Plastics Capital Limited

Directors' report and consolidated financial statements

Registered number 04605893

31 March 2007

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

04605893 (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 2007.

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.

Proposed dividend

The directors do not recommend the payment of a dividend *(2006: £nil).*

Business review

The group had a retained profit for the year of £1,309,000 *(2006: loss £82,000).*

Operating performance during the current year was strong driven both by organic and acquisitive growth. The 2007 results include a full year's trading for Trimplex Limited and BNL (UK) Limited (business acquired in November 2005) while the prior period included 4 months trading for each.

Turnover increased by 142% from £6.9m to £16.7m and operating profit increased by 93% from £0.87m to £1.68m. Profit before taxation was £1.46m compared with the prior period equivalent of a loss of £0.02m.

The Group's results also benefited from a profit on the sale and leaseback of property in September 2006 of £1.6m (see note 4).

Net debt improved from £10.35m as at 31 March 2006 to £8.2m as at 31 March 2007. This was achieved through strong cash flow, the sale and leaseback of property and a group refinancing with RBS which was undertaken in February 2007. The proceeds from the refinancing were used to repay the existing loans with Investec Bank and GE Commercial Finance.

The Group continues to generate substantial free cash flow. Net cash inflow from operating activities was £2.4m (2006: £2.2m) in 2007 and ongoing capital reinvestment was £0.4m (2006: £0.2m) in the same period.

Assessment of risks

The principle risks that the Group faces are:

- Adverse currency movements impacting profitability
- Integration risk on acquisitions
- Adverse interest rate movements

The board has strategies to manage these risks and remains confident of the continued success of the companies within the Group.

Future prospects

The directors are confident about the future prospects for the Group, as its trading companies are well-established and have sustainable competitive positions in a variety of growing markets.

The performance of the companies acquired in November 2005 remains strong and further acquisitions are anticipated which will grow and further strengthen the Group.

Post balance sheet events

On 4 April 2007, BNL (UK) Limited acquired 100% of the ordinary share capital of Cobb Slater Limited for a total consideration of £1,430,579 payable in cash. The net assets of Cobb Slater Limited at acquisition were £65,181.

On 1 May 2007, Sabreplas Limited acquired the net assets and trade of Sabre Plastics Limited for a total consideration of £302,000 payable in cash. The net assets of Sabre Plastics Limited at acquisition were £451,966.

On 31 August 2007, Plastics Capital Limited acquired 100% of the ordinary share capital of Channel Matrix Limited for a total consideration of £10,085,498 payable in cash. The net assets of Channel Matrix Limited at acquisition were £2,240,197.

Directors' report *(continued)*

Political and charitable contributions

The Company made no political contributions or donations to UK charities during the year *(2006: £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.

Directors and directors' interests

The directors who served throughout the year are listed on page 1.

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

14 November 2007

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 and applicable law (UK Generally Accepted Accounting Practice).

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 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 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Recognised Gains and Losses, the Group Cash Flow Statement, 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 Directors' Report and 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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, 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 2007 and of the group’s profit for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the Directors’ Report is consistent with the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditor

14 November 2007

Consolidated profit and loss account

For the year ended 31 March 2007

	Note	**12 months to 31 March 2007 £’000**	Restated 12 months to 31 March 2006 £’000
Turnover	*2*	**16,660**	6,875
Cost of sales		**(9,680)**	(3,719)
Gross profit		**6,980**	3,156
Distribution costs		**(1,986)**	(808)
Administrative expenses		**(3,315)**	(1,483)
Other operating income		**-**	6
Operating profit	*3*	**1,679**	871
Profit on sale of land and buildings	*4*	**1,604**	-
Interest receivable and similar income	*7*	**214**	3
Interest payable and similar charges	*8*	**(2,036)**	(897)
Profit/(loss) on ordinary activities before taxation		**1,461**	(23)
Tax on profit/(loss) on ordinary activities	*9*	**(78)**	(53)
Profit/(loss) on ordinary activities after taxation		**1,383**	(76)
Equity minority interest	*23*	**(74)**	(6)
Retained profit/(loss) for the year	*21*	**1,309**	(82)

All results relate to continuing operations.

A reconciliation of equity shareholders’ funds is detailed in note 22.

Consolidated balance sheet
at 31 March 2007

	Note	**2007** £'000	**2007** £'000	Restated 2006 £'000	Restated 2006 £'000
Fixed assets					
Intangible assets	*11*		**6,434**		6,681
Tangible assets	*12*		**1,722**		2,913
			8,156		9,594
Current assets					
Stocks	*14*	**1,546**		1,700	
Debtors	*15*	**4,204**		3,646	
Cash at bank		**995**		433	
		6,745		5,779	
Creditors: amounts falling due within one year	*16*	**(3,168)**		(4,019)	
Net current assets			**3,577**		1,760
Total assets less current liabilities			**11,733**		11,354
Creditors: amounts falling due after more than one year	*17*		**(8,420)**		(9,324)
Provisions for liabilities and charges	*19*		**(13)**		(3)
Net assets			**3,300**		2,027
Capital and reserves					
Called up share capital	*20*		**10**		10
Share premium	*21*		**1,408**		1,408
Capital redemption reserve	*21*		**1**		1
Profit and loss account	*21*		**828**		(308)
Equity shareholders' funds	*22*		**2,247**		1,111
Equity minority interests	*23*		**1,053**		916
			3,300		2,027

These financial statements were approved by the board of directors on 14 November 2007 and were signed on its behalf by:

Director

Company balance sheet
at 31 March 2007

	Note	**2007** **£'000**	**2007** **£'000**	Restated 2006 £'000	Restated 2006 £'000
Fixed assets					
Tangible fixed assets	*12*		**8**		6
Investments	*13*		**10,633**		10,729
			10,641		10,735
Current assets					
Debtors *(including £1,771,000 (2006: £1,750,000) due after more than one year)*	*15*	**2,444**		1,858	
Cash at bank and in hand		**269**		129	
		2,713		1,987	
Creditors: amounts falling due within one year	*16*	**(1,837)**		(853)	
Net current assets/(liabilities)			**876**		1,134
Total assets less current liabilities			**11,517**		11,869
Creditors: amounts falling due after more than one year	*17*		**(11,157)**		(10,728)
Net assets			**360**		1,141
Capital and reserves					
Called up share capital	*20*		**10**		10
Share premium account	*21*		**1,408**		1,408
Capital redemption reserve	*21*		**1**		1
Profit and loss account	*21*		**(1,059)**		(278)
Shareholders' funds			**360**		1,141

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

Director

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 March 2007

	2007	2006
	£'000	£'000
Profit/(loss) for the financial year	**1,309**	(82)
Net exchange differences on the retranslation of net investments	**(181)**	-
Total gains and losses relating to the financial year	**1,128**	(82)
Prior year adjustment (as explained in note 1)	**(3)**	
Total gains and losses recognised since last annual report	**1,125**	

Consolidated cash flow statement

for the year ended 31 March 2007

	Notes	**12 months to 31 March 2007 £'000**	Restated 12 months to 31 March 2006 £'000
Net cash inflow from operating activities	*1*	**2,390**	2,166
Returns on investments and servicing of finance	*2*	**(770)**	(318)
Taxation		**(217)**	(409)
Capital expenditure and financial investment	*2*	**2,290**	(196)
Acquisitions	*2*	**(3)**	(3,497)
		3,690	(2,254)
Financing	*2*	**(3,128)**	2,182
Increase/(decrease) in cash in the year		**562**	(72)

Reconciliation of net cash flow to movement in net debt

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Increase/(decrease) in cash in the period	**562**	(69)
Cash outflow/(inflow) from reduction/(increase) in debt	**3,128**	(2,182)
Issue of equity share capital	**70**	662
Change in net debt resulting from cash flows	**3,760**	(1,589)
Loans and finance leases acquired with subsidiary	**-**	(3,951)
Loan notes issued	**-**	(1,073)
Other non cash changes	**(1,626)**	196
Movement in net funds in the year	**2,134**	(6,417)
Net debt at the start of year	**(10,350)**	(3,933)
Net debt at end of year	**(8,216)**	(10,350)

Notes (forming part of the cash flow statements)

1 Reconciliation of operating profit to net cash inflow from operating activities

	12 months to 31 March 2007 £'000	Restated 12 months to 31 March 2006 £'000
Operating profit	**1,679**	871
Depreciation charges	**468**	192
Amortisation of goodwill	**347**	193
(Decrease)/increase in stocks	**155**	(50)
(Increase)/decrease in debtors	**(539)**	554
Decrease in creditors	**260**	403
Gain on disposal of fixed assets	**12**	-
Share based payments	**8**	3
Net cash inflow from operating activities	**2,390**	2,166

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

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Returns on investments and servicing of finance		
Interest received	**17**	6
Interest paid	**(787)**	(324)
Net cash outflow from returns on investments and servicing of finance	**(770)**	(318)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(379)**	(196)
Receipts from sale of tangible fixed assets	**2,669**	-
Net cash outflow from capital and financial investment expenditure	**2,290**	(196)
Acquisitions		
Payment to acquire subsidiary undertakings	**(53)**	(3,793)
Net cash acquired with subsidiary	**-**	296
Refund of consideration in respect of acquisitions	**49**	-
Net cash outflow from acquisitions	**(3)**	(3,497)
Financing		
Loan repayments in year	**(6,701)**	(4,560)
Bank loans and loan notes	**4,438**	5,857
Drawdown on invoice discounting facility	**(900)**	223
Share issue proceeds	**70**	662
Repayment of capital element of finance leases	**(35)**	-
Net cash inflow from financing	**(3,128)**	2,182

Notes (forming part of the cash flow statements)

3 Analysis of net debt

	At beginning of year £'000	Cash flow £'000	Other non cash changes £'000	At end of year £'000
Cash in hand, at bank	433	562	-	**995**
	433	562	-	**995**
Debt due after one year (note 17)	(9,324)	1,000	(96)	**(8,420)**
Debt due within one year (note 16)	(1,424)	2,163	(1,530)	**(791)**
Finance leases	(35)	35	-	-
	(I0,783)	3,198	(1,626)	**(9,211)**
Total	(10,350)	3,760	(1,626)	**(8,216)**

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 note 16 by adding in interest accrual of £nil *(2006: £510,000).*

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.

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

- FRS 20 'Share based payments'.

Accounting for FRS 20 'share based payments' was adopted on 1 April 2006. The profit and loss account for the comparative year to 31 March 2006 was restated for the share based payment expense for that year. This has resulted in a reduction to the group and company profit of £3,000 with a corresponding increase to the profit and loss account in equity. There is no effect on opening shareholders' funds at 1 April 2006.

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 2007. 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).

Turnover

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

Notes *(continued)*

1 Accounting policies *(continued)*

Share based payments

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

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:

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
UK	**4,183**	1,438
Europe	**3,837**	1,759
North America	**3,749**	1,139
Asia	**2,995**	1,699
Rest of world	**1,896**	840
	16,660	6,875

Notes *(continued)*

3 Operating profit

Operating profit is stated after charging/(crediting):

		12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Depreciation – owned assets		**468**	188
Amortisation of goodwill	- charge	**379**	275
	- credit	**(32)**	(82)
Amounts receivable by the auditors and their associates in respect of:			
Audit of the company and group financial statements		**15**	8
Audit of financial statements of subsidiaries pursuant to legislation		**24**	17
Other services relating to taxation		**13**	7
Rentals payable under operating leases:			
Hire of plant and machinery		**65**	21
Land and buildings		**327**	105

4 Profit on sale of land and buildings

	12 Months to 31 March 2007 £'000
Consideration (net of costs)	**2,669**
Net book value of land and buildings disposed	**(1,065)**
	1,604

On 14 September 2006 the Group entered into a sale and operating leaseback agreement for the sale of the land and buildings owned by its subsidiary BNL (UK) Limited. £1.1 million of the proceeds was used to repay the GE Property loan in full (see note 18).

5 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**	
	2007	2006	**2007**	2006
Directors and Management	**4**	6	**4**	4
Administrative	**21**	17	**-**	-
Sales and Distribution	**33**	36	**-**	-
Production and Engineering	**150**	137	**-**	-
	208	196	**4**	4

Notes *(continued)*

5 Staff number and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	Group		Company	
		Restated		Restated
	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000	**12 months to 31 March 2007 £'000**	12 months to 31 March 2006 £'000
Wages and salaries	**5,031**	1,779	**201**	143
Social security costs	**623**	223	**168**	67
Other pension costs	**151**	58	**14**	10
Share based payments	**8**	3	**7**	3
	5,813	2,063	**390**	223

6 Remuneration of directors

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Directors' emoluments	**251**	372
Company contributions to money purchase pension schemes	**5**	9

The emoluments of the highest paid director were £93,703 *(2005: £137,085).*

Directors' emoluments include £75,000 *(2006: £200,000)* of fees charged by Directors to the Company in respect of their services incurred in respect of ongoing acquisitions.

	Number of directors	
	2007	2006
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

7 Interest receivable and similar income

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Bank interest receivable	**17**	3
Exchange gain	**197**	-
	214	3

Notes *(continued)*

8 Interest payable and similar charges

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Bank interest payable	**755**	322
Loan note interest	**366**	202
Warrant costs	**-**	196
Exchange loss	**64**	90
Amortisation of capitalised debt costs (note 18)	**851**	87
	2,036	897

9 Taxation

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

Analysis of charge in the year	**12 months to 31 March 2007 £'000**	Restated 12 months to 31 March 2006 £'000
Current tax:		
UK corporation tax on profits for the year	**69**	104
Adjustments in respect of prior years	**(1)**	-
Total current tax charge	**68**	104
Deferred tax		
Origination and reversal of timing differences (note 19)	**15**	(51)
Adjustments in respect of prior years	**(5)**	-
	10	(51)
Tax on profit on ordinary activities	**78**	53

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the tax charge for the current period

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

	12 months to 31 March 2007 £'000	12 months to 31 March 2006 £'000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	**1,461**	(23)
Current tax charge/(credit) at 30% *(2006: 30%)*	**438**	(7)
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	**122**	67
Income not taxable	**(477)**	-
Capital allowances for period in excess of depreciation	**66**	39
Short term timing differences	**(2)**	13
Overseas tax not at UK standard rate	**3**	(8)
Utilisation of tax losses	**(81)**	-
Adjustments to tax charge in respect of previous periods	**(1)**	-
Write off of irrecoverable French tax receivable	**96**	-
Release of negative goodwill to offset irrecoverable French tax receivable	**(96)**	-
Total current tax charge (see above)	**68**	104

Factors affecting the tax charge for future periods

The UK Corporation tax rate will change from 30% to 28% from 1 April 2008. This means UK deferred tax liabilities will be provided at 28%.

10 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 £788,000 *(2006: Loss (restated) £245,000).*

Notes *(continued)*

11 Intangible fixed assets

	Negative goodwill £'000	Positive goodwill £'000	Goodwill Total £'000
Cost			
At 31 March 2006	(297)	7,268	6,971
Additions (see below)	(96)	100	4
At 31 March 2007	(393)	7,368	6,975
Amortisation			
At 31 March 2006	(82)	372	290
Charge for period	(128)	379	251
At 31 March 2007	(210)	751	541
Net book value			
At 31 March 2007	**(183)**	**6,617**	**6,434**
At 31 March 2006	(215)	6,896	6,681

Additions

The additions to goodwill in the year relate to; a refund of £96,000 of consideration relating to the acquisition of BNL (UK) Limited and subsidiaries; and a £23,473 hindsight adjustment in respect of the acquisition of Trimplex Limited as a result of additional corporation tax payable in relation to pre acquisition trading; and a £70,000 addition in respect of the customer list of Mentex Limited and £6,378 relating to other acquisitions.

Amortisation

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 £14,973 was released against cost of sales and £17,466 against administrative expenses. The consideration refund received of £96,000 has been credited immediately to taxation in the profit and loss account to offset the write off of an irrecoverable French tax receivable (note 9).

The total amortisation charge/(credit) is included in the following profit and loss account captions:

	£'000
Cost of sales	(15)
Administrative expenses	362
Taxation	(96)
	251

Positive goodwill arising on acquisitions is principally being written off over 20 years which the Directors believe reflects the useful economic life of the asset.

Notes *(continued)*

12 Tangible fixed assets

Group	**Land and buildings £'000**	**Plant and machinery £'000**	**Fixtures and fittings £'000**	**Motor vehicles £'000**	**Total £'000**
Cost					
At 31 March 2006	1,098	1,940	141	107	3,286
Additions	-	339	28	13	380
Disposals	(1,098)	-	-	(62)	(1,160)
At 31 March 2007	-	2,279	169	58	2,506
Depreciation					
At 31 March 2006	14	329	21	9	373
Disposals	(33)	-	-	(24)	(57)
Charge for the year	19	371	55	23	468
At 31 March 2007	-	700	76	8	784
Net book value					
At 31 March 2007	**-**	**1,579**	**93**	**50**	**1,722**
At 31 March 2006	1,084	1,611	120	98	2,913

Notes *(continued)*

12 Tangible fixed assets (continued)

Company	**Fixture and fittings £'000**
Cost	
At 31 March 2006	7
Additions	5
At 31 March 2007	**12**
Depreciation	
At 31 March 2006	1
Charge for the year	3
At 31 March 2007	**4**
Net book value	
At 31 March 2007	**8**
At 31 March 2006	6

Notes *(continued)*

13 Fixed asset investments

	Company	
	2007	2006
	£'000	£'000
Cost		
At 1 April 2006	**10,729**	6,463
Additions	**(96)**	4,266
At 31 March 2007	**10,633**	10,729

Additions in the year relate to the refund of consideration received in respect of the acquisition of BNL (UK) Limited and subsidiaries (see note 11).

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	96%
BNL (Japan) Inc*	Japan	Plastics Products	96%
BNL (US) Inc*	USA	Plastics Products	96%
Bell Holdings Limited	England and Wales	Holding company	100%

* Shareholding owned indirectly.

14 Stocks

	Group	
	2007	2006
	£'000	£'000
Raw materials and consumables	**583**	634
Work in progress	**235**	206
Finished goods	**728**	860
	1,546	1,700

Notes *(continued)*

15 Debtors: amounts falling due within one year

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Trade debtors	**3,672**	3,202	**-**	-
Prepayments and other debtors	**532**	444	**673**	108
Amounts due by subsidiary undertakings (see below)	**-**	-	**1,771**	1,750
	4,204	3,646	**2,444**	1,858

Included in amounts due by subsidiary undertakings is £1,771,000 *(2006: £1,750,000)* due in more than one year.

16 Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Bank loans	**791**	1,934	**866**	548
Trade creditors	**1,393**	1,103	**111**	50
Taxation and social security	**216**	344	**64**	22
Accruals and other creditors	**768**	528	**234**	123
Director's loan – RC Vessey (see below)	**-**	110	**-**	110
Amounts owed to group undertakings	**-**	-	**562**	-
	3,168	4,019	**1,837**	853

The directors loan was repaid on 12 May 2006.

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Vendor loan notes	**3,004**	2,827	**3,004**	2,083
Bank loans	**3,451**	4,124	**3,376**	2,789
Mezzanine loans	**-**	534	**-**	534
Loan notes	**1,965**	1,839	**1,965**	1,839
Amounts owed to group undertakings	**-**	-	**2,812**	3,483
	8,420	9,324	**11,157**	10,728

Notes *(continued)*

18 Borrowings

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Debt can be analysed as falling due:				
In one year or less, or on demand	**791**	1,934	**866**	658
Between one and two years	**1,050**	1,148	**1,025**	724
Between two and five years	**7,370**	8,176	**10,133**	6,805
In five years or more	**-**	-	-	3,210
	9,211	11,258	**12,024**	11,397

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

	Group	
	2007	2006
	£'000	£'000
Within one year	-	35
In the second to fifth years	-	-
Over five years	-	-
	-	35
Less: future finance charges	-	-
	-	35

Sale and leaseback of land and buildings

On 14 September 2006 the Group entered into a sale and operating leaseback agreement for the sale of the land and buildings owned by BNL (UK) Limited. £1.1 million of the proceeds was used to repay the GE Property loan in full.

Refinancing

On 22 February 2007 the Group refinanced part of its borrowings. As part of this transaction £4,412,000 of Investec and GE loans were repaid and a new bank loan of £4,700,000 was drawn down. The new loans are secured by fixed and floating charges over the fixed assets, inventories and trade receivables of the group.

Deferred debt issue costs

Included within bank loans are £264,946 *(2006: £846,000)* of costs capitalised as part of the refinancing in the year. These costs are being amortised over the life of the related bank loans. The £846,000 of costs capitalised at 31 March 2006 relating to the old financing arrangements have been written off to interest payable in the profit and loss account (note 8).

Notes *(continued)*

19 Deferred taxation

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
At beginning of year	**3**	12	**(8)**	-
Acquired	**-**	42	**-**	-
Origination and reversal of timing differences (note 9):				
Charge in current year	**15**	(51)	**2**	(8
Adjustments in respect of prior periods	**(5)**	-	**8**	-
At end of year	**13**	3	**2**	(8)

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

The elements of deferred taxation are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Difference between accumulated depreciation and capital allowances	**17**	18	**-**	-
Short term timing differences	**(4)**	(15)	**(2)**	(8)
	13	3	**(2)**	(8)

20 Called up share capital

	2007	2006
	£'000	£'000
Authorised		
1,000,000 ordinary shares of 1p each	**10**	10
500,000 A ordinary shares of 1p each	**5**	5
Allotted, called up and fully paid		
697,460 ordinary shares of 1p each	**7**	7
348,854 A ordinary shares of 1p each	**3**	3
	10	10

Notes *(continued)*

21 Share premium and reserves

Group	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year	1,408	1	(308)	1,101
Prior year adjustment (note 1)	-	-	-	-
At beginning of year as restated	1,408	1	(308)	1,101
Profit for the year	-	-	1,309	1,309
Net exchange differences on the retranslation of net investments	-	-	(181)	(181)
Share based payments	-	-	8	8
At end of year	**1,408**	**1**	**828**	**2,237**

Company	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year	1,408	1	(278)	1,131
Prior year adjustment (note 1)	-	-	-	-
At beginning of year as restated	1,408	1	(278)	1,131
Loss for the year	-	-	(788)	(788)
Share based payments	-	-	7	7
At end of year	**1,408**	**1**	**(1,059)**	**350**

Notes *(continued)*

22 Reconciliation of movements in Equity Shareholders' Funds

	Group		**Company**	
		Restated		Restated
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Profit/(loss) in the year	**1,309**	(76)	**(788)**	(234)
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	**(181)**	-	**-**	-
Share based payments	**8**	3	**7**	3
Net additions to Equity Shareholders' Funds	**1,136**	285	**(781)**	127
Equity Shareholders Funds at beginning of the year	**1,111**	826	**1,141**	1,014
Equity Shareholders' Funds at end of the year	**2,247**	1,111	**360**	1,141

23 Minority interests

	Group
	£'000
At beginning of the year	**916**
Issue of BNL (UK) Limited shares to BNL (UK) Limited management	**63**
Share of profits in the year	**74**
At end of the year	**1,053**

Notes *(continued)*

24 Commitments

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

	2007		2006	
	Land and buildings	**Other**	Land and buildings	Other
Group	**£’000**	**£’000**	£’000	£’000
Operating leases which expire:				
Within one year	**-**	**9**	-	30
In the second to fifth years inclusive	**237**	**56**	237	27
Over five years	**180**	**-**	13	4
	417	**65**	250	61

	2007		2006	
	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	-	-	-	-
	-	-	-	-

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 of £110,388 to RC Vessey was repaid on 12 May 2006.

In addition, the directors had a loan note outstanding to them of £148,406 as at 31 March 2007 (2006: £141,394).

Notes *(continued)*

26 Share based payments

Grant date/Employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award to BNL (UK) Limited executive management team granted by BNL (UK) Limited on 22 May 2006	61,645	Options vest over period of three years	22 May 2016
Equity-settled award to BNL (UK) Limited executive management team granted by BNL (UK) Limited on 7 January 2007	10,274	Options vest over period of three years	7 January 2017
Equity-settled award to Plastics Capital Limited executive management team granted by Plastics Capital Limited on 1 September 2005	20,860	Options vest over period of three years	1 September 2015
Equity-settled award to Plastics Capital Limited executive management team granted by Plastics Capital Limited on 15 December 2005	41,322	Options vest over period of three years	15 December 2015

The number and weighted average exercise prices of share options in are as follows:

	2007 Weighted average exercise price £	**2007 Number of options No.**	2006 Weighted average exercise price £	2006 Number of options No.
Outstanding at the beginning of the year	**1.94**	**62,182**	-	-
Granted during the year	**0.13**	**71,919**	1.94	62,182
Outstanding at the end of the year	**0.97**	**134,101**	1.94	62,182
Exercisable at the end of the year	**0.42**	**9,438**	-	-

The options outstanding at the year end have an exercise price in the range of 12.63p to £2.42 and weighted average contractual life of 10 years.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on The Black Scholes model. The main assumptions are as follows:

	Plastics Capital Limited scheme		**BNL (UK) Limited scheme**	
	2007	2006	**2007**	2006
Weighted average share price	-	100p/242p	**12.63p**	-
Exercise price	-	100p/242p	**12.63p**	-
Expected volatility	-	40%	**40%**	-
Option life	-	5 years	**5 years**	-
Expected dividends	-	-	**-**	-
Risk free interest rate	-	4.8%	**4.8%**	-
Fair value per option	-	24.7p	**5p**	-

Notes *(continued)*

27 Post balance sheet events

On 4 April 2007, BNL (UK) Limited acquired 100% of the ordinary share capital of Cobb Slater Limited for a total consideration of £1,430,579 payable in cash.

The net assets of Cobb Slater Limited at acquisition were £65,181.

On 1 May 2007, Sabreplas Limited acquired the net assets and trade of Sabre Plastics Limited for a total consideration of £302,000 payable in cash.

The net assets of Sabre Plastics Limited at acquisition were £451,966.

On 31 August 2007, Plastics Capital Limited acquired 100% of the ordinary share capital of Channel Matrix Limited for a total consideration of £10,085,498 payable in cash.

The net assets of Channel Matrix Limited at acquisition were £2,240,197.