account in respect of additional finance cost of non-equity interests	52	75	52	75
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	911	1,658	920	1,631
Opening shareholders' funds	9,462	7,804	9,653	8,022
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	10,373	9,462	10,573	9,653
	<hr/>	<hr/>	<hr/>	<hr/>

18 Commitments

(a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Contracted	2	71	-	47
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Commitments (continued)

(b) Annual commitments under non-cancellable operating leases are as follows:

	1999		1998	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
Operating leases which expire:				
In the second to fifth years inclusive	15	2	11	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(c) The company has no operating leases

(d) The group enters into forward exchange contracts to hedge foreign currency transactions. At 30 June 1999 the group had contracts to exchange the equivalent of £1,120,000 (1998: £988,000) into various international currencies, all of which were accounted for as hedges.

19 Pension scheme

The group operates three defined contribution pension schemes.

There is a single member defined benefits scheme which has back to back insurance. The actuarial liability at 30 June 1999 was £9,000 which was included in the balance sheet. The discontinuance value of the insurance policy at 30 June 1999 was £6,000 and this has been included in the balance sheet.

The pension cost charge for the period represents contributions payable by the group to the group pension schemes and amounted to £45,000 (1998: £30,000). There were no outstanding or prepaid pension contributions at the year end (1998: £nil).

Notes (continued)

20 Analysis of cash flows

	1999 £000	1999 £000	1998 £000	1998 £000
Returns on investment and servicing of finance				
Interest received	154		156	
Interest paid	(72)		(91)	
Non equity dividend paid	(112)		(100)	
	<u> </u>	(30)	<u> </u>	(35)
		<u> </u>		<u> </u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(538)		(438)	
Sale of tangible fixed assets	41		1,096	
Purchase of own shares	(14)		-	
	<u> </u>	(511)	<u> </u>	658
		<u> </u>		<u> </u>
Financing				
Issue of share capital	48		70	
Repayment of loan	(250)		-	
	<u> </u>	(202)	<u> </u>	70
		<u> </u>		<u> </u>

21 Analysis of net funds

	At beginning of year £000	Cash flow £000	Other non cash changes £000	At end of year £000
Cash in hand, at bank	2,482	399	9	2,890
Overdrafts	(7)	7	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,475	406	9	2,890
Debt due within one year	(250)	250	(250)	(250)
Debt due after one year	(750)	-	250	(500)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	1,475	656	9	2,140
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Related party disclosures

Mr S. Black was a director and major shareholder of SBS Worldwide Limited which invoiced the group £305,000 (1998: £344,000) in respect of freight charges on imported materials during the year. The group invoiced a service charge of £nil (1998: £7,000) during the year to SBS Worldwide Limited. All transactions were conducted at an arms length basis on normal trading terms. At 30 June 1999 the net amount due to SBS Worldwide Limited was £16,000 (1998: £58,000).