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# Financial Highlights (1)

	30 Sept '08	30 Sept '07	% change
Revenue	15,622	8,911	+75%
Gross Profit	5,973	4,024	+48%
EBITDA excl exceptionals	2,651	1,434	+85%
Profit Before Tax	1,545	704	+119%
Profit After Tax	1,413	666	+112%
Adj. EPS	5.3p	2.5p	+112%

## Operating Highlights (2)

- Notable factors impacting the half year's results were:
  - Full contribution from 2 acquisitions completed in FY07-08
    - Channel Matrix
    - Palagan
  - Global Economic slowdown
  - Raw material price inflation
    - Mainly affecting “commodity” plastics
  - Thailand factory
  - Currency fluctuations
    - Sterling weakness; particularly, at end of period

# Operating Performance (3)

- Strong growth has been achieved vs same period last year

	HY09	HY08		
£'000	Actual	Actual	Variance (%)	Comments
TOTAL SALES	15,622	8,911	75.3%	Full contribution from Channel and Palagan
Gross Profit	5,973	4,024	48.4%	Business mix; Palagan has lower GP%
Overhead Costs (exc Depr & Amort)	3,322	2,590	28.3%	Rationalisation; business mix
EBITDA	2,651	1,434	84.9%	
EBITA	2,259	1,163	94.2%	

## Notes

1. EBITDA and EBITA excludes exceptionals

# Operating Performance (3)

- Organic growth has been held back due to the economic conditions

	<b>HY09</b>	<b>HY08</b>		
£'000	<b>Actual</b>	<b>Proforma</b>	<b>Variance (%)</b>	<b>Comments</b>
<b>TOTAL SALES</b>	15,622	15,618	0.0%	
- Rotating Parts	6,029	6,095	-1.1%	
- Print/Packaging Consumables	3,752	3,927	-4.5%	
- Specialist Film Packaging	4,886	4,375	11.7%	Price increases due to material costs
- Hose Consumables	955	1,221	-21.8%	Demand weakness
<b>Gross Profit</b>	5,973	6,149	-2.9%	Business mix altered with Palagan
<b>Overhead Costs (exc Depr &amp; Amort)</b>	3,322	3,432	3.2%	Cost reductions
<b>EBITDA</b>	2,651	2,717	-2.4%	
<b>EBITA</b>	2,259	2,325	-2.8%	

## Notes

- EBITDA and EBITA exclude exceptionals

# Operating Performance (3)

- Organic growth has been held back due to the economic conditions in US mainly

£'000	HY09 Actual	HY08 Proforma	Variance (%)	Comments
<b>TOTAL SALES</b>	15,622	15,618	0.0%	
- UK	7,244	7,039	2.9%	
- Rest of Europe	2,945	2,717	8.4%	
- USA	1,573	2,387	-34.1%	US auto industry, construction industry
- Asia Pacific	1,909	1,628	17.3%	
- Other	1,951	1,847	5.6%	
<b>Gross Profit</b>	5,973	6,149	-2.9%	
<b>Overhead Costs (exc Depr &amp; Amort)</b>	3,322	3,432	3.2%	
<b>EBITDA</b>	2,651	2,717	-2.4%	
<b>EBITA</b>	2,259	2,325	-2.8%	

## Notes

- EBITDA and EBITA exclude exceptionals

# Operating Performance (3)

- Sterling weakened significantly towards the end of the period

	<b>Beginning</b>	<b>End</b>	<b>Average</b>
	<b>Year</b>	<b>Half Year</b>	<b>Half Year</b>
\$/£	1.98	1.75	1.93
€/£	1.27	1.24	1.26
¥/£	201	188	204

- This will impact full year results significantly if current rates are maintained

Exposures				
(m.)	<b>Sales</b>	<b>Costs</b>	<b>Total</b>	<b>in £*</b>
\$	11.9	2.1	9.8	5.6
€	6.0	3.8	2.2	1.8
¥	231	126	105	0.6
* converted at Sept 30 2008 rates				

# Operating Performance (3)

- Sterling weakness has so far only had a small positive impact on performance

£'000	HY09 Actual	HY 09 @ 31.03.08 xrates	Variance (%)
<b>TOTAL SALES</b>	15,622	15,527	0.6%
- Rotating Parts	6,029	5,937	1.5%
- Print/Packaging Consumables	3,752	3,748	0.1%
- Specialist Film Packaging	4,886	4,893	-0.1%
- Hose Consumables	955	949	0.7%
<b>Gross Profit</b>	5,973	5,840	2.3%
<b>Overhead Costs (exc Depr &amp; Amort)</b>	3,322	3,262	-1.8%
<b>EBITDA</b>	2,651	2,578	2.8%
<b>EBITA</b>	2,259	2,186	3.3%

## Notes

1. EBITDA and EBITA exclude exceptionals

# P&L - Statutory vs. Underlying (4)

- Adjustments to statutory accounts to highlight underlying financial performance

£'000	Statutory	"Underlying"	Notes
<b>EBITA</b>	2,259	2,259	
<b>Amortisation</b>	559		Not an "economic" cost
<b>EBIT</b>	1,700	2,259	
<b>Exceptionals</b>	340		Set up costs in Thailand & factory rationalisation
<b>Interest</b>	714	714	£82k realised hedge losses
<b>Fx Translation</b>	321		Unrealised loan and derivative losses
<b>PBT</b>	325	1,545	
<b>Tax</b>	132	433	28% applied to Underlying
<b>PAT (continuing)</b>	193	1,112	
<b>Discontinued Ops</b>	0		
<b>PAT</b>	193	1,112	
<b>EPS (p)</b>	0.7	4.1	26.9m shares in issue

## Notes

- EBITA excludes exceptionals

# FX Loans (4)

- Unrealised FX losses are primarily on Euro denominated debt
- Term of all loans - 5 years from March 08
- 35% bullet at end of term, flat c.£2m per year paid quarterly until then

<b>Bank Debt</b>	<b>Local Currency (m)</b>	<b>X-Rate @ Sept 30 08</b>	<b>£m</b>
Sterling	6.8	1	6.8
US Dollar	2.8	1.75	1.6
Euro	10.5	1.24	8.5
Yen	108	188	0.6
<b>Total Bank Debt</b>			<b>17.4</b>

# Borrowings (4)

- Cash flow impacted by Thai factory investment and settlement of historic provisions

	£,000	Comments
Net Debt @ March 31st 2008	-16,287	
<b>HY09</b>		
EBITDA	2,651	
Change in Working Capital	-609	Primarily lower creditors and accruals
Capital Expenditure	-1,303	
Operating Cash Flow	739	
Net Interest paid	-765	Includes derivatives
<b><u>Historic Provisions</u></b>		
Acquisition related	-932	Re: Palagan liabilities
IPO fees	-455	Final payments
Exceptional costs	-660	Some provided for previously
<b><u>Other</u></b>		
Fx Loan Translation loss	-196	Not a cash cost
Hire purchase	569	For some Thai machinery
Net Debt @ Sept 30th 2008	-17,987	

Note! EBITDA is after exceptionals

# Key Ratios (4)

- Other key ratios we monitor closely include:

	Ratio	Comments
Interest Cover (EBITDA/Interest Paid)	3.5	
Debt/Total Capital	57%	
Debt Service Cover	1.3	
Capex/Sales	8%	includes Thailand capex
WC/Sales	21%	

# Business & Market (5)

- Consolidator of niche plastics products businesses
- Well established “real” businesses in growing niche areas
- Highly profitable and cash generative
- Specialist plastics products c.5% of £150bn global market
- Specialist segment growing faster than 4%-5% long term average of overall market
- Product margins stable and customer retention excellent

# Financial Strategy (6)

- Acquire attractive cash generative businesses at low multiples
  - Use prudent levels of debt to lower the cost of capital
- Improve these businesses sustainably through
  - Growth - e.g. new products, new markets
  - New management and techniques
  - Bolt-ons/rationalisation
- Use cash flows to repay debt as quickly as possible
- Achieve higher/more sustainable EBITDA, reducing debt, superior rating
  - A very significant increase in shareholder value
- Use surplus cash generated to repeat the cycle

# Acquisitions (7)

- Current pipeline focused towards bolt-on acquisitions
- Opportunities difficult to convert
- Valuations difficult to reach agreement on
  - Vendor expectations still unrealistic
  - Public market valuations are very low by historical standards
- Funding is a challenge in current environment
  - Debt difficult to access, costs have increased
  - Equity, if available, is expensive at current valuations
- We expect valuations to “come in line” and funding to be available for good opportunities as we move into next year
  - Still working on some good deals

# Outlook (8)

- Economic climate is difficult
  - Continued demand weakness is anticipated

## However, we should benefit from a number of positive factors

- Sterling weakness
  - Hedged this year, so key impact will be in 09-10
- Market share gains
  - Significant potential at BNL, Palagan and Bell
- Raw material price volatility
  - Potential to enhance margins as prices come down
- Diversity of geographies and industries supplied
  - Impact of problem sectors and regions somewhat cushioned
- Lower costs
  - Thailand facility
  - Process changes at C&T
  - Overhead reductions

## Appendices (9)

## Plastic bearings



- Injection moulded acetyl raceways
  - Stainless steel balls in between
- Used wherever rotating motion is required
- Advantages over metal bearings
- Tight tolerances required to prevent malfunction
- Special technical capability at BNL
  - Raceways do not need machining after moulding
  - Proven design expertise for OEM' s
  - Customers include Ricoh and other household names

## Plastic bearings



- £50 - 100 million market
  - 50/50 split custom designed/standard
- Market leader in custom designed segment
  - 25 - 30% market share
- Design solutions provided for major OEM' s
  - Linked to new product launches or upgrades
  - High levels of repeat business
- Low cost critical components
- Significant new market opportunities

## Nylon hose mandrel



- Nylon rods extruded in up to 2km lengths
- Diameters vary from 3-50mm
  - <0.1mm tolerance in diameter
- Forms the critical inside diameter of the rubber hose
  - Absence of voids and ovality is crucial
- Advantages over other materials
  - More flexible than metal and polypropylene
  - More resilient and cost effective than rubber
- Unusual in-house highly automated production lines

# Appendix (i) Key Products

## Nylon hose mandrel



- Only significant supplier worldwide
- Estimated total market size £20+ million
  - Penetration opportunity for nylon
- ‘Critical consumable’ in the global rubber hose industry
  - Customer’s process arranged to suit mandrel type
- Customers with high switching costs
- Current product developments leading to growth opportunities
  - Key attributes - flexibility, lubricity, size

## Creasing Matrix



- Strip assembled from extruded plastic and film
- Consumable used in manufacture of cardboard boxes
  - Matrix channel applied to machine counterplate
  - Enables box to be creased/folded automatically
  - Each production run requires new matrix layout
- Inexpensive and flexible creasing method
- Tight dimensional tolerances are crucial
  - Prevents machine malfunction
- Very large range of sizes and types required ex-stock
  - For different cardboard thicknesses and types

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# Appendix (i) Key Products

## Customised Film Packaging



- High strength customised film packaging made by specialist technology
- Unique material recipes to meet customer requirements for lower costs
- In-line automated production including finishing with swift changeovers
- 500 customers, mainly UK
- High customer loyalty and relatively low price sensitivity
- Management team retained and incentivised
- Dunstable factory & warehouse - total 30,000 sq.ft.



## Bearings

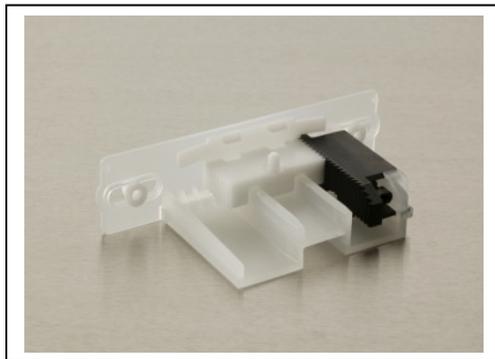


BNL's integration of plastic pan and tilt bearings into a CCTV dome allows time and cost savings whilst maintaining optimum performance.

- The integration of components made possible through BNL plastic bearing technology has been a significant success, vastly reducing the component count and introducing original features
- A significant proportion of the mechanical content arrives pre-assembled at HL, ready for the remaining parts to be easily fitted.
- Importantly, this reduction of component parts dramatically reduced assembly times and parts costs, resulting in the desired cost efficiency for HL and their customers. BNL achieved the minimum number of components for the mechanical assembly. The unit is now made up of only two bearing sub-assemblies, which are then fixed together to complete the unit. The camera is secured to the tilt arm by a single screw.
- The system also establishes innovative integration of features such as that of an optical interrupter flag for the position sensor in the pan and tilt bearings for tracking the camera position, integrated drive pulleys and fastener-free installation of the slip ring and circuit boards.
- HL and BNL also collaborated on the design of the Chassis which supports the camera 'Scan Unit' in the housing. This uses strong but lightweight plastic material to locate the Incoming wiring and various circuit board options. The 'Scan Unit' is an innovative snap fit into the Chassis with a Sliding connector to complete the electrical connection.
- The Chassis is also supplied by BNL as part of the overall assembly and is designed to fit each type of housing, leading to efficiencies and cost reductions across the range.



## Bearings



- BNL's in-house design team and the Kohler Daryl Development and Design Team, working in close collaboration, have produced a mechanism (patent pending), which allows glass panels to be inserted directly into the aluminium frame and be locked in place with one turn of a screwdriver. Having already provided Daryl Showers with various ball-bearing assembly solutions for their shower enclosure doors, BNL was chosen to assist in the realisation of the project. "As ever, BNL played a pro-active role in the development process helping to turn the original concept into mass-produced reality", stated Andy Baines, Daryl's Design & Development Manager.
- The design is made up of two parts, both equipped with sliding teeth. One part is embedded in the frame of the shower and the other is attached to the glass panel itself. Once the frame is fixed to the wall, the glass panel can be slotted into the frame, where the teeth slide together to achieve a balanced fit. The mechanism is then locked together with one turn of a spring-loaded cam pin, fixing the glass securely in the frame. The simplicity of the mechanism is evident; "We even left the photography chaps at their studio to install these new units with no help from us and they said that they were the easiest they had ever done", said Jon Sands, Daryl's Design Engineer.
- The key benefits are that the mechanism can be loosened and re-tightened to allow adjustment of the panel in the frame, achieving the ideal positioning and helping to reduce after sales costs. Also, there is no longer any need for drilling through the frame to secure the panels, narrowing the possibility of damage during installation and easing the whole process.
- The mechanism will initially be placed in the Mattia and Lana range of showers intended for the house building, retail and quality builders merchants markets, where the ease of installation will be a key selling point. It is designed to be easily adapted to fit a range of potential glass widths, so can potentially be used in other shower enclosure designs.

