

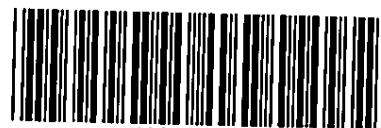
S Black Limited

**Directors' report and financial
statements**

Registered number 00934139

31 December 2007

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Company information

Directors

The directors who held office during the period were as follows

Mr S Black
Mr G Ewart
Mr NL Berry
Mr AG Raybould
Mr JB Lowten
Mr JR Tass
Mr PD Hardman
Mr DM McCabe (appointed 10 October 2007)
Dr PR Fields (appointed 10 October 2007)

Secretary

Mr JB Lowten

Registered Office

Foxholes Business Park
John Tate Road
Hertford
Hertfordshire
SG13 7YH

Registered number

00934139

Auditors

KPMG LLP
Aquis Court
31 Fishpool Street
St Albans
AL3 4RF

Bankers

Fortis Bank SA
5 Aldermanbury Square
London
EC2V 7HR

Directors' report

The directors present their directors' report and financial statements for the 18 months ended 31 December 2007

Principal activities

The principal activities of the Company continue to be the sale and distribution of speciality ingredients for the personal care, food, healthcare and fragrance ingredients sectors

Business review

During the period the whole of the Company's issued share capital was acquired by Azelis Holding SA

The directors' objective is to maintain a strong, profitable business, delivering performance enhancements for the mutual benefit of customers, suppliers, employees and shareholders. Synergies arising from membership of the Azelis Group will support these objectives

The results for the Company are set out in the profit and loss account on page 7

Key performance indicators include the following

<u>KPI</u>	<u>18 months to 31 December 2007</u>	<u>Year to 30 June 2006</u>	<u>Year to 30 June 2005</u>
Sales (£'000)	52,707	29,534	26,991
Profit before tax (£'000)	4,579	1,731	1,853
Return on capital employed*	18.7%	12.6%	12.4%

**(Operating profit as a percentage of shareholder's funds)*

The principal commercial risks and uncertainty facing the Company relate to the ongoing trend of the UK personal care manufacturing industry moving to cheaper operating environments and price pressure. The Company continues to use its strong balance sheet and membership of the Azelis Group to diversify its product range, synergistic market sectors and geographic coverage within its business units. The Company's focus remains on the provision of a high level of value-added service involving in-depth product and market knowledge, first class supply chain performance and a commitment to continual improvement.

With regard to financial risks, the Company's trading operations involve foreign currencies and where no natural hedge exists transactions are hedged through the use of forward contracts. The Company's credit risk primarily relates to trade debtors and is managed by monitoring the aggregate amount and duration of exposure to any one customer depending on their credit rating.

The Company maintains a strong culture towards health, safety and the environment and operates a responsible care programme.

Dividends

Information regarding dividends is set out in note 9 to the financial statements

Directors' report *(continued)*

Directors

The directors who held office during the period were as follows

Mr S Black
Mr G Ewart
Mr NL Berry
Mr AG Raybould
Mr JB Lowten
Mr JR Tass
Mr PD Hardman
Mr DM McCabe (appointed 10 October 2007)
Dr PR Fields (appointed 10 October 2007)

Employees

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

The Company 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

Political and charitable contributions

The Company made no political contributions during the period (2006 *£nil*) Donations to UK charities amounted to £3,000 (2006 *£2,000*)

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

On 23 July 2007 RSM Robson Rhodes LLP resigned as auditors On 5 December 2007 KPMG LLP were appointed as auditors to the Company In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



JB Lowten
Secretary

Foxholes Business Park
John Tate Road
Hertford
Hertfordshire
SG13 7YH
29 APRIL 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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 Company and to prevent and detect fraud and other irregularities.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of S Black Limited

We have audited the financial statements of S Black Limited for the 18 month period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These 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 auditor's 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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 are 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.

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

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Independent auditors' report to the members of S Black Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the eighteen month period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

14 MAY 2008

Profit and loss account

for the eighteen month period ended 31 December 2007

	<i>Note</i>	18 month period ended 31 December 2007 £000	Restated Year ended 30 June 2006 £000
Turnover	2	52,707	29,534
Cost of sales		(40,461)	(22,880)
Gross profit		12,246	6,654
Distribution costs		(824)	(404)
Administrative expenses		(8,443)	(4,488)
Operating profit		2,979	1,762
Interest receivable and similar income	6	209	143
Interest payable and similar charges	7	(227)	(174)
Exceptional items	3	1,618	-
Profit on ordinary activities before taxation	3	4,579	1,731
Taxation	8	(1,004)	(599)
Profit for the financial period		3,575	1,132

There are no differences between reported profits and historical cost profits in either the current or the proceeding period

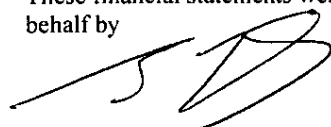
All current and previous period's results are derived from continuing activities

The only recognised gains or losses in the current or preceding period are those above

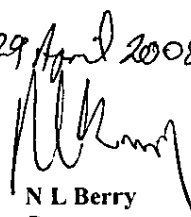
Balance sheet
At 31 December 2007

	<i>Note</i>	31 December 2007		Restated 30 June 2006	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		21		179
Tangible assets	11		898		4,144
Investments	12		789		779
			<hr/>		<hr/>
			1,708		5,102
 Current assets					
Stocks of goods for resale		5,768		4,489	
Debtors	13	5,803		6,072	
Cash at bank and in hand		7,070		2,596	
		<hr/>		<hr/>	
		18,641		13,157	
 Creditors amounts falling due within one year	14	(4,419)		(4,262)	
		<hr/>		<hr/>	
Net current assets			14,222		8,895
			<hr/>		<hr/>
Total assets less current liabilities			15,930		13,997
 Creditors amounts falling due after more than one year	15	-		-	(18)
Provisions for liabilities	16	-		-	(16)
		<hr/>		<hr/>	
Net assets			15,930		13,963
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17	115		96	
Share premium account	18	404		375	
Own shares	18	-		(459)	
Profit and loss account	18	15,411		13,951	
		<hr/>		<hr/>	
Shareholder's funds			15,930		13,963
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 29 April 2008 and were signed on its behalf by



J B Lowten
Director



N L Berry
Director

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 financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 20 'Share based payment',
- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

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

Under Financial Reporting Standard 1 (Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Azelis Holding SA, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Azelis Holding SA, within which this company is included, can be obtained from the address given in note 24

The Company is exempt from the requirement to produce group accounts under section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of Azelis Holding SA, which is incorporated in Luxembourg. These financial statements, therefore, present information about the Company as an individual undertaking and not about its group

The Company's financial statements include the assets, liabilities and result of the S Black (Import & Export) Limited Employee Share Trust

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations or in respect of acquisitions is capitalised at cost. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Fixed assets and depreciation

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

Freehold buildings	50 years
Leasehold improvements	The life of the lease
Computer equipment	4 years
Fixtures, fittings and equipment	10 years
Motor vehicles	4 years

No depreciation is provided on freehold land

Notes (continued)

1 Accounting policies (continued)

Investments

Fixed assets investments are stated at cost less provision for impairment value

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 contracted 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 closing exchange rates. Gains and losses on these translations are taken to reserves.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

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

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Own shares held by ESOP trust

Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Share based payments

The share option programme allows employees to acquire shares of the Company. The fair value of options granted after 7 November 2002 and those not yet vested as at the effective date of FRS 20 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

2 Analysis of turnover and segmental information

All turnover and profits before taxation are derived from the technical sale and distribution of speciality ingredients. A geographical analysis of turnover is as follows:

	18 month period ended 31 December 2007 £000	Year ended 30 June 2006 £000
United Kingdom	44,777	24,602
Rest of the world	7,930	4,932
	<hr/> 52,707 <hr/>	<hr/> 29,534 <hr/>

Notes (continued)

3 Profit on ordinary activities before taxation

	18 month period ended 31 December 2007 £000	Year ended 30 June 2006 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets	552	352
Amortisation of goodwill	158	117
Hire of plant and machinery – rentals payable under operating leases	10	4
Hire of other assets - operating leases	68	-
(Profit)/loss on sale of fixed assets	(1,624)	39
Exchange losses	148	64
	<hr/>	<hr/>

Of the £1,624,000 profit (2006 £39,000 loss) on disposal of fixed assets, £1,618,000 relates to the sale of land, buildings and fixtures and fittings at Foxholes Business Park in Hertford. This has been classed as an exceptional item in the Profit and Loss Account on page 7. The effect of this item is to increase the taxation charge by £307,000.

Auditors' remuneration

	18 month period ended 31 December 2007 £000	Year ended 30 June 2006 £000
Audit of these financial statements	35	20
Other services relating to taxation	7	-
All other services	6	-
	<hr/>	<hr/>

4 Remuneration of directors

	18 month period ended 31 December 2007 £000	Year ended 30 June 2006 £000
Directors' emoluments	1,537	691
Company contributions to money purchase pension schemes	86	42
	<hr/>	<hr/>
	1,623	733
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid director was £515,000 (2006 £177,000), and Company pension contributions of £32,000 (2006 £14,000) were made to a money purchase scheme on his behalf.

Notes (continued)

4 Remuneration of directors (continued)

	Number of directors	
	18 month period ended	Year ended
	31 December 2007	30 June 2006
Retirement benefits are accruing to the following number of directors under		
Defined contribution schemes	5	5
The number of directors who exercised share options was	3	1

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	18 month period ended	Year ended
	31 December 2007	30 June 2006
Sales and support	82	78

The aggregate payroll costs of these persons were as follows

	18 month period ended	Year ended
	31 December 2007	30 June 2006
	£000	£000
Wages and salaries	4,674	2,677
Social security costs	568	291
Other pension costs	222	122
	5,464	3,090

Notes (continued)

6 Interest receivable and similar income

	18 month period ended 31 December 2007 £000	Year ended 30 June 2006 £000
Bank interest receivable	208	143
Other interest receivable	1	-
	<u>209</u>	<u>143</u>

7 Interest payable and similar charges

	18 month period ended 31 December 2007 £000	Restated Year ended 30 June 2006 £000
Non-equity dividends payable		
Dividend paid in respect of current period	224	102
Dividend accrued	-	72
Bank interest payable	2	-
Other interest payable	1	-
	<u>227</u>	<u>174</u>

In the previous year the non-equity dividends in respect of the "A" ordinary shares were deducted from shareholders' funds. However, in the current year the directors have taken the view that the "A" ordinary shares should be classed as a liability and hence the dividends have been reclassified as an interest payment.

8 Taxation

Analysis of charge in period

	18 month period ended 31 December 2007 £000	Year ended 30 June 2006 £000
<i>UK corporation tax</i>		
Current tax on income for the period	1,128	564
Adjustments in respect of prior periods	8	(4)
	<u>1,136</u>	<u>560</u>
<i>Deferred tax (see note 16)</i>		
Origination/reversal of timing differences	(140)	39
Effect of decreased tax rate	8	-
	<u>1,004</u>	<u>599</u>

Notes (continued)

8 Taxation (continued)

The current tax charge for the period is lower (2006 higher) than the standard rate of corporation tax in the UK (30%, 2006 30%). The differences are explained below

	18 month period ended 31 December 2007 £000	Restated Year ended 30 June 2006 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,579	1,731
	<hr/>	<hr/>
Current tax at 30% (2006 30 %)	1,374	519
<i>Effects of</i>		
Expenses not deductible for tax purposes	112	11
Differences between capital allowances and depreciation	(18)	19
Other short term timing differences	11	(37)
Relief for capital losses brought forward	(28)	-
Share scheme deduction	(72)	-
Disposal of shares by Trust	56	-
Non-taxable income	(67)	-
Profit on disposal in excess of chargeable gain	(307)	-
Adjustments to tax charge in respect of prior periods	8	(4)
Finance charge on shares classified as liabilities	67	52
	<hr/>	<hr/>
Total current tax charge (see above)	1,136	560
	<hr/>	<hr/>

Notes (continued)

9 Dividends

The aggregate amount of dividends comprises

	18 month period ended 31 December 2007 £000	Restated Year ended 30 June 2006 £000
Equity dividends interm dividends paid in respect of the current year	915	915
Non equity dividends special dividend paid in respect of the current year	1,200	-
	<u>2,115</u>	<u>915</u>

The special dividend was paid prior to the sale of the shares to Azelis Holding SA. This was made after the approval of the directors and was not contractual, hence the directors believe this should be treated as a distribution, rather than included within interest payable.

10 Intangible fixed assets

	Goodwill and total £000
<i>Cost</i>	
At beginning and end of period	589
<i>Amortisation</i>	
At beginning of period	410
Charged in period	158
At end of period	568
<i>Net book value</i>	
At 31 December 2007	21
At 30 June 2006	179

In the opinion of the directors the estimated useful life of the goodwill is 5 years and this is the period over which it is being amortised.

Notes (continued)

11 Tangible fixed assets

	Freehold land and buildings £000	Leasehold improvements £000	Computer equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost						
At beginning of period	3,738	-	1,363	849	536	6,486
Additions	-	53	222	119	195	589
Disposals	(3,738)	-	(19)	(51)	(141)	(3,949)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	53	1,566	917	590	3,126
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At beginning of period	419	-	1,068	651	204	2,342
Charge for period	63	5	219	69	196	552
On disposals	(482)	-	(18)	(45)	(121)	(666)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	5	1,269	675	279	2,228
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 December 2007	-	48	297	242	311	898
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	3,319	-	295	198	332	4,144
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in the gross book value of freehold land and buildings is land of £nil (2006 £1,073,000) that is not depreciated

Notes (continued)

12 Fixed asset investments

	Shares in group undertakings £000	Listed investments £000	Unlisted investments £000	Total £000
<i>Cost</i>				
At beginning of period	762	17	-	779
Additions	-	-	10	10
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	762	17	10	789
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2007	762	17	10	789
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	762	17	-	779
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December 2007 the market value of the listed investments was £48,000 (30 June 2006 £33,000)

The entities in which the Company's interest at the period end is greater than 20% are as follows

Subsidiary undertakings	Country of incorporation	Principal activity	Percentage of ordinary shares held
S Black GmbH	Germany	Sale and distribution of specialty	90%
S Black (Import & Export) Limited	England & Wales	Dormant	100%

The directors are of the opinion that there has been no impairment in the carrying value of the Company's investments

Notes (continued)

13 Debtors

	2007 £000	2006 £000
Trade debtors	5,336	5,764
Other debtors	54	94
Deferred tax asset (see note 16)	116	-
Prepayments and accrued income	297	214
	<u>5,803</u>	<u>6,072</u>

The directors have produced forecasts that support the recoverability of the deferred tax asset

14 Creditors, amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	3,053	2,996
Amounts owed to group undertakings	26	25
Taxation and social security	399	396
Corporation tax	226	295
Other creditors	20	77
Accruals and deferred income	695	401
Dividend payable	-	72
	<u>4,419</u>	<u>4,262</u>

In the ordinary course of the Company's business, it has given an indemnity to support deferred duty obligations to HM Customs and Excise. The indemnity is limited to £60,000. At the end of the period £10,000 (2006 £24,000) was provided for within other creditors above.

15 Creditors, amounts falling due after more than one year

	2007 £000	Restated 2006 £000
Shares classified as liabilities	-	18
	<u>-</u>	<u>18</u>

Notes (continued)

16 Deferred taxation

	2007 £000	2006 £000
(Liability)/asset at beginning of period	(16)	32
Credit/(charge) to the profit and loss account for the period	140	(48)
Effect of decreased tax rate	(8)	-
	<u>116</u>	<u>(16)</u>
Asset/(liability) at end of period	<u>116</u>	<u>(16)</u>

The deferred tax asset is included within debtors (see note 13)
The elements of deferred taxation are as follows

	2007 £000	2006 £000
Difference between accumulated depreciation and amortisation and capital allowances	87	(36)
Other timing differences	29	20
	<u>116</u>	<u>(16)</u>
Undiscounted deferred tax asset/(liability)	<u>116</u>	<u>(16)</u>

As a result of the change in corporation tax rate from 30% to 28% enacted by the House of Commons on 27 June 2007, deferred tax balances which are expected to reverse after 1 April 2008 have been calculated at 28%

17 Called up share capital

	2007		Restated 2006	
	Number	£000	Number	£000
Authorised				
Equity Ordinary shares of £1 each	115,000	115	182,150	182
Non equity "A" Ordinary shares of £1 each	-	-	17,850	18
	<u>115,000</u>	<u>115</u>	<u>200,000</u>	<u>200</u>
Authorised, called up and fully paid				
Equity Ordinary shares of £1 each	115,000	115	96,606	96
Non equity "A" Ordinary shares of £1 each	-	-	17,850	18
	<u>115,000</u>	<u>115</u>	<u>114,456</u>	<u>114</u>
Shares classified as liabilities	-	-	17,850	18
Shares classified in shareholders' funds	115,000	115	96,606	96
	<u>115,000</u>	<u>115</u>	<u>114,456</u>	<u>114</u>

Notes (continued)

17 Called up share capital (continued)

Executive Share Option Plan

Details of options are as follows

Price per share	Dates of exercise	Number of ordinary shares	
		2007	2006
£55	2002-2009	-	544
		<u> </u>	<u> </u>

Employee Share Option Plan

Details of options are as follows

Price per share	Dates of exercise	Number of ordinary shares	
		2007	2006
£55	1999-2006	-	56
£100	2000-2007	-	400
		<u> </u>	<u> </u>
		-	456
		<u> </u>	<u> </u>

Enterprise Management Incentive Scheme

Details of options are as follows

Price per share	Dates of exercise	Number of ordinary shares	
		2007	2006
£105	2005-2015	-	1,340
		<u> </u>	<u> </u>

18 Share premium and reserves

	Share premium account £000	Own shares held by ESOP £000	Profit and loss account £000
At beginning of period	375	(459)	13,951
Profit for the period	-	-	3,575
Dividends on shares classified in shareholders' funds	-	-	(2,115)
Premium on new share capital	29	-	-
Disposals	-	459	-
	<u> </u>	<u> </u>	<u> </u>
At end of period	404	-	15,411
	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

19 Reconciliation of movements in shareholder's funds

	2007 £000	Restated 2006 £000
Profit for the financial period	3,575	1,132
Dividends on shares classified in shareholders' funds	(2,115)	(915)
	<hr/>	<hr/>
	1,460	217
Disposal of own shares	459	-
New share capital subscribed	30	-
	<hr/>	<hr/>
Net addition to shareholder's funds	1,949	217
Opening shareholder's funds	13,981	13,764
	<hr/>	<hr/>
Closing shareholder's funds	15,930	13,981
	<hr/>	<hr/>

20 Commitments

- (a) There are no capital commitments at the end of the financial period (2006 £nil)
- (b) Annual commitments under non-cancellable operating leases are as follows

	2007 Land and buildings £000	2006 Land and Buildings £000
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	-	-
Over five years	392	-
	<hr/>	<hr/>
	392	-
	<hr/>	<hr/>

- (c) The Company enters into forward exchange contracts to hedge foreign currency transactions. At 31 December 2007 the Company had contracts to exchange the equivalent of £nil (2006 £1,688,000) into various international currencies, all of which were accounted for as hedges. At the period end the potential exchange loss was £nil (2006 £nil).

Notes (continued)

21 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme

The pension cost charge for the period represents contributions payable by the Company to the company pension schemes and amounted to £222,000 (2006 £122,000) There were outstanding contributions at the period end of £nil (2006 £nil)

22 Own shares

The S Black (Import & Export) Limited Employee Share Trust was established by the Company on 14 June 1996 Its purpose was to facilitate the recruitment, retention and motivation of employees of the group The Trust was administered by S Black (Import & Export) Trustees Limited which was sold to Mr S Black during the period

'Own Shares' relate to nil (2006 3,276) £1 Ordinary shares of S Black Limited acquired by the S Black (Import & Export) Limited Employee Share Trust The dividends on these shares have been waived The accounts of the Trust have been included in these financial statements in accordance with Financial Reporting Standard 5 – Reporting the Substance of Transactions

23 Related party disclosures

Mr S Black is a director and shareholder of SBS Worldwide Limited which invoiced the Company £708,000 (2006 £492,000) in respect of freight charges on imported materials during the period All transactions were conducted at an arm's length basis on normal trading terms At 31 December 2007 the net amount due to SBS Worldwide Limited was £12,000 (2006 £28,000) and is included in creditors

During the year the freehold land and buildings in Foxholes Business Park in Hertford was sold to Azelis Property UK Limited This is a related party by virtue of the fact that it has common directors (and is not part of the group headed by Azelis Holding SA) The property was sold for £5.4m, resulting in a profit on disposal of £2.1m In addition, S Black Limited provided Azelis Property UK Ltd with a loan for £1.6m against which they suffered a loss of £0.5m This has been offset against the profit made on the sale of the building At the year end there is a debtor outstanding of £1.1m which has subsequently been repaid

24 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Azelis Holding SA which is the ultimate parent company incorporated in Luxembourg

The largest group and smallest group in which the results of the Company are consolidated is that headed by Azelis Holding SA The consolidated financial statements of this group is available to the public and may be obtained from 20 Rue de la Poste, L-2346 Luxembourg