Plastics Capital Limited

Directors' report and consolidated financial statements

Registered number 4605893

31 March 2006

Contents

Company information

Directors

FJ Rahmatallah
JAJ Clarke
RC Vessey
A Nagwaney
C Allner

Secretary

NM Ball

Registered Office

St Mary's House
42 Vicarage Crescent
London
SW11 3LD

Registered number

4605893 (England and Wales)

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activity

The principal activity of the Company was that of investment and consultancy. The group is principally engaged in the manufacture of plastic products.

Political and charitable contributions

The Company made no political contributions or donations to UK charities during the year *(2005: £nil).*

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.

Proposed dividend

The directors do not recommend the payment of a dividend (2005: £nil).

Business review

On 30 November 2005, the company acquired 80% of the share capital of Trimplex Limited and 100% of the share capital of BNL (UK) Limited (formerly Sarnatech BNL Limited).

The group had an unrecovered loss for the year of £79,000 (2005: profit £19,000).

Directors and directors' interests

The directors who held office during the year and after the year end and their interests in the share capital of the company according to the register of directors' interests were as follows:

	31 March 2006	31 March 2005
Ordinary 1p shares		
FJ Rahmatallah	**11,133**	11,133
JAJ Clarke	**126,280**	124,420
RC Vessey	**127,474**	111,978
A Nagwaney	**160,700**	157,601
C Allner	**-**	-

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

FJ Rahmatallah
Director

St Mary's House
42 Vicarage Crescent
London
SW11 3LD

26 September 2006

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 the directors have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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 group and the parent 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 parent 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 group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Plastics Capital Limited

We have audited the group and parent company financial statements (the "financial statements") of Plastics Capital Limited for the year ended 31 March 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Recognised Gains and Losses 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 director's 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 Director's 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 if, in our opinion, the information given in the Directors' Report is consistent with the financial statements. We also 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 group's and 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 Plastics Capital 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 group's and the parent company's affairs as at 31 March 2006 and of the group's loss 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
Chartered Accountants
Registered Auditor

26 September 2006

Profit and loss account

For the year ended 31 March 2006

	Note	**Continuing op** **£’000**	**Acquisitions** **£’000**	**Total continuing operations 12 months to 31 March 2006** **£’000**	Restated 15 months to 31 March 2005 £’000
Turnover	*1,2*	**2,541**	**4,334**	**6,875**	1,250
Cost of sales		**(1,133)**	**(2,586)**	**(3,719)**	(499)
Gross profit		**1,408**	**1,748**	**3,156**	751
Distribution costs		**(110)**	**(698)**	**(808)**	(39)
Administrative expenses		**(784)**	**(696)**	**(1,480)**	(516)
Other operating income		**3**	**3**	**6**	10
Operating profit	*2-4*	**517**	**358**	**874**	206
Interest receivable and similar income	*6*			**3**	36
Interest payable and similar charges	*7*			**(897)**	(174)
(Loss)/profit on ordinary activities before taxation				**(20)**	68
Tax on (loss)/profit on ordinary activities	*8*			**(53)**	(49)
(Loss)/profit on ordinary activities after taxation	*20*			**(73)**	19
Equity minority interest				**6**	-
Unrecovered (loss)/retained profit for the year				**(79)**	19

A reconciliation of equity shareholders’ funds is detailed in note 21.

Consolidated balance sheet
at 31 March 2006

	Note	**2006**		2005	
		£’00	**£’000**	£’000	£’000
Fixed assets					
Intangible assets	*10*		**6,681**		4,529
Tangible assets	*11*		**2,913**		86
			9,594		4,615
Current assets					
Stocks	*13*	**1,70**		182	
Debtors	*14*	**3,64**		554	
Cash at bank		**43**		502	
		5,77		1,238	
Creditors: amounts falling due within one year	*15*	**(4,01**		(834)	
Net current assets			**1,760**		404
Total assets less current liabilities			**11,354**		5,019
Creditors: amounts falling due after more than one year	*16*		**(9,324)**		(4,181)
Provisions for liabilities and charges	*18*		**(3)**		(12)
Net assets			**2,027**		826
Capital and reserves					
Called up share capital	*19*		**10**		6
Share premium	*20*		**1,408**		537
Warrants to be issued reserve	*20*		**-**		214
Capital redemption reserve	*20*		**1**		-
Profit and loss account	*20*		**(308)**		69
Equity shareholders’ funds	*21*		**1,111**		826
Equity minority interests	*22*		**916**		-
			2,027		826

These financial statements were approved by the board of directors on 26 September 2006 and were signed on its behalf by:

Director

Company balance sheet
at 31 March 2006

	Note	2006		2005	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Tangible fixed assets	*11*		**6**		-
Investments	*12*		**10,729**		6,463
			10,735		6,463
Current assets					
Cash at bank and in hand		**129**		76	
Debtors *(including £1,750,000 (2005: £nil) due after more than one year)*	*14*	**1,858**		-	
		1,987		76	
Creditors: amounts falling due within one year	*15*	**(853)**		(525)	
Net current assets/(liabilities)			**1,134**		(449)
Total assets less current liabilities			**11,869**		6,014
Creditors: amounts falling due after more than one year	*16*		**(10,728)**		(5,000)
Net assets			**1,141**		1,014
Capital and reserves					
Called up share capital	*19*		**10**		6
Share premium account	*20*		**1,408**		537
Warrants issued reserve	*20*		**-**		214
Capital redemption reserve	*20*		**1**		-
Profit and loss account	*20*		**(278)**		257
Shareholders' funds			**1,141**		1,014

These financial statements were approved by the board of directors on 26 September 2006 and were signed on its behalf by:

Director

Consolidated statement of total recognised gains and losses
for the year ended 31 March 2006

	2006	2005
	£'000	£'000
(Loss) / profit for the financial year	**(79)**	19
Net exchange differences on the retranslation of net investments	-	-
Total gains and losses recognised since last annual report	**(79)**	**19**

Consolidated cash flow statement
for the year ended 31 March 2006

	Notes	12 months to 31 March 2006 £'000	15 months to 31 March 2005 £'000
Net cash inflow from operating activities	*1*	**2,166**	453
Returns on investments and servicing of finance	*2*	**(318)**	(83)
Taxation		**(409)**	(173)
Capital expenditure and financial investment	*2*	**(196)**	(4)
Acquisitions	*23*	**(3,497)**	(3,313)
		(2,254)	(3,120)
Financing	*2*	**2,182**	3,542
(Decrease)/increase in cash in the period		**(72)**	422

Reconciliation of net cash flow to movement in net debt

	12 months to 31 March 2006 £'000	15 months to 31 March 2005 £'000
(Decrease) / increase in cash in the period	**(69)**	422
Cash inflow from increase in debt	**(2,182)**	(3,542)
Issue of equity share capital	**662**	542
Change in net debt resulting from cash flows	**(1,589)**	(2,578)
Loans and finance leases acquired with subsidiary	**(3,951)**	-
Loan notes issued	**(1,073)**	(1,850)
Other non cash changes	**196**	415
Movement in net funds in the period	**(6,417)**	(4,013)
Net (debt)/funds at the start of period	**(3,933)**	80
Net debt at end of period	**(10,350)**	(3,933)

Notes (forming part of the cash flow statements)

1 Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities

	12 months to 31 March 2006 £'000	15 months to 31 March 2005 £'000
Operating profit	**874**	206
Depreciation charges	**192**	8
Amortisation of goodwill	**193**	96
Increase in stocks	**(50)**	(34)
Decrease in debtors	**554**	-
Increase in creditors	**403**	177
Net cash inflow from operating activities	**2,166**	453

2 Analysis of cash flows for headings netted in the cash flow statement

	2006 £'000	2005 £'000
Returns on investments and servicing of finance		
Interest received	**6**	4
Interest paid	**(324)**	(87)
Net cash outflow from returns on investments and servicing of finance	**(318)**	(83)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(196)**	(4)
Net cash outflow from capital and financial investment expenditure	**(196)**	(4)
Acquisitions		
Payment to acquire subsidiary undertakings	**(3,793)**	(4,092)
Net cash acquired with subsidiary	**296**	779
Net cash outflow from acquisitions	**(3,497)**	(3,313)
Financing		
Loan repayments in year	**(4,560)**	(200)
Bank loans and loan notes	**5,857**	3,200
Drawdown on invoice discounting facility	**223**	-
Share issue proceeds	**662**	542
Net cash inflow from financing	**2,182**	3,542

Notes (forming part of the cash flow statements)

3 Analysis of net debt

	At beginning of year	Cash flow	Acquisition (excluding cash and overdrafts)	Other non cash changes	Loan notes	At end of year
	£'000	£'000	£'000	£'000	£'000	£'000
Cash in hand, at bank	502	(69)	-	-	-	**433**
	502	(69)	-	-	-	**433**
Debt due after one year (note 16)	(4,181)	(4,414)	-	344	(1,073)	**(9,324)**
Debt due within one year (note 15)	(254)	2,878	(3,900)	(148)	-	**(1,424)**
Finance leases	-	16	(51)	-	-	**(35)**
	(4,435)	(1,520)	(3,951)	196	(1,073)	**(I0,783)**
Total	(3,933)	(1,589)	(3,951)	196	(1,073)	**(10,350)**

Other non cash changes include the movement of debt now due within one year, amortisation of fees capitalised in debt in accordance with FRS 25 and foreign exchange movements on loans denominated in foreign currencies.

The debt due within one year at the beginning and end of the year can be reconciled to notes 15 and 17 by adding in interest accrual of £510,000 (2005: £69,000).

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.

Historically the financial statements have been prepared in accordance with the Financial Reporting Standards for Smaller Entities. The directors have decided that this is no longer appropriate and have adopted full accounting standards as appropriate this year. There have been no restatements of the balance sheet or profit and loss account as a result.

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

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

There have been no material adjustments from the adoption of these standards. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Presentational restatement of profit and loss account

In the prior year interest charges were included within administrative expenses in the profit and loss account. This year the comparative profit and loss account has been restated to include £174,000 of interest charges in the interest line.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2006. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill and negative 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 consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill).

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Warrants

Issued warrants are credited to shareholders' funds. Warrants issued with debt are valued by comparing the net proceeds of the debt with an amount found by discounting the gross cash flows of the debt at a commercial interest rate of a debt without warrants attached.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less impairments.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	3%
Fixtures & fittings	10-20%
Plant and machinery	10-20%
Motor Vehicles	25%

Expenditure on moulding tools is capitalised net of contributions received from customers. Where the cost is less than £1,000 the expenditure is written off directly to the profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

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

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group 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.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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.

2 Turnover

Analysis of turnover by geographical market:

	2006	2005
	£'000	£'000
UK	**1,438**	277
Europe	**1,759**	401
North America	**1,139**	21
Asia	**1,699**	463
Rest of world	**840**	88
	6,875	1,250

Notes *(continued)*

3 Operating profit

The operating profit is stated after charging/(crediting):

		12 months to 31 March 2006 £'000	15 months to 31 March 2005 £'000
Depreciation – owned assets		**188**	8
Amortisation of goodwill	- charge	**275**	96
	- credit	**(82)**	-
Auditors remuneration:			
Audit services		**25**	6
Fees receivable by the auditors in respect of other services		**7**	2

The audit fee charged in the Company was £11,500 (2005: £5,000).

4 Staff number and costs

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

	Number of employees Group		Number of employees Company	
	2006	2005	**2006**	2005
Directors & Management	**6**	3	**4**	3
Administrative	**17**	6	**-**	-
Sales & Distribution	**36**	2	**-**	-
Production and Engineering	**137**	-	**-**	-
	196	11	**4**	3

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Wages and salaries	**1,779**	192	**143**	73
Social security costs	**223**	28	**67**	32
Other pension costs	**58**	6	**10**	5
	2,060	226	**220**	110

Notes *(continued)*

5 Remuneration of directors

	2006	2005
	£'000	£'000
Directors' emoluments	**372**	105
Company contributions to money purchase pension schemes	**9**	5

The emoluments of the highest paid director were £137,085 (2005: £76,650).

Directors' emoluments include £200,000 of fees charged by Directors to the Company in respect of their services incurred on the acquisition of Trimplex Limited and BNL (UK) Limited.

	Number of directors	
	2006	2005
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

6 Interest receivable and similar income

	12 months to 31 March 2006	15 months to 31 March 2005
	£'000	£'000
Bank interest receivable	**3**	4
Exchange gain	**-**	32
	3	36

7 Interest payable and similar charges

	12 months to 31 March 2006	15 months to 31 March 2005
	£'000	£'000
Bank interest payable	**322**	2
Loan note interest	**202**	140
Warrant costs	**196**	18
Exchange loss	**90**	-
Amortisation of capitalised debt costs (note 17)	**87**	14
	897	174

Notes *(continued)*

8 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:

Analysis of credit in the year

	12 months to 31 March 2006 £'000	15 months to 31 March 2005 £'000
Current tax:		
UK corporation tax on profits for the period	**104**	36
Adjustments in respect of prior periods	**-**	-
Total current tax charge	**104**	36
Deferred tax		
Origination and reversal of timing differences (note 18)	**(51)**	13
Tax on profit on ordinary activities	**53**	49

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2005: higher)* than the standard rate of corporation tax in the UK (30%, *2005: 30%*). The differences are explained below.

	2006 £'000	2005 £'000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(20)**	68
Current tax (credit)/charge at 30% *(2005: 30%)*	**(6)**	20
Effects of:		
Expenses not deductible for tax purposes primarily goodwill amortisation	**67**	3
Capital allowances for period in excess of depreciation	**39**	13
Short term timing differences	**12**	-
Overseas tax not at UK standard rate	**(8)**	-
Adjustments to tax charge in respect of previous periods	**-**	-
Total current tax charge (see above)	**104**	36

Notes *(continued)*

9 Profit for the financial year

Under the provisions of Section 230 of the Companies Act 1985, the Company has not produced its own profit and loss account. The loss of the holding Company dealt with in the consolidated profit and loss account amounted to £242,000 (2005: profit £207,000).

10 Intangible fixed assets

	Negative goodwill £'000	**Positive goodwill £'000**	**Goodwill Total £'000**
Cost			
At 1 April 2005	-	4,626	4,626
Additions (note 23)	(297)	2,642	2,345
At 31 March 2006	(297)	7,268	6,971
Amortisation			
At 1 April 2005	-	97	97
Charge for period	(82)	275	193
At 31 March 2005	(82)	372	290
Net book value			
At 31 March 2006	**(215)**	**6,896**	**6,681**
At 31 March 2005	-	4,529	4,529

The additions to goodwill in the year relate to the acquisition of all the issued share capital of BNL (UK) Limited and subsidiaries; and 80% of the issued share capital of Trimplex Limited. Additions also include £2,305,000 of goodwill arising in the balance sheet of Trimplex Limited from the purchase of trade and net assets.

Positive goodwill arising on the acquisition of Trimplex Limited has been assessed by the directors as having a life of 20 years.

The negative goodwill arising on the acquisition of BNL (UK) Limited is being credited to the profit and loss account to match the depreciation of fixed assets acquired and the sale of stock acquired. In the period £76,447 was released against cost of sales and £5,822 against administrative expenses.

Notes *(continued)*

11 Tangible fixed assets

Group	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2005	-	267	-	-	267
Additions	-	185	8	-	193
On Acquisition	1,098	1,488	133	107	2,826
At 31 March 2006	1,098	1,940	141	107	3,286
Depreciation					
At 1 April 2005	-	181	-	-	181
Charge for the year	14	148	21	9	192
At 31 March 2006	14	329	21	9	373
Net book value					
At 31 March 2006	**1,084**	**1,611**	**120**	**98**	**2,913**
At 31 March 2005	-	86	-	-	86

Notes *(continued)*

11 Tangible fixed assets (continued)

Company	Fixture and fittings £'000
Cost	
At 1 April 2005	-
Additions	7
At 31 March 2006	**7**
Depreciation	
At 1 April 2005	-
Charge for the year	1
At 31 March 2006	**1**
Net book value	
At 31 March 2006	**6**
At 31 March 2005	-

Notes *(continued)*

12 Fixed asset investments

	Company 31 March 2006 £'000
Cost	
At 1 April 2005	6,463
Additions	4,266
At 31 March 2006	**10,729**

During the year the company acquired Trimplex Limited and subsidiaries and BNL (UK) Limited (formerly Sarnatech BNL Limited) and subsidiaries for £3,672,000 and £594,000 respectively (see note 23). The acquisition of Trimplex Safety Tread Limited was made by Trimplex Limited for a cash consideration of £300,000.

Details of shareholders in principal subsidiary undertakings are given below:

	Country of incorporation	Principal activity	Class and percentage of shares held
Bell Plastics Limited	England and Wales	Plastics Products	100%
Trimplex Limited	England and Wales	Plastics Products	80%
Trimplex Safety Tread Limited*	England and Wales	Plastics Products	80%
BNL (UK) Limited	England and Wales	Plastics Products	100%
BNL (Japan) Inc	Japan	Plastics Products	100%
BNL (US) Inc	USA	Plastics Products	100%
Bell Holdings Limited	England and Wales	Holdings company	100%

* Shareholding owned indirectly through Trimplex Limited

Notes *(continued)*

13 Stocks

	Group	
	31 March 2006 £'000	31 March 2005 £'000
Raw materials and consumables	**634**	155
Work in progress	**206**	27
Finished goods	**860**	-
	1,700	182

14 Debtors: amounts falling due within one year

	Group		Company	
	2006 £'000	2005 £'000	**2006 £'000**	2005 £'000
Trade debtors	**3,202**	498	**-**	-
Prepayments and other debtors	**444**	56	**108**	-
Amounts due by subsidiary undertakings (see below)	**-**	-	**1,750**	-
	3,646	554	**1,858**	-

Included in amounts due by subsidiary undertakings is £1,750,000 due in more than one year.

Notes *(continued)*

15 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	**31 March 2006 £'000**	31 March 2005 £'000
Bank loans	**1,934**	323	**548**	323
Trade creditors	**1,103**	134	**50**	-
Taxation and social security	**344**	217	**22**	88
Accruals and other creditors	**528**	56	**123**	10
Director's loan – RC Vessey (see below)	**110**	104	**110**	104
	4,019	834	**853**	525

The directors loan was repaid on 12 May 2006.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	31 March 2006 £'000	31 March 2005 £'000	**31 March 2006 £'000**	31 March 2005 £'000
Vendor loan notes	**2,827**	1,899	**2,083**	1,899
Bank loans	**4,124**	2,282	**2,789**	2,283
Mezzanine loans	**534**	-	**534**	-
Loan notes	**1,839**	-	**1,839**	-
Amounts owed to group undertakings	**-**	-	**3,483**	818
	9,324	4,181	**10,728**	5,000

Security

Security can be analysed as follows:

	BNL (UK) Limited £000	Remaining Group £000	**Total £000**
Tangible fixed assets	2,258	655	**2,913**
Stock	732	968	**1,700**
Trade debtors	1,055	2,147	**3,202**
	4,045	3,770	**7,815**

The Investec loans of £4.6m are secured by way of fixed and floating charges over the tangible fixed assets, stock and trade debtors of the group excluding BNL (UK) Limited.

The GE loans and related facilities of £2.9m are secured over the tangible fixed assets, stock and trade debtors of BNL (UK) Limited.

Notes *(continued)*

17 Borrowings

	Group		Company	
	2006	2005	**2006**	2005
	£'000	£'000	**£'000**	£'000
Debt can be analysed as falling due:				
In one year or less, or on demand	**1,934**	427	**658**	427
Between one and two years	**1,148**	421	**724**	424
Between two and five years	**7,876**	1,862	**6,805**	1,862
In five years or more	**300**	1,899	**3,210**	2,717
	11,258	4,609	**11,397**	5,430

The majority of obligations under finance leases and hire purchase contracts is as follows:

	Group	
	2006	2005
	£'000	£'000
Within one year	**35**	-
In the second to fifth years	**-**	-
Over five years	**-**	-
	35	-
Less: future finance charges	**-**	-
	35	-

The Group has a number of bank loans with varying repayment and interest terms. The main interest terms are based on LIBOR or EURIBOR plus an additional margin.

Included within bank loans are £846,000 (2005: £191,000) of costs capitalised as part of the acquisition in the year. These costs are being amortised over the life of the related bank loans.

Notes *(continued)*

18 Deferred taxation

	Group 31 March 2006 £'000	**Company 31 March 2006 £'000**
Brought forward 1 April 2005	12	-
Acquired	42	-
Origination and reversal of timing differences (note 8)	(51)	(8)
	3	**(8)**

The deferred taxation in respect of the company is included within other debtors.

The elements of deferred taxation are as follows:

	Group		**Company**	
	31 March 2006 £'000	31 March 2005 £'000	**31 March 2006 £'000**	31 March 2005 £'000
Difference between accumulated depreciation and capital allowances	**18**	12	**-**	-
Short term timing differences	**(15)**	-	**(8)**	-
	3	12	**(8)**	-

19 Called up share capital

	31 March 2006 £'000	31 March 2005 £'000
Authorised		
1,000,000 ordinary shares of 1p each	**10**	10
500,000 A ordinary shares of 1p each	**5**	-
Allotted, called up and fully paid		
697,460 ordinary shares of 1p each	**7**	6
348,854 A ordinary shares of 1p each	**3**	-
	10	6

During the year 55,455 of ordinary shares were issued and 348,854 A ordinary shares were issued. 102,494 repurchased out of distributable profits. (see note 20). The ordinary shares were issued at a premium (see note 20).

Notes *(continued)*

20 Share premium and reserves

Group	Share premium account £'000	Warrants reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At beginning of year	537	214	-	69
Loss for the year	-	-	-	(73)
Premium on share issues, less expenses	871	-	-	-
Exercise of warrants	-	(214)	-	(1)
Purchase of own shares	-	-	1	(303)
At end of year	**1,408**	**-**	**1**	**(308)**

Company	Share premium account £'000	Warrants reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At beginning of year	537	214	-	257
Loss for the year	-	-	-	(231)
Premium on share issues, less expenses	871	-	-	-
Exercise of warrants	-	(214)	-	(1)
Purchase of own shares	-	-	1	(303)
At end of year	**1,408**	**-**	**1**	**(278)**

On 30 November 2005, the warrants were exercised resulting in 111,507 of additional ordinary shares issues. £211,843 was credited to the share premium accounts.

On 30 November 2005, 102,494 of ordinary shares were repurchased from distributable profits resulting in £303,000 charge to the profit and loss reserve and £1,052 to a capital redemption reserve representing the nominal value of the shares repurchased.

Notes *(continued)*

21 Reconciliation of movements in shareholders' funds

	Group £'000	Company £'000
Loss in the year	**(73)**	**(242)**
Issue of share capital	**4**	**4**
Premium on shares issued	**871**	**871**
Exercise of warrants	**(214)**	**(214)**
Repurchase of own shares	**(303)**	**(303)**
Net exchange gains on retranslation of net investments	**-**	**-**
Net additions to equity shareholders' funds	**285**	**116**
Shareholders fund at 1 April 2005	**826**	**1,014**
Closing equity shareholders' funds	**1,111**	**1,130**

22 Minority interests

	Group £'000
Balance at 1 April 2005	**-**
On acquisition of Trimplex (note 23)	**910**
Share of profits in the period	**6**
Balance at 31 March 2006	**916**

Notes *(continued)*

23 Acquisitions

On 30 November 2005, the Company acquired all of the ordinary and redeemable preference shares of BNL (UK) Limited (formerly Sarnatech BNL Limited) and subsidiaries.

	Book value	**Other adjustments**	**Provisional Fair values**
	£'000	**£'000**	**£'000**
Fixed assets			
Tangible	2,271	-	2,271
Current assets			
Stock	1,000	-	1,000
Debtors	2,236	(108)	2,128
Cash	187	-	187
Total assets	5,694	(108)	5,586
Creditors	(4,695)		(4,695)
Provisions	-	-	-
Total liabilities	(4,695)	-	(4,695)
Net assets	999	(108)	891
Negative goodwill			297
Purchase consideration and costs of acquisition			
Cash consideration			56
Deferred consideration – loan			500
Costs of acquisition			38
			594

Other adjustments represent a group relief balance no longer claimable from the previous owners.

The negative goodwill is being credited to the profit and loss account to match the economic benefits derived from the non monetary assets acquired (see note 10).

The acquired group made a loss of £24,000 from the beginning of its financial year to the date of acquisition. In its previous financial year, the group made a loss of £228,000.

Notes *(continued)*

23 Acquisitions (continued)

On 30 November 2005, the Company acquired 80% of the ordinary shares of Trimplex Limited and subsidiaries. The resulting goodwill of was capitalised and will be written off over 20 years.

	Book value	Other adjustments	Provisional Fair values
	£'000	**£'000**	**£'000**
Fixed assets			
Intangible	2,306	-	2,306
Tangible	555	-	555
Investments	302	-	302
Current assets			
Stock	506	-	506
Debtors	1,566	(8)	1,558
Cash	109	-	109
Total assets	5,344	(8)	5,336
Creditors	(763)	15	(748)
Provisions	(42)	-	(42)
Total liabilities	(805)	15	(790)
Net assets	4,539	7	4,546
Minority interest			(910)
			3,636
Goodwill			(337)
Purchase consideration and costs of acquisition			
Cash consideration			3,557
Deferred consideration (loan notes)			273
Cost of acquisition			143
			3,973

Notes *(continued)*

23 Acquisitions (continued)

Immediately prior to acquisition by Plastics Capital, Trimplex Limited acquired the trade and net assets of the old Trimplex business. This resulted in goodwill arising in the balance sheet of Trimplex.

Other adjustments

An assessment of the other assets and liabilities acquired resulted in a number of adjustments required across balance sheet categories.

24 Commitments

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

	2006		2005	
	Land and buildings	**Other**	Land and buildings	Other
Group	**£'000**	**£'000**	£'000	£'000
Operating leases which expire:				
Within one year	**-**	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	**70**	-	-	-
	70	-	-	-

	2006		2005	
	Land and buildings	**Other**	Land and buildings	Other
Company	**£'000**	**£'000**	£'000	£'000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	-	-	-	-
	-	-	-	-

Notes *(continued)*

25 Related party disclosures

RC Vessey, a director and shareholder of Plastics Capital Limited had as at 31 March 2006, a short term loan of £110,388 and subordinated loan stock, amounting to £2,032,623, outstanding. The loan to RC Vessey was repaid on 12 May 2006.

In addition, the directors had a loan note outstanding to them of £141,934 as at 31 March 2006.

The directors have given personal guarantees of £50,000 in respect of GE loans and financing.