

Halo Foods Ltd

Registered number 2411911

Annual Report

Year ended 30 June 2007

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Halo Foods Ltd

Annual Report

Year Ended 30 June 2007

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Halo Foods Ltd

Company Information

Officers And Professional Advisors

P A Saunders OBE (resigned 31 December 2006)
P S Simmonds MBA
R A Davies FCA MBA
R Garrett
P Cartwright
D Edwards
R Williams (appointed 31 December 2006)
N Frame (appointed 31 December 2006)

Secretary

Robert Davies FCA MBA

Solicitors

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 1EU

Bankers

Barclays Bank plc
1 Park Row
Leeds
LS1 5WU

Registered Office

Glisten PLC
6a Harewood Yard
Harewood
Leeds
LS17 9LF

Company Number

2411911

Auditors

PKF (UK) LLP
Pannell House
6 Queen Street
Leeds
LS1 2TW

Halo Foods Ltd

Directors' Report

The directors present their annual report on the affairs of the company and the audited financial statements for the year ending 30 June 2007

1 PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND RESULTS FOR THE PERIOD

The principal activity of the company is the development and manufacture of a range of specialist snack bars

Halo has enjoyed considerable success with new product launches particularly in the weight-control sector and in the retailers own premium sub-brands such as 'Taste the Difference' (Sainsburys) and 'Delicious' (Boots). Creating new products with natural ingredients and unique formulations is the core strength of Halo and our customer and NPD teams have risen brilliantly to our vision of '*making Glisten famous for great-tasting better-for-you snacking products for today's consumer*'

Halo has recorded a year of strong progress across the board including the following highlights -

- Halo developed and launched the UK's fastest selling calorie control bar product into the diet sector
- Began the move to nut-free status at our largest site, Halo Newport. This will be completed by Autumn 2007 and has already enabled the business to win a major new contract with one of the world's largest food companies

Turnover for the year was £23,015,000 (2006 £21,866,000) and profit after taxation was £2,319,000 (2006 1,658,000)

Exchange Rate Risk

The company is not exposed to any direct foreign currency risks as the majority of its cash flows are in sterling. Transactions of an immaterial nature are settled at spot rates whereas forward currency contracts are used for transactions of a material nature. There were no outstanding forward currency contracts at 30 June 2007 (2006 nil)

The company purchases certain of its raw materials in foreign currencies but these are fixed at the time the order is placed. The exception is sugar which is subject to a fortnightly sterling euro adjustment. This adjustment is kept under review and where it is deemed appropriate exchange rates are fixed.

Forward Contract Risk

The company takes the opportunity to secure forward supplies of some raw material commodities when prices are deemed to be favourable. These contracts are managed under policies and procedures approved and monitored by the board on a monthly basis.

Credit Risk

The company does not carry any credit risk cover on its customers. The company enforces adherence to agreed credit terms rigidly.

Liquidity and Cash Flow Risk

The company manages its liquidity and cash flow within limits agreed by the group. In addition the group has credit lines available above those agreed limits of £7m. The group has an interest rate swap which mitigates its exposure to large interest rate fluctuations.

Internal Control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders'

Halo Foods Ltd

investment and the company's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material loss and misstatement.

The key control procedures operating within the company include but are not limited to:

- A comprehensive system of budgeting and forecasting with a detailed periodic review of actual results compared with budget and previous years
- Procedures for appraisal, review and authorisation of capital expenditure
- Treasury procedures and banking arrangements
- Financial controls and operating procedures to be adopted by operational managers
- Monitoring and assessment of business risk and performance for each operating site
- Periodic review of future supply commitments
- Regular updates on tax, insurance and health and safety matters
- Secure storage and back up of data held on computer systems

The directors have put in place an organisational structure appropriate for the size of the company with defined lines of responsibility and delegation of authority where the board considers it necessary.

The board has determined that it is not appropriate at this stage in the company's development to consider the need for an internal audit function.

Business Risks

The board established a formal process for identifying, evaluating and managing the business risks faced. Ongoing review of progress against strategic objectives agreed with the board. The business risks reviewed include:

- external business risks, including regulatory and compliance obligations
- operational risks arising from e.g. supplier dependency, fire, material damage etc.
- legal risks, e.g. risks under factory leases and under contracts with suppliers
- informational risks, including the integrity of IT systems and the security of information

2 DIVIDENDS

The company paid a dividend in the year of £2,700,000 (2006: £nil).

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3 DIRECTORS AND DIRECTORS' INTERESTS

Share options	At 01.07.06	Granted	Exercised	At 30 06 07
D Edwards	5,000	-	-	5,000
P Cartwright	5,000	-	-	5,000
N Frame	5,000	-	-	5,000
R Williams	5,000	-	-	5,000
Long Term Incentive Plan				
R Garrett	17,606	-	-	17,606
		9,450	-	9,450
P Cartwright	-	7,500	-	7,500
D Edwards	-	7,500	-	7,500
N Frame	-	7,500	-	7,500
R Williams	-	7,500	-	7,500

The performance targets in respect of the share options have been met and as such the share options may be exercised any time up to August 2016

The shares issued under the Long Term Incentive Plan are exercisable on the achievement of specific performance targets in respect of the Long Term Incentive Plan for the years ended 30 June 2008 and 2009. The shares under the Long Term Incentive Plan are exercisable at 12 5p with the employee meeting the taxation liability thereby arising

4 DISABLED PERSONS

The company has a policy of encouraging the employment of disabled persons wherever this is practicable and attempts to provide equal opportunities to disabled persons. The company endeavours to ensure that disabled employees benefit from training and career development programmes, in common with all members of staff. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

5 EMPLOYEE INVOLVEMENT

The Board proposes to maintain and develop the involvement of employees in the progress and operation of the company. Regular communications also take place with employee representatives.

6 SUPPLIER PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with suppliers when terms of business are established. At 30 June 2007 the company's trade creditors represented 53 days of purchases (2006 57 days).

7 ELECTIVE RESOLUTION

The company has passed an elective resolution which, while in force, does not require the holding of an Annual General Meeting, the laying of accounts before members or the annual appointment of auditors.

8 AUDITORS

PKF (UK) LLP will be re-appointed for the forthcoming year.

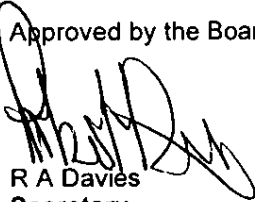
Halo Foods Ltd

9 PROVISION OF INFORMATION TO AUDITORS

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Approved by the Board of Directors and signed on behalf of the Board



R A Davies
Secretary

Halo Foods Ltd

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and 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 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 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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALO FOODS LIMITED

We have audited the financial statements of Halo Foods Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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 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.

Halo Foods Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALO FOODS LIMITED (cont)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 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

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors
Leeds, UK
7 September 2007

Halo Foods Ltd

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2007

		30 June 2007	30 June 2006
	Note	£'000	£'000
Turnover - continuing activities	1,2	23,015	21,866
Cost of sales		(17,884)	(17,658)
		<hr/>	<hr/>
Gross profit		5,131	4,208
Distribution costs		(264)	(215)
Administrative expenses - other		(1,478)	(1,487)
- exceptional	6	(44)	(219)
- share based payment	9	(80)	-
Other operating income	4	108	108
		<hr/>	<hr/>
Operating profit - continuing activities		3,373	2,395
Interest receivable and similar income		-	5
Interest payable and similar charges	5	(26)	(232)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	6	3,347	2,168
Tax on profit on ordinary activities	7	(1,028)	(510)
		<hr/>	<hr/>
Profit for the financial year		2,319	1,658
		=====	=====


There are no recognised gains and losses for the current financial year or the preceding financial year other than as stated in the profit and loss account

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BALANCE SHEET at 30 June 2007

	Note	£'000	30 June 2007 £'000	30 June 2006 £'000
FIXED ASSETS				
Tangible fixed assets	10		5,251	6,007
Investments	11		-	-
			<u>5,251</u>	<u>6,007</u>
CURRENT ASSETS				
Stocks	12	1,103	1,257	
Debtors	13	4,521	3,670	
Cash at bank and in hand		<u>1,474</u>	<u>1,435</u>	
		7,098	6,362	
CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(5,588)</u>	<u>(4,930)</u>	
NET CURRENT ASSETS			<u>1,510</u>	<u>1,432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,761	7,439
CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(2,708)	(3,064)
PROVISIONS FOR LIABILITIES AND CHARGES	16, 17		<u>(716)</u>	<u>(737)</u>
NET ASSETS			<u>3,337</u>	<u>3,638</u>
CAPITAL AND RESERVES				
Called up share capital	18		311	311
Share premium account	19		348	348
Profit and loss account	19		<u>2,678</u>	<u>2,979</u>
SHAREHOLDERS' FUNDS	20		<u>3,337</u>	<u>3,638</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 7 September 2007


R A Davies
Finance Director

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2007

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

(a) **Accounting convention**

The financial statements are prepared under the historical cost convention.

(b) **Basis of consolidation**

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company is exempt from preparing a cash flow statement under FRS 1 on the grounds it is a subsidiary company and the parent has prepared a consolidated cash flow statement.

(c) **Tangible fixed assets:**

No depreciation has been provided on freehold land. Other assets are depreciated in annual installments by the method and at the rates set out below.

Building - Freehold	4% straight line
Plant and machinery	12.5% - 25% reducing balance
Fixtures, fittings and equipment	10% - 33% straight line
Motor vehicles	30% reducing balance

Freehold land is not depreciated.

(d) **Investments.**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

(e) **Stocks.**

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion.

(f) **Deferred taxation.**

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

(g) **Pension costs**

The company operates a defined contribution scheme. The pension cost charge represents the contributions payable by the company under the rules of the schemes.

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Notes To The Financial Statements for the Year ended 30 June 2007

(h) Leased assets

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Operating lease rentals are charged to profit and loss in equal annual installments over the lease term.

(i) Turnover.

Turnover arises from the company's sole activity of the manufacture, distribution and sale of food products and is stated after deductions of trade discounts and value added tax. Revenue is recognised on delivery.

(j) Grants

Revenue based grants are credited to the profit and loss account over the life of the project. Capital based grants are credited to the profit and loss account over the expected life of the assets.

(k) Foreign Exchange.

Transactions in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. These translation differences are included in operating profit.

(l) Share based payments

Share based payments are calculated in accordance with FRS20 adopting the Black Scholes model after the company's estimate of shares that will eventually vest. This amount is charged to administrative expenses on a straight line basis over the vesting period for all options issued after 1 July 2005.

2 ANALYSIS OF TURNOVER

Turnover is attributable to the Group's sole activity. All turnover originates in the UK. Geographical analysis of turnover by destination is as follows:

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
United Kingdom	19,604	17,268
Other European countries	3,411	4,598
	<u>23,015</u>	<u>21,866</u>

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Notes To The Financial Statements for the Year ended 30 June 2007

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Directors' remuneration		
Share based payment	80	
Total emoluments	448	419
Pension contributions in respect of money purchase schemes	81	6
	<u>609</u>	<u>425</u>
Remuneration of the highest paid director	<u>160</u>	<u>126</u>
Pension contributions to the pension scheme of highest paid director	<u>72</u>	<u>-</u>
	No	
Number of directors who are members of money purchase schemes	<u>4</u>	<u>5</u>
The average number of persons, including directors, employed by the group during the period was as follows:	No	No
Production	222	262
Administration, distribution and sales	35	62
	<u>257</u>	<u>324</u>
The aggregate payroll costs of these persons were as follows.	£'000	£'000
Wages and salaries	4,309	4,944
Social security costs	381	431
Share based payment	80	-
Other pension costs	149	112
	<u>4,919</u>	<u>5,487</u>

The company operates an employee personal pension scheme. The total pension charge for the year amounted to £77,000 (2006 - £112,000)

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Notes To The Financial Statements for the Year ended 30 June 2007

4 OTHER OPERATING INCOME

	30 June 2007 £'000	30 June 2006 £'000
Grant income recognised	<u>108</u>	<u>108</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	30 June 2007 £'000	30 June 2006 £'000
Group	-	190
Other loans	24	40
Finance lease contracts	<u>2</u>	<u>2</u>
	<u>26</u>	<u>232</u>

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	30 June 2007 £'000	30 June 2006 £'000
Profit on ordinary activities before taxation is after charging/(crediting)		
Depreciation - owned assets	737	760
- leased assets	67	80
Auditors' remuneration - audit fees	32	21
Auditors' remuneration - non-audit fees	3	14
Rentals under operating leases – buildings	276	276
Rentals under operating leases – other	<u>26</u>	<u>40</u>

The exceptional item of £44,000 relates to the closure of the international office in Rotterdam 2006 costs of £219,000 are in respect of reorganisation costs incurred following the company's acquisition by Glisten plc

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2007

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	30 June 2007 £'000	30 June 2006 £'000
Taxation charge comprises		
United Kingdom corporation tax at 30% (2006 - 30%)	1,028	622
Adjustment in respect of prior years	-	-
	<u>1,028</u>	<u>622</u>
Deferred taxation		(112)
Adjustment in respect of prior years	-	-
	<u>1,028</u>	<u>510</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge of the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

	Year ended 30 June 2007 £'000	Year ended 30 June 2006 £'000
Profit on ordinary activities before tax	<u>3,347</u>	<u>2,168</u>
Tax on profit on ordinary activities before tax at 30%	1,004	650
Factors affecting charge for the period		
Expenses not deductible for tax purposes	6	6
Capital allowances for the period in excess of depreciation	-	(34)
Utilisation of tax losses	-	-
Chargeable gains	-	-
Movement in short-term timing differences	(6)	-
Other deferred tax movements	-	-
Prior year adjustments	-	-
Other	24	-
	<u>1,028</u>	<u>622</u>

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Notes To The Financial Statements for the Year ended 30 June 2007

8 DIVIDENDS PAID

	30 June 2007 £'000	30 June 2006 £'000
Paid	2,700	-

The 'A' ordinary shareholders have waived their right to any dividends during the period since 22 December 2004

9 SHARE BASED PAYMENT

An amount of £80,000 has been charged to the profit and loss account in respect of directors and employees who have been granted shares under the Glisten plc Long Term Incentive Plan (2006 £nil)

10 TANGIBLE FIXED ASSETS

The company	Freehold land and buildings £'000	Fixtures, fittings, Plant and Machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 July 2006	840	11,656	22	12,518
Additions	-	49	-	49
Disposals	-	(16)	-	(16)
At 30 June 2007	840	11,689	22	12,551
Depreciation:				
At 1 July 2006	360	6,143	8	6,511
Charge for the period	30	770	4	804
Disposals	-	(15)	-	(15)
At 30 June 2007	390	6,898	12	7,300
Net book value				
At 30 June 2007	450	4,791	10	5,251
At 30 June 2006	480	5,513	14	6,007

The net book value of the company's fixed assets includes £412,000 (2006 - £480,000) relating to fixtures, plant and machinery held under finance leases

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Notes To The Financial Statements for the Year ended 30 June 2007

11 INVESTMENT

The subsidiary undertakings at 30 June 2007 were

Company	Country of incorporation	Nature of business	Proportion of ordinary voting shares held
The Original Welsh Pantry Company Limited	England and Wales	Dormant	100%
Holgate's Nutritional Foods Limited	England and Wales	Dormant	100%
Cabin Confectionery Limited	England and Wales	Dormant	100%
Nimbus Foods Limited	England and Wales	Manufacture of food ingredients	100%

12 STOCKS

	30 June 2007 £'000	30 June 2006 £'000
Raw materials and consumables	908	1,026
Finished goods and goods for resale	195	231
	<u>1,103</u>	<u>1,257</u>

13 DEBTORS

	30 June 2007 £'000	30 June 2006 £'000
Amounts falling due within one year		
Trade debtors	2,701	1,898
Amounts owed by group undertakings	1,456	1,456
Prepayments and accrued income	364	316
	<u>4,521</u>	<u>3,670</u>

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2007 £'000	30 June 2006 £'000
Bank and other loans	247	238
Finance leases	2	7
Trade creditors	2,126	1,845
Amounts owed to group undertakings	749	685
Taxation and social security	1,191	1,272
Accruals and deferred income	1,273	883
	<u>5,588</u>	<u>4,930</u>

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Notes To The Financial Statements for the Year ended 30 June 2007

15 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 2007 £'000	30 June 2006 £'000
Bank and other loans	23	270
Finance leases	4	5
Loans from group and subsidiary undertakings	2,675	2,675
Deferred income	6	114
	<u>2,708</u>	<u>3,064</u>
Analysis of loan repayments		
Loans		
Within one year or on demand	247	238
Between one and two years	23	247
Between two and five years	-	23
	<u>270</u>	<u>508</u>
Obligations under finance leases		
Within one year or on demand	2	7
Between one and two years	4	2
Between two and five years	-	3
	<u>6</u>	<u>12</u>
Amounts wholly repayable after five years		
Loans from subsidiary undertakings	<u>2,675</u>	<u>2,675</u>

The directors confirm that the loans from subsidiary undertakings are not due for repayment until after more than five years

Obligations under finance leases are secured on the assets to which they relate. The company has a secured loan which is secured by a chattels mortgage on certain items of equipment. The loan is repayable over five years from June 2003 and bears interest at 1.5% above the higher of 2% and base rate.

No interest is charged on the loan from subsidiary undertakings. The date for repayment is not fixed, although the directors believe that it will be in more than five years.

16 DEFERRED TAXATION PROVISION

Deferred taxation movement for the year	£'000
Balance at 1 July 2006	521
Charge for period	-
Balance at 30 June 2007	<u>521</u>

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Notes To The Financial Statements for the Year ended 30 June 2007

The potential amounts of deferred taxation provided and unprovided in the financial statements are

	Provided June 2007	June 2006
	£'000	£'000
Capital allowances in excess of depreciation	521	521
Other movements	-	-
	<u>521</u>	<u>521</u>

17 OTHER PROVISIONS

	£'000 Dilapidations	£'000 Onerous contracts	£'000 Total
At 1 July 2006	195	21	216
Provided in the period	-	-	-
Released in the period	-	(21)	(21)
Balance at 30 June 2007	<u>195</u>	<u>-</u>	<u>195</u>

The dilapidations provision was set up on acquisition by Glisten plc in 2004 and is in respect of the building roofs. Its utilisation is uncertain but unlikely to be in the next year.

18 CALLED UP SHARE CAPITAL

	2007		2006	
	No of shares	£	No of shares	£
Authorised				
Ordinary shares of £1 each	268,000	268,000	268,000	268,000
"A" ordinary shares of £1 each	136,014	136,014	136,014	136,014
	<u>404,014</u>	<u>404,014</u>	<u>404,014</u>	<u>404,014</u>
	30 June 2007		30 June 2006	
	No of Shares	£	No of Shares	£
Allotted and fully paid				
Ordinary shares of £1 each	266,475	266,475	266,475	266,475
'A' ordinary shares of £1 each	44,576	44,576	44,576	44,576
	<u>311,051</u>	<u>311,051</u>	<u>311,051</u>	<u>311,051</u>

The 'A' shares each confer on the holders the right to receive -

- a fixed cumulative preferential dividend (the Fixed Dividend) of an amount on each share equal to 9.5% of the subscription cost (£250,000),
- a cumulative preferential dividend (the Participating Dividend) of a sum when added to the Fixed Dividend payable in respect of that year equal to 4.75% of the result on ordinary activities before taxation, and
- a cumulative preferential dividend on each share of an amount which, when added to the Fixed Dividend and the Participating Dividend paid on each share for the financial period, shall equal the aggregate of

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- (i) any initial ordinary dividend paid in such financial year on all the ordinary shares held by or on behalf of directors, and
- (ii) the excess remuneration of directors

The 'A' ordinary shares have priority over the ordinary shares for the full subscription price and have a right to participate in a surplus on a winding up

The holders of the 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares. The conversion may be effected by notice being given to the company by the holders of 75% of the 'A' ordinary shares

The voting rights of the 'A' ordinary shares are equal to those of the ordinary shares. During the year the holders of the 'A' ordinary shares waived their rights to dividends

19 STATEMENT OF MOVEMENTS ON RESERVES

	Share Premium Account £'000	Profit and loss account £'000	Total £'000
The company.			
Balance at 1 July 2006	348	2,979	3,327
Profit retained for period	-	2,319	2,319
Dividends paid	-	(2,700)	(2,700)
Share based payment	-	80	80
Balance as at 30 June 2007	348	2,678	3,026

The share based payment represents a capital contribution from the parent in respect of the company's charge under FRS 20

20 TOTAL SHAREHOLDERS' FUNDS

	30 June 2007 £'000	30 June 2006 £'000
Profit for the financial period	2,319	1,658
Share based payment	80	-
Dividends paid	(2,700)	-
Issue of shares	-	-
Opening shareholders' funds	3,638	1,980
Closing shareholders' funds	3,337	3,638

21 FINANCIAL COMMITMENTS

At 30 June 2007 the group had financial commitments of £561,000 (2006 £nil) in respect of forward contracts for the purchase of raw materials. Capital commitments outstanding at 30 June 2007 amounted to £12,000 (2006 £nil)

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22 OPERATING LEASE COMMITMENTS

At 30 June 2007, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings	Motor vehicles	Total
	£'000	£'000	£'000
Leases expiring within one year	12	16	28
Leases expiring between one and five years	61	16	77
Leases expiring after five years	233	-	233
	<u>306</u>	<u>32</u>	<u>338</u>

At 30 June 2006

	Land and buildings	Motor vehicles	Total
	£'000	£'000	£'000
Leases expiring within one year	-	23	23
Leases expiring between one and five years	94	31	125
Leases expiring after five years	159	-	159
	<u>253</u>	<u>54</u>	<u>307</u>

23 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Glisten plc and, in accordance with Financial Reporting Standard 8, transactions with related parties are not reported as the consolidated financial statements of the parent company are publicly available

24 ULTIMATE CONTROLLING PARTY

The ultimate parent company is Glisten plc, a company incorporated in Great Britain. Copies of the group financial statements of Glisten plc can be obtained from the registered office (6a Harewood Yard, Harewood, Leeds, LS17 9LF) or the company website (www.glisten.plc.uk)