

S Black Limited

**Directors' report and financial
statements**

Registered number 00934139
31 December 2008



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Company information

Directors

The directors who held office during the year were as follows

Mr S Black
Dr G Ewart (resigned 29 February 2009)
Mr NL Berry
Mr AG Raybould
Mr JB Lowten (resigned 31 March 2009)
Mr JR Tass
Dr PD Hardman (resigned 30 September 2008)
Mr DM McCabe
Dr PR Fields

Secretary

Mrs PE Sutton

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 year ended 31 December 2008

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

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

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. Following the exceptional results during the previous 18 month period, the first 6 months of 2008 returned to a more normal level of performance. This was followed during the remainder of the year by the credit crunch and, in particular, the steep and deep decline in the value of the Sterling. Whilst sales remained reasonably strong, the movement in the exchange rates had a particularly detrimental affect on margins and, consequently, operating profit. The company has addressed this issue and margins are expected to recover during 2009.

Key performance indicators include the following

| <u>KPI</u> | <u>Year to 31 December 2008</u> | <u>18 months to 31 December 2007</u> | <u>Year to 30 June 2006</u> |
|-----------------------------|-------------------------------------|--|---------------------------------|
| Sales (£'000) | 37,743 | 52,707 | 29,534 |
| Profit before tax (£'000) | 746 | 4,579 | 1,731 |
| Return on capital employed* | 4.5% | 18.7% | 12.6% |

**(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, as the Company's trading operations involve foreign currencies there is an inherent exposure to exchange risk. 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.

Directors' report *(continued)*

Dividends

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

Directors

The directors who held office during the year were as follows

Mr S Black
Dr G Ewart (resigned 28 February 2009)
Mr NL Berry
Mr AG Raybould
Mr JB Lowten (resigned 31 March 2009)
Mr JR Tass
Dr PD Hardman (resigned 30 September 2008)
Mr DM McCabe
Dr PR Fields

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 (2007 *£nil*) Donations to UK charities amounted to £1,200 (2007 *£3,000*)

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



PE Sutton
Secretary

Foxholes Business Park
John Tate Road
Hertford
Hertfordshire
SG13 7YH

23 June 2009

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 year ended 31 December 2008 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 2008 and of its 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 Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

24 JUNE 2009

Profit and loss account
For the year ended 31 December 2008

| | <i>Note</i> | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|--|-------------|---|--|
| Turnover | 2 | 37,743 | 52,707 |
| Cost of sales | | (30,767) | (40,461) |
| Gross profit | | 6,976 | 12,246 |
| Distribution costs | | (554) | (824) |
| Administrative expenses | | (5,686) | (8,443) |
| Operating profit | | 736 | 2,979 |
| Interest receivable and similar income | 6 | 11 | 209 |
| Interest payable and similar charges | 7 | (1) | (227) |
| Exceptional items | 3 | - | 1,618 |
| Profit on ordinary activities before taxation | 3 | 746 | 4,579 |
| Taxation | 8 | (254) | (1,004) |
| Profit for the financial year | | 492 | 3,575 |

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

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

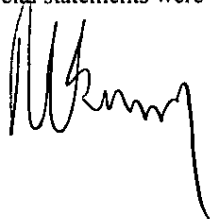
The only recognised gains or losses in the current year or preceding period are those above

Balance sheet
At 31 December 2008

| | <i>Note</i> | 2008 £000 | 2008 £000 | 2007 £000 | 2007 £000 |
|--|-------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fixed assets | | | | | |
| Intangible assets | 10 | | 13 | | 21 |
| Tangible assets | 11 | | 842 | | 898 |
| Investments | 12 | | 789 | | 789 |
| | | | <hr/> | | <hr/> |
| | | | 1,644 | | 1,708 |
| Current assets | | | | | |
| Stocks of goods for resale | | 5,120 | | 5,768 | |
| Debtors | 13 | 6,492 | | 5,803 | |
| Cash at bank and in hand | | 10,240 | | 7,070 | |
| | | <hr/> | | <hr/> | |
| | | 21,852 | | 18,641 | |
| Creditors amounts falling due within one year | 14 | (7,074) | | (4,419) | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 14,778 | | 14,222 |
| | | | <hr/> | | <hr/> |
| Net assets | | | 16,422 | | 15,930 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 115 | | 115 |
| Share premium account | 17 | | 404 | | 404 |
| Profit and loss account | 17 | | 15,903 | | 15,411 |
| | | | <hr/> | | <hr/> |
| Shareholder's funds | | | 16,422 | | 15,930 |
| | | | <hr/> | | <hr/> |

These financial statements were approved by the board of directors on 23 June 2009 and were signed on its behalf by

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

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 22

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

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

| | |
|----------------------------------|-----------------------|
| Leasehold improvements | The life of the lease |
| Computer equipment | 4 years |
| Fixtures, fittings and equipment | 10 years |
| Motor vehicles | 4 years |

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

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 year 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.

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.

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:

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|-------------------|---|---|
| United Kingdom | 30,917 | 44,777 |
| Rest of the world | 6,826 | 7,930 |
| | <u>37,743</u> | <u>52,707</u> |

Notes (continued)

3 Profit on ordinary activities before taxation

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|---|---|---|
| <i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i> | | |
| Depreciation and other amounts written off tangible fixed assets | 335 | 552 |
| Amortisation of goodwill | 8 | 158 |
| Hire of plant and machinery – rentals payable under operating leases | 2 | 10 |
| Hire of other assets - operating leases | 296 | 68 |
| (Profit)/loss on sale of fixed assets | (13) | (1,624) |
| Exchange losses | 235 | 148 |
| | <u> </u> | <u> </u> |

In the previous year, of the £1,624,000 profit on disposal of fixed assets, £1,618,000 related to the sale of land, buildings and fixtures and fittings at Foxholes Business Park in Hertford. This was classed as an exceptional item in the Profit and Loss Account on page 7. The effect of this item was to increase the taxation charge by £307,000.

Auditors' remuneration

| | Year ended 30 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|-------------------------------------|---|---|
| Audit of these financial statements | 38 | 35 |
| Other services relating to taxation | 5 | 7 |
| All other services | 1 | 6 |
| | <u> </u> | <u> </u> |

4 Remuneration of directors

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|---|---|---|
| Directors' emoluments | 664 | 1,537 |
| Company contributions to money purchase pension schemes | 43 | 86 |
| | <u> </u> | <u> </u> |
| | 707 | 1,623 |
| | <u> </u> | <u> </u> |

The aggregate of emoluments of the highest paid director was £170,000 (2007: £515,000), and Company pension contributions of £15,000 (2007: £32,000) were made to a money purchase scheme on his behalf.

Notes (continued)

4 Remuneration of directors (continued)

| | Number of directors | |
|---|---------------------|-----------------|
| | Year ended | 18 month period |
| | 31 December | ended |
| | 2008 | 31 December |
| | | 2007 |
| 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 |

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 | |
|-------------------|---------------------|-----------------|
| | Year ended | 18 month period |
| | 31 December | ended |
| | 2008 | 31 December |
| | | 2007 |
| Sales and support | 92 | 82 |

The aggregate payroll costs of these persons were as follows

| | Year ended | 18 month period |
|-----------------------|-------------|-----------------|
| | 31 December | ended |
| | 2008 | 31 December |
| | £000 | £000 |
| Wages and salaries | 3,148 | 4,674 |
| Social security costs | 329 | 568 |
| Other pension costs | 129 | 222 |
| | 3,606 | 5,464 |

Notes (continued)

6 Interest receivable and similar income

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|---------------------------|---|---|
| Bank interest receivable | - | 208 |
| Other interest receivable | 11 | 1 |
| | <u>11</u> | <u>209</u> |

7 Interest payable and similar charges

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|--|---|---|
| Non-equity dividends payable | | |
| Dividend paid in respect of current period | - | 224 |
| Bank interest payable | - | 2 |
| Other interest payable | 1 | 1 |
| | <u>1</u> | <u>227</u> |

8 Taxation

Analysis of charge in period

| | Year ended 31 December 2008 | 18 month period ended 31 December 2007 |
|--|-----------------------------|---|
| | £000 | £000 |
| <i>UK corporation tax</i> | | |
| Current tax on income for the period | 209 | 1,128 |
| Adjustments in respect of prior periods | 18 | 8 |
| | <u>227</u> | <u>1,136</u> |
| <i>Deferred tax (see note 15)</i> | | |
| Origination/reversal of timing differences | 27 | (140) |
| Effect of decreased tax rate | - | 8 |
| | <u>254</u> | <u>1,004</u> |

Notes (continued)

8 Taxation (continued)

The current tax charge for the period is higher (2007 lower) than the standard rate of corporation tax in the UK (28.5%, 2007 30%). The differences are explained below

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|---|---|---|
| <i>Current tax reconciliation</i> | | |
| Profit on ordinary activities before tax | 746 | 4,579 |
| | <hr/> | <hr/> |
| Current tax at 28.5% (2007 30%) | 213 | 1,374 |
| <i>Effects of</i> | | |
| Expenses not deductible for tax purposes | 11 | 112 |
| Differences between capital allowances and depreciation | 2 | (18) |
| Other short term timing differences | (15) | 11 |
| Short lease premium | (2) | - |
| 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 | 18 | 8 |
| Finance charge on shares classified as liabilities | - | 67 |
| Group relief received in respect of prior year | (91) | - |
| Group relief received in respect of current year | (208) | - |
| Payment for group relief | 299 | - |
| | <hr/> | <hr/> |
| Total current tax charge (see above) | 227 | 1,136 |
| | <hr/> | <hr/> |

Notes (continued)

9 Dividends

The aggregate amount of dividends comprises

| | Year ended 31 December 2008 £000 | 18 month period ended 31 December 2007 £000 |
|--|---|---|
| Equity dividends: interim dividends paid in respect of the current year | - | 915 |
| Non equity dividends: special dividend paid in respect of the current year | - | 1,200 |
| | <hr/> | <hr/> |
| | - | 2,115 |
| | <hr/> | <hr/> |

10 Intangible fixed assets

| | Goodwill and total £000 |
|------------------------------|-------------------------------|
| <i>Cost</i> | |
| At beginning and end of year | 589 |
| | <hr/> |
| <i>Amortisation</i> | |
| At beginning of year | 568 |
| Charged in year | 8 |
| | <hr/> |
| At end of year | 576 |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 December 2008 | 13 |
| | <hr/> |
| At 31 December 2007 | 21 |
| | <hr/> |

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

| | Leasehold improvements £000 | Computer equipment £000 | Fixtures, fittings and equipment £000 | Motor vehicles £000 | Total £000 |
|-----------------------|-----------------------------------|-------------------------------|---|---------------------------|---------------|
| Cost | | | | | |
| At beginning of year | 53 | 1,566 | 917 | 590 | 3,126 |
| Additions | - | 109 | 16 | 167 | 292 |
| Disposals | - | - | - | (116) | (116) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of year | 53 | 1,675 | 933 | 641 | 3,302 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At beginning of year | 5 | 1,269 | 675 | 279 | 2,228 |
| Charge for year | 7 | 138 | 45 | 145 | 335 |
| On disposals | - | - | - | (103) | (103) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of year | 12 | 1,407 | 720 | 321 | 2,460 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | | |
| At 31 December 2008 | 41 | 268 | 213 | 320 | 842 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2007 | 48 | 297 | 242 | 311 | 898 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Notes *(continued)*

12 Fixed asset investments

| | Shares in group undertakings £000 | Listed investments £000 | Unlisted investments £000 | Total £000 |
|------------------------------|--|-------------------------------|---------------------------------|---------------|
| <i>Cost</i> | | | | |
| At beginning and end of year | 762 | 17 | 10 | 789 |
| | <u>762</u> | <u>17</u> | <u>10</u> | <u>789</u> |
| <i>Net book value</i> | | | | |
| At 31 December 2008 | 762 | 17 | 10 | 789 |
| | <u>762</u> | <u>17</u> | <u>10</u> | <u>789</u> |
| At 31 December 2007 | 762 | 17 | 10 | 789 |
| | <u>762</u> | <u>17</u> | <u>10</u> | <u>789</u> |

At 31 December 2008 the market value of the listed investments was £44,000 (31 December 2007 £48,000)

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

| | 2008 | 2007 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade debtors | 5,864 | 5,336 |
| Amounts owed by group undertakings | 61 | - |
| Other debtors | 139 | 54 |
| Corporation tax recoverable | 90 | - |
| Deferred tax asset (see note 15) | 89 | 116 |
| Prepayments and accrued income | 249 | 297 |
| | <u>6,492</u> | <u>5,803</u> |

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

14 Creditors amounts falling due within one year

| | 2008 | 2007 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade creditors | 5,408 | 3,053 |
| Amounts owed to group undertakings | 735 | 26 |
| Taxation and social security | 165 | 399 |
| Corporation tax | - | 226 |
| Other creditors | 221 | 20 |
| Accruals and deferred income | 545 | 695 |
| | <u>7,074</u> | <u>4,419</u> |

Notes (continued)

15 Deferred taxation

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Asset/(liability) at beginning of year | 116 | (16) |
| (Charge)/credit to the profit and loss account for the year/period | (27) | 140 |
| Effect of decreased tax rate | - | (8) |
| | <u>89</u> | <u>116</u> |
| Asset at end of year | <u>89</u> | <u>116</u> |

The deferred tax asset is included within debtors (see note 13)

The elements of deferred taxation are as follows

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Difference between accumulated depreciation and amortisation and capital allowances | 61 | 87 |
| Other timing differences | 28 | 29 |
| | <u>89</u> | <u>116</u> |
| Undiscounted deferred tax asset | <u>89</u> | <u>116</u> |

16 Called up share capital

| | 2008 | | 2007 |
|---|----------------|------------|----------------|
| | Number | £000 | Number |
| <i>Authorised</i> | | | |
| Equity Ordinary shares of £1 each | 115,000 | 115 | 115,000 |
| | <u>115,000</u> | <u>115</u> | <u>115,000</u> |
| <i>Authorised, called up and fully paid</i> | | | |
| Equity Ordinary shares of £1 each | 115,000 | 115 | 115,000 |
| | <u>115,000</u> | <u>115</u> | <u>115,000</u> |
| Shares classified in shareholders' funds | 115,000 | 115 | 115,000 |
| | <u>115,000</u> | <u>115</u> | <u>115,000</u> |

Notes (continued)

17 Share premium and reserves

| | Share premium account £000 | Profit and loss account £000 |
|----------------------|-------------------------------------|---------------------------------------|
| At beginning of year | 404 | 15,411 |
| Profit for the year | - | 492 |
| | <hr/> | <hr/> |
| At end of year | 404 | 15,903 |
| | <hr/> | <hr/> |

18 Reconciliation of movements in shareholder's funds

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Profit for the financial period | 492 | 3,575 |
| Dividends on shares classified in shareholders' funds | - | (2,115) |
| | <hr/> | <hr/> |
| | 492 | 1,460 |
| Disposal of own shares | - | 459 |
| New share capital subscribed | - | 30 |
| | <hr/> | <hr/> |
| Net addition to shareholder's funds | 492 | 1,949 |
| Opening shareholder's funds | 15,930 | 13,981 |
| | <hr/> | <hr/> |
| Closing shareholder's funds | 16,422 | 15,930 |
| | <hr/> | <hr/> |

19 Commitments

- (a) There are no capital commitments at the end of the financial year (2007 £nil)
- (b) Annual commitments under non-cancellable operating leases are as follows

| | 2008 Land and buildings £000 | 2007 Land and buildings £000 |
|--|---------------------------------------|---------------------------------------|
| Operating leases which expire Over five years | 377 | 392 |
| | <hr/> | <hr/> |
| | 377 | 392 |
| | <hr/> | <hr/> |

Notes (continued)

20 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 £129,000 (2007 £222,000) There were outstanding contributions at the period end of £nil (2007 £nil)

21 Related party disclosures

Mr S Black is a director and shareholder of SBS Worldwide Limited which invoiced the Company £464,677 (2007 £708,000) 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 £51,000 (2007 £12,000) and is included in creditors

In 2007 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 was offset against the profit made on the sale of the building As at 31 December 2007 there was a debtor outstanding of £1.1m which was subsequently repaid

22 Ultimate parent company and parent undertaking of largest 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

23 Contingent liabilities

The company is co-guarantor, along with Azelis UK Limited and Chance and Hunt Limited of the net overdrafts at 31 December 2008 totalling to £4,169,000

In the ordinary course of the Company's business, it has given an indemnity along with Chance and Hunt to support deferred duty obligations to HM Customs and Excise The indemnity is limited to £222,150 At the end of the year £49,000 was outstanding