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SSL HEALTHCARE MANUFACTURING, S.A.U.
(Single Shareholder Company)

Annual Accounts and Management Report

31 March 2007
(together with the Auditors' Report)

KPMG

KPMG Auditores S L
Edifici La Porta de Barcelona
Av Diagonal, 682
08034 Barcelona

Auditors' Report of Annual Accounts

To the Shareholder of
SSL Healthcare Manufacturing, S A U.

We have audited the annual accounts of SSL Healthcare Manufacturing, S A U , Sociedad Unipersonal (the Company) which include the statement of assets and liabilities as at 31 March 2007, the profit and loss account, and the report corresponding to the financial year ending on the said date, the formulation of which is incumbent upon the Company's Administrators. Our responsibility is to express an opinion on the aforesaid annual accounts as a whole, based on the work carried out in accordance with generally accepted auditing standards, which require the examination, by means of carrying out selective tests, of the evidence that justifies the annual accounts and evaluating their presentation, the accounting principles applied and the estimations drawn up.

In accordance with mercantile legislation, the Administrators present not only the figures of the financial year ending on 31 March 2007, but also those corresponding to the previous financial year, for the purposes of comparison with each of the items of the statement of assets and liabilities, the profit and loss account and the financing table Our opinion refers exclusively to the annual accounts of the financial year ending on 31 March 2007 On 3 July 2007, we issued our auditors' report on the annual accounts of the financial year ending on 31 March 2006, in which we expressed a favourable opinion.

In our opinion, the annual accounts of the financial year ending on 31 March 2007 attached hereto express, in all significant aspects, the true image of the capital and financial situation of SSL Healthcare Manufacturing, S A U on 31 March 2007, and the results of its operations and the resources obtained and applied during the financial year ending on the said date, and they contain all necessary and sufficient information for their interpretation and adequate understanding, in accordance with generally accepted accounting principles and standards that match the ones applied in the previous financial year

The management report of the financial year ending on 31 March 2007 attached hereto contains the explanations that the Administrators consider appropriate on the situation of SSL Healthcare Manufacturing, S.A.U., the evolution of its business, and other matters, and it does not form an integrating part of the annual accounts. We have checked that the accounting information contained in the aforesaid management report agrees with that of the annual accounts of the financial year ending on 31 March 2007 Our work as auditors is limited to the verification of the management report to the extent mentioned in this paragraph, and it does not include the review of information other than that obtained from the accounting records of the Company

KPMG AUDITORES, S L
[signature]
David Ghosh Basu
2 July 2007

BOARD OF CHARTERED ACCOUNTANTS OF CATALUNYA
Acting member KPMG
Year 2007, number 20/07/13652
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SSL HEALTHCARE MANUFACTURING, S A U
(Single Shareholder Company)
Statements of assets and liabilities
31 March 2007 and 2006
(Expressed in thousands of Euros)

Assets	2007	2006	Liabilities	2007	2006
Fixed assets			Own funds (note 11)		
Non-tangible fixed assets (note 5)	11	10	Subscribed capital	8,164	8,164
Tangible fixed assets (note 6)	10 963	11,560	Reserves	17,817	17,725
Financial fixed assets (note 7)	1,151	1,513	Financial year profit	615	92
Total fixed assets	12,125	13,083	Total own funds	26,596	25,981
Circulating assets			Long-term creditors		
Stock in hand (note 8)	2,603	2,804	Other debts (note 12)	360	279
Debtors (note 9)	5,360	4,467	Short-term creditors		
Temporary financial investments (note 10)	14,170	10,934	Group companies and associated companies	1,271	1,078
Treasury	96	86	Commercial creditors	2,241	1,882
Total circulating assets	22,229	18,291	Other non-commercial debts (note 12)	2,986	2,154
			Total short-term creditors	6,498	5,114
Total assets	34,354	31,374	Provisions for short-term risks and charges (note 16)	900	-
				34,354	31,374

The attached report forms an integrating part of the annual accounts of the financial year ending on 31 March 2007

SSL HEALTHCARE MANUFACTURING, S A U
(Single Shareholder Company)
Profit and Loss Account
for the financial years ending on
31 March 2007 and 2006
(Expressed in thousands of Euros)

Expenses	2007	2006	Incomes	2007	2006
Overheads			Operating incomes		
Decrease of stock in hand of finished products and products undergoing manufacture	227	625	Net sales (note 13)	21,881	18,491
Supplies (note 8)	6,639	5,247	Other operating incomes	178	159
Staff costs (note 14)	8,289	7,528			
Endowments for amortisation of fixed assets (notes 5 and 6)	1,330	1,282	Total operating incomes	22,059	18,650
Variations of traffic provisions	-	100			
Other overheads	3,495	3,103			
Total overheads	19,980	17,885			
Operating profits	2,079	765			
Financial charges			Financial incomes		
Negative exchange differences	15	14	Other similar interests and incomes	387	235
Total financial charges	15	14	Positive exchange differences	19	6
Positive financial results	391	227	Total financial incomes	406	241
Profits from routine activities	2,470	992			
Extraordinary charges					
Variation of the provision of financial non-tangible fixed assets (note 7)	362	467			
Other extraordinary charges	901	128	Negative extraordinary results	1,263	595
Total extraordinary charges	1,263	595			
Pre-tax profits	1,207	397			
Corporation Tax (note 16)	592	305			
Financial year result (profits)	615	92			

The attached report forms an integrating part of the annual accounts of the financial year ending on 31 March 2007

SSL HEALTHCARE MANUFACTURING, S A U.
(Single Shareholder Company)
Report of the Annual Accounts
31 March 2007

(1) Nature and Major Activities

SSL Healthcare Manufacturing, S A U (hereafter referred to as the Company) resulted from the merger by absorption of the trading entities Solís Color, S.A. (merging company) and Hispano Ico, S A (merged company), the first of them set up in April 1965, as stated in the public document dated 1 September 1992.

On 1 September 2000, the General Committee of Shareholders approved the change of its former corporate name, London International Group, S A to its current corporate name

Its corporate domicile and industrial plants are situated in Avenida Can Fatjó no. 151, de Rubí (Barcelona).

The processing, handling, treatment and distribution of prophylactics constitute its corporate object and major activity

On 17 April 2007, part of the Board of Directors resigned and a new Board of Directors was appointed on the same date The fiscal residence is established in Manchester (United Kingdom)

(2) Rules of Presentation

These annual accounts were formulated by the present Administrators of the Company from the Company's accounting records, and they are presented in accordance with currently applicable trading legislation and the standards established in the General Accounting Plan, in such a way as to show the true image of the capital and financial situation on 31 March 2007 and the results of its operations and the resources obtained and applied during the financial year ending on this date

These annual accounts shall be submitted to the approval of the Sole Shareholder, in the expectation of their approval without any modification.

As required by accounting regulations, the statement of assets and liabilities, the profit and loss account and the financial table corresponding to the financial year ending on 31 March 2007 state the figures corresponding to the previous financial year, for comparative purposes As allowed by these regulations, the Company has opted to omit some of the comparative data of the previous financial year, from the report of the present financial year

The Company has formulated the present annual accounts in thousands of Euros

The present annual accounts refer exclusively to those specific to the Company, and they do not claim to present those consolidated with the dependent companies detailed in note 7 The Company is dispensed from this obligation, taking into account its condition as a dominant company which, at the same time, is one hundred per cent dependent on another company governed by the legislation of a member State of the European Union The Company shall arrange for the consolidated accounts, the management report and the corresponding auditors' report related to its parent company SSL International plc, domiciled in London (United Kingdom) to be translated into Spanish, and for them to be filed at the Trade Registry.

(3) Distribution of Results

The proposal of distribution of results of the financial year ending on 31 March 2007, formulated by the Board of Directors and pending approval by the Sole Shareholder, is that of allocating all of the profits to voluntary reserves

The application of results corresponding to the financial year ending on 31 March 2006, carried out during the present financial year, is presented with the detail of transactions of own funds in note 11

(4) Accounting Principles and Applied Evaluation Standards

The attached annual accounts were prepared in accordance with the accounting principles and standards of evaluation and classification contained in the General Accounting Plan The main ones are as follows:

(a) Non-tangible fixed assets

The information technology applications are recorded on the accounts for the amount of purchase, and they are amortised on a linear basis at 33% per annum

(b) Tangible fixed assets

The tangible fixed assets purchased prior to December 1983 are evaluated at the updated cost price in accordance with various legal provisions. Any additions after this date are evaluated at the purchase cost The corresponding accumulated amortisations are deducted from these amounts

The costs of expansion, modernisation or improvements which represent an increase of productivity, capacity or efficiency, or an extension of the useful life of the goods, are capitalised in terms of the highest cost of the corresponding goods

The costs of conservation and maintenance are charged to the operating account of the financial year in which they are incurred.

The elements of tangible fixed assets are amortised on the cost values (updated as applicable) according to the linear method, during the following estimated periods of useful life·

	Years of useful life
Buildings and other constructions	50
Technical plants and machinery	15
Other plants, tooling and furnishings	10
Equipment for information processes	4

(c) Financial fixed assets

The marketable securities of variable income appear as evaluated at their purchase cost, or at the market cost if lower.

The market value of the holdings in the capital of group companies or associated companies quoted and not quoted, is determined in terms of their theoretical accounting value corrected by the sum of the tacit surplus values existing at the time of purchase, and which subsist on the date of the statement of assets and liabilities. The endowment of provisions takes place in accordance with the evolution of the holding company's own funds

(d) Stock in hand

The raw materials and commercial products are evaluated at the purchase price, determined in accordance with the FIFO (First In, First Out) method, or at the market value, whichever is the lower

Products pending completion and finished products are evaluated at their production cost, or at their net value of realisation if the latter is lower. The production cost is determined by adding to the purchase price of the consumed materials, the cost of the labour directly attributable to the product as well as the corresponding part of the labour and indirect manufacturing costs originating from the production process

The Company carries out endowments to the provision for the depreciation of stock in hand, the cost of which exceeds its market value, or when there are doubts on the possibility of their recovery

(e) Debtors

The Company follows the criterion of endowing those provisions for insolvencies that make it possible to collect the balances of a certain seniority, or in which circumstances concur that make it reasonable to allow their qualification as of doubtful collection.

(f) <u>Transactions in currency other than the Euro</u>

The transactions in currency other than the Euro are recorded on the accounts in terms of their exchange value in Euros, using the types of exchange currently applicable on the dates in which they take place. The profits or losses in terms of exchange fluctuations that arise in the settlement of balances originating from transactions in foreign currency, are acknowledged on the profit and loss account at the time when they occur

The balances to be collected and paid in currency other than the Euro at the closure of the financial year are evaluated in Euros at types of exchange that approach those currently applicable on the closing date of the financial year, acknowledging as costs the net exchange losses not realised, determined for groups of currencies of similar expiry and behaviour on the market, and deferring the net profits not realised and determined in the same way, until their expiry These are recorded in the paragraph of incomes to be distributed over several financial years.

(g) <u>Temporary financial investments</u>

The temporary financial Investments mainly correspond to short-term credits, recorded for the amount disbursed, with group companies

(h) <u>Short/long term</u>

The credits and debts that fall due no later than twelve months after the date of the balance sheet are classified in the short term, and those that fall due beyond this period are classified in the long term

(i) <u>Dismissal indemnities</u>

Apart from cases of justified cause, the companies are obliged to compensate their employees when they dismiss them from their services. If there is no foreseeable necessity of the abnormal termination of the employment, and given that employees who retire or voluntarily cease to provide their services do not qualify for compensation, the compensation payments, when due, are charged to costs at the time when the decision is taken to arrange dismissal

(j) <u>Corporation Tax</u>

The charge for Corporation Tax of each financial year is calculated on the economic profit, corrected by the differences of a permanent nature with the fiscal criteria, and taking into account the applicable discounts and deductions. The taxation effect of the time differences is included, as applicable, in the corresponding items of advanced or deferred taxes of the statement of assets and liabilities

The criterion followed in the acknowledgement of liabilities for deferred taxes is that of recording all of them, including those the reversion of which is not immediately foreseen. The fiscal credits due to losses qualifying for compensation, advanced taxes and charges for deductions and discounts pending application due to insufficient quota are only acknowledged in the statement of assets in so far as their future realisation is reasonably assured within the maximum period of 10 years, or when deferred taxes exist that are expected to be reverted during the period of lapse of the right of compensation as from 10 years, and are classified in the statement of assets and liabilities, as regards the deadline, according to the forecast period of reversion or realisation. Additionally, the tax credits for losses that qualify for compensation are only recorded when they were generated as a consequence of an unusual event in the Company's management, the underlying causes of which have reasonably disappeared.

Since 1 April 2005, the Company has paid taxes under the scheme of consolidated declaration with the Company SSL Healthcare Brands, S A. (see note 7) of which it is the dominant company, whereby it is responsible before the Administration for the presentation and settlement of consolidated Corporation Tax The negative fiscal results generated by the above-mentioned dominated Company, which composes the group of fiscal consolidation, are recorded and recognised as balances payable by other companies of the group in fiscal consolidation, in so far as they qualify for compensation due to the positive fiscal results generated by all the other companies included within this scheme

In application of current fiscal standards, as a consequence of the new fiscal residences of the current Board of Directors - outside Spanish territory - (see note 1), the Company shall cease to pay taxes under the aforesaid consolidated declaration scheme as from 17 April 2007

(k) <u>Pensions plan</u>

The contribution to the pensions plan corresponds to the commitment undertaken by the Company by means of a contract with one of its employees to endow a certain sum to an external fund to cover pensions and other benefits even if not determined, there being no other additional obligation in this regard for the Company This contribution is recorded on the accounts as a charge at the time of its settlement

(l) <u>Environmental statement</u>

The Company carries out operations the main purpose of which is to prevent, reduce or repair the damage to the environment that may occur as a result of its activities

The costs deriving from environmental activities are acknowledged as overheads over the financial year of their accrual, provided they did not arise as a consequence of events that took place outside the Company's routine activity, in which case they are presented as extraordinary costs.

All elements likely to be incorporated in the Company's capital in order to be used within its activity on a permanent basis for the main purpose of minimising environmental impact and protecting and improving the environment, including the reduction or elimination of future contamination from the Company's operations, are recorded on the accounts as tangible fixed assets, in accordance with the evaluation criteria specified above

(m) Incomes and charges

The incomes and charges are imputed according to the criterion of accrual, that is, in accordance with the actual flow of goods and services that they represent and regardless of the time when the monetary or financial current deriving from them takes place.

However, in accordance with the principle of prudence, the Company only records on the accounts the profits realised on the closing date of the financial year, while any foreseeable risks and losses originating within the financial year or a previous one, are recorded on the accounts as soon as they are known

(5) Non-tangible fixed assets

The composition and transactions of this chapter of the attached statement of assets and liabilities during the financial year, are as follows·

	Thousands of Euros			
	Balances on 31/03/06	Additions	Transfers	Balances on 31/03/07
IT applications	281	-	4	285
Less accumulated amortisation	(271)	(3)	-	(274)
	10	(3)	4 (note 6)	11

The purchase cost corresponding to elements totally amortised on 31 March 2007 amounts to 247 thousand Euros

(6) Tangible fixed assets

The composition and transactions of this paragraph of the attached statement of assets and liabilities during the financial year are as follows.

	Balances on 31/03/06	Additions	Dismissals	Transfers	Balances on 31/03/07
	Thousands of Euros				
Updated cost					
Land	341	-	-	-	341
Constructions	4,711	-	-	49	4,760
Technical plants and machinery	17,272	-	(49)	287	17,510
Other plants, tooling and furnishings	2,837	-	-	35	2,872
Equipment for information processes	594	-	-	15	609
Advances and tangible fixed assets pending	809	755	-	(390	1,174
	26,564	755	(49)	(4)	27,266
Updated accumulated amortisation					
Constructions	(2,350)	(145)	-	-	(2,495)
Technical plants and machinery	(10,577)	(989)	25	-	(11,541)
Other plants, tooling and furnishings	(1,523)	(164)	3	-	(1,684)
Equipment for information processes	(554)	(29)	-	-	(583)
	(15,004)	(1,327)	28	-	(16,303)
Net value	11,560	(572)	(21)	(4)	10,963

On 31 March 2007, there are no undertakings to purchase tangible fixed assets for a significant amount

The detail of the elements totally amortised on 31 March 2007 is as follows·

	Thousands of Euros
Technical plants and machinery	2,662
Other plants, tooling and furnishings	701
Equipment for information processes	473
	3,836

At the end of the financial year 2007, the tangible fixed assets of the Company, together other assets of the Company (see note 8) were fully insured The total insurance of the Company has an excess of 250,000 pounds sterling, or its equivalent in Euros at the time of the accident, with an annual aggregate of 1,000,000 pounds sterling; when it reaches this figure, the excess will become 25,000 pounds sterling

(7) Financial fixed assets

The detail and transactions during the financial year 2007 were as follows

	Thousands of Euros		
	Balances on 31/03/06	Additions	Balances on 31/03/07
Holdings in group companies	1,980	-	1,980
Provision for depreciation	(467)	(362)	(829)
Net value	1,513	(362)	1,151

Holdings in group companies correspond to the purchase cost of the investment carried out on 18 March 2005 in the Group company SSL Healthcare Brands, S.A.U. of which it possesses 100% of the shares, not quoted on the Stock Exchange, representing its share capital, and the theoretical accounting value of which on 31 March 2007 amounts to 1,151 thousand Euros

The detail of SSL Healthcare Brands, S.A.U.'s own funds, according to the annual audited accounts of the financial year ending on 31 March 2007, is as follows

Thousands of Euros				
Capital	Reserves	Results of previous financial years	Financial year result	Total own funds
6,645	33	(4,983)	(544)	1,151

The said holding company is domiciled in Calle de la Marina 16-18, Barcelona, and has as its major activity the commercialisation, storage, distribution and sale of health products, pharmaceuticals and babycare, bodily hygiene products, dressing materials and hygiene items

(8) Stock in hand

The detail of the stock in hand on 31 March 2007 is as follows·

	Thousands of Euros
Raw materials	617
Products pending manufacture	1,858
Finished products and commercial products	183
	2,658
Less allocation for depreciation of stock in hand	(55)
	2,603

The costs for provisions of stock in hand were as follows:

	Thousands of Euros
Raw materials and other consumables	
Net purchases	5,828
Variation of stock in hand	(29)
	5,799
Work carried out by other companies	838
	6,639

The net figures include those realised in the following currencies:

	Thousands of Euros
American dollars	1,590
Pounds sterling	87
Bahts	21
	1,698

The Company has contracted global insurance policies which include the cover of the risks to which the stock in hand is subject The cover of these policies is considered sufficient, although it has an excess (see note 6)

The transactions of the provision due to depreciation of stock in hand during the financial year was as follows:

	Thousands of Euros
Balance on 1 April 2006	162
Provision used	(107)
Balance on 31 March 2007	55

(9) Debtors

The detail of the debtors on 31 March 2007 is as follows

	Thousands of Euros
Clients for sales	4
Group companies and associated companies	4,472
The Civil Service	824
Other debtors	60
	5,360

The debtor balances with the Civil Service correspond to·

	Thousands of Euros
Public finance·	
Value Added Tax	450
Return of Corporation Tax: financial year 2005/06	129
Advance corporation tax	245
	824

(10) Temporary Financial Investments

The composition and transactions of this paragraph of the attached statement of assets and liabilities during the present financial year are as follows·

	Thousands of Euros			
	Balances on 31/03/06	Increases	Decreases	Balances on 31/03/07
Short-term credits to group companies	10,901	3,260	-	14,161
Short-term stocks portfolio	24	-	(24)	-
Deposits and sureties set up in the short term	9	-	-	9
	10,934	3,260	(24)	14,170

On the one hand, on 31 March 2007 the balance of short term credits to group companies corresponds to a loan granted in previous financial years of 3,101 thousand Euros, which bears interest at the LIBID (London Interbank Bid Rate) and is due on a bimonthly basis but with automatic renewal by the lender, and on the other hand, a new system of cash-pooling financing with the group company SSL International plc, the type of interest of which, over the present financial year, was equivalent to approximately 3 1% per annum.

(11) Own funds

The detail and transactions of own funds during the financial year are as follows·

	Thousands of Euros				
	Subscribed capital	Legal Reserve	Voluntary reserves	Financial year profit	Total
Balances on 31 March 2006	8,164	1,633	16,092	92	25,981
Distribution of profits	-	-	92	(92)	-
Financial year profit 2007	-	-	-	615	615
Balances on 31 March 2007	8,164	1,633	16,184	615	26,596

(a) Subscribed capital

On 31 March 2007, the share capital is represented by 2,716,782 nominative shares with 3.00506 Euros' face value each, totally subscribed and paid up These shares enjoy equal political and economic rights. 100% of the capital belongs to Sonet Scholl Overseas Investments Limited, whereby the Company is a single shareholder company The Company has not formalised any contracts with its Single Shareholder

(b) Legal reserve

The Companies are obliged to allocate a minimum 10% of the profits of each financial year to the setting up of a reserve fund, until it reaches at least 20% of the share capital This reserve may not be distributed to the shareholders and may only be used, if there are no other available reserves, to cover the debtor balance of the profit and loss account. Also, under certain conditions, it may be allocated to increase the share capital in the part of this reserve that exceeds 10% of the figure of capital already extended On 31 March 2007, the Company had set up the minimum required level

(c) Voluntary reserves

The voluntary reserves are freely available

(12) Other Non-Commercial debts

The detail of this paragraph at the end of the financial year 2007 is as follows

	Thousands of Euros	
	Long term	Short term
Civil Service	-	524
Remunerations pending payment	-	1,113
Suppliers of fixed assets	-	339
Debt with C D.T.I.	360	130
Setting of periods and other items	-	880
	360	2,986

The detail of the creditor balances with the civil service is as follows

	Thousands of Euros
Public Finance, creditor	
In terms of IRPF	63
Corporation tax (note 16)	184
Capital gains tax (note 16)	129
Social security	148
	524

The loan with C.D.T I is interest-free. The detail of its long-term due dates is as follows:

	Thousands of Euros
Year 2008/09	95
Year 2009/10	59
Year 2010/11	59
Years 2011/13	147
	360

(13) Net Sales

The distribution of the net amount of turnover corresponding to the Company's routine activity is as follows:

	Thousands of Euros
For geographical markets	
National sales	5,694
Intra-community sales	15,241
Exportation sales	946
	21,881

(14) Staff charges

Their detail is as follows.

	Thousands of Euros
Wages, salaries and the like	6,024
Compensation	182
Social Security charged to the company	1,936
Contribution to the pension plan	7
Other corporate charges	140
	8,289

The average number of employees, distributed in terms of categories, was as follows:

	Average number of employees	
	Men	Women
Director General	1	
Heads of department	5	3
Technicians	5	4
Administration	26	10
All other staff	196	31
	233	48

(15) Transactions with Group Companies

The transactions with group companies during the financial year ending on 31 March 2007 were as follows:

	Thousands of Euros
Incomes	
Sales	21,881
Interest	383
	22,264
Costs	
Purchases	93
Purchases of fixed assets	30
Services	294
	417

(16) Fiscal Situation

The Company presents an annual declaration for Corporation Tax purposes. The profits, determined in accordance with fiscal legislation, are subject to a charge of 35% on the tax base. Certain deductions can be applied from the resulting quota

On 31 March 2007, SSL Healthcare Manufacturing, S A U is the dominant company of the consolidated fiscal declaration scheme for the purposes of Corporation Tax, which it forms together with its subsidiary SSL Healthcare Brands, S A U , and is in charge of carrying out the corresponding settlements to the Inland Revenue. As from 17 April 2007, as a consequence of the content of note 1 above, the company no longer pays tax under the consolidated tax declaration scheme

Due to the different treatment allowed by the fiscal legislation for certain operations, the accounting result may differ from the fiscal tax base A conciliation follows between the accounting result of the financial year and the fiscal result that the Company expects to declare after the relevant approval of the annual accounts·

	Thousands of Euros
Accounting result of the financial year	1,207
Adjustment of depreciation of portfolio due to fiscal consolidation	362
Permanent differences	
Originating within the financial year	207
Accounting base of the tax	1,776
Time differences	
Originating in the financial year	811
Reverted from previous financial years	(90)
Fiscal tax base	2,497
Quota at 35%, net quota	874
Incorporation of negative tax bases originating from SSL Healthcare Brands, S A U.	(275)
Consolidated net quota	599
Deductions for double taxation	(8)
Deductions for training	(2)
Net quota	589
Stoppages and payments on account	(405)
Consolidated Corporation Tax payable (note 12)	(184)

The financial year charge for Corporation Tax derives from applying the type of tax of 35% on the accounting basis of the base.

	Thousands of Euros
Tax base at the applicable type of taxation	621
Negative adjustments of the exchange of taxation type	(19)
Deductions	(10)
Charge of the financial year	592

In November 2006, the Company received a summons for the start of inspection proceedings related to IAE from the Deputation of Barcelona - OGT. The Inspection includes the IAE of the years 2003-2006 After finalising the inspection on 8 June 2007, the statement was completed and the draft proposal of settlement of the deeds was presented in the procedure The total of the tax audit amounts to 599 thousand Euros plus 79 thousand Euros of interest The estimated sanction would be 63%, amounting to 378 thousand Euros reduced to 198 thousand Euros by signing for conformity and prompt payment Taxed assets to be discharged generate a returnable balance of 15 thousand Euros The Company presented declarations at the end of June, without reply as of today. At the end of July 2007, the minutes were delivered, the result of the proceedings will be noted, and the Company Administrators will decide whether or not they will appeal against the minutes if the declarations are not accepted. The Company has allocated 900 thousand Euros

The Company has recorded deferred taxes in the sum of 129 thousand Euros (note 12) mainly related with the time differences originating from the fiscal advantages of the Royal Decree Law 2/1985.

The tax balances are adjusted to reflect any changes in the type of Corporation Tax, in virtue of the Law 35/2006 in which a partial modification of Corporation Tax in force as of today is regulated, among other aspects. Among other modifications, it is established that the general type of charge, instead of the 35% in force on 31 December 2006, becomes 32 5% for the tax periods starting as from 1 January 2007, and 30% for those starting as from 1 January 2008

On 31 March 2007, the amount of activated advanced and deferred taxes was adjusted to the taxation type of 30% or 32 5% according to the estimations made by the Company's Administrators in relation to the estimated time of reversion. On the closing date of the financial year, the effect of this adjustment was a reduction of the corporation tax charge of 19 thousand Euros

In accordance with Corporation Tax Law, if this is found to be negative in virtue of the applicable standards for the determination of the tax base, its amount may be compensated with the positive bases of the tax periods that conclude within the fifteen subsequent years immediately after, distributing the quantity in the proportion considered appropriate The compensation will take place at the time of formulating the Corporation Tax declaration, without prejudice to the faculties of inspection held by the tax authorities

As established by currently applicable legislation, the taxes may not be considered definitively settled until the declarations presented have been inspected by the tax authorities, or until the statutory limitation of four years has elapsed On 31 March 2007, all of the Company's main taxes applicable to it since 1 April 2003 have been open for inspection by the tax authorities, except for Corporation Tax which has been open since 1 April 2002

Except for the fiscal contingency provided for as a consequence of the Capital Gains Tax described above, the Company's Administrators do not expect, in the case of further inspections, that any further liabilities of importance on the different presented taxes will arise.

(17) Information related to the Administrators

During the financial year ending on 31 March 2007, the members of the Board of Directors received a total of 310 thousand Euros in terms of the different remuneration items

At the end of the aforesaid financial year, the members of the Board of Directors did not hold balances with the Company, nor has the latter acquired undertakings in terms of pensions or the like with the former and current Administrators.

The holdings, posts, functions and activities deployed by the Administrators of the Company in the companies with a corporate object identical, similar or complementary to that developed by the Company, are detailed in Annexe II attached hereto which forms an integrating part of this note of the report.

(18) Information on the Environment

(a) Assets of an environmental nature

The Company has elements of the tangible fixed assets dedicated to the improvement and protection of the environment which, on 31 March 2007, had a net accounting value of 1,803 thousand Euros

The detail of these elements is as follows

	Thousands of Euros		
	Historic value	Accumulated Amortisation	Net value
Latex purifier	84	(47)	37
Civil engineering latex collectors	4	(2)	2
Installation of shredding room	14	(6)	8
Purifier of mixtures	150	(68)	82
Walls for tipping tanks	15	(6)	9
Civil engineering latex collectors	14	(3)	11
Latex collection channels	7	(3)	4
Fire doors	14	(3)	11
Detection signs	277	(65)	212
Fire-fighting plan civil engineering	39	(8)	31
Environmental Licence	12	(5)	7
Water re-circulation	7	(1)	6
Fire-fighting plant	1,397	(45)	1,352

Improvement of water reduction	31	-	31
	2,065	(262)	1,803

(b) Liabilities deriving from environmental initiatives

The Company has not received any capital subsidy to finance assets of an environmental nature, nor has it allocated any reserves to environmental initiatives and contingencies

With the procedures currently in place, the Company's Administrators consider that the environmental risks are adequately controlled.

(c) Costs deriving from environmental initiatives

The following items appear with regard to the costs incurred in terms of this item during the financial year ending on 31 March 2007:

	Thousands of Euros
Staff charges	51
Waste charges	40
Tipping rent	30
Charges for cleaning and collection of waste	75
Amortisation charges	85
Others	7
	288