RESULTS HIGHLIGHTS FY2008-09

2008-09	£m
SALES	28.2
EBITDA	5.1
PBT(aefx)	2.0
E.P.S.	5.4p

AGENDA

- Key Issues: 2008-09
- Operating Performance
- Full Financial Performance
- Outlook

KEY ISSUES AFFECTING FY08-09 FINANCIAL PERFORMANCE

- EXTERNAL FACTORS

  - Global recession and decline of international trade – volume impact
  - Raw material price volatility
  - Currency volatility and sterling depreciation

- INTERNAL FACTORS

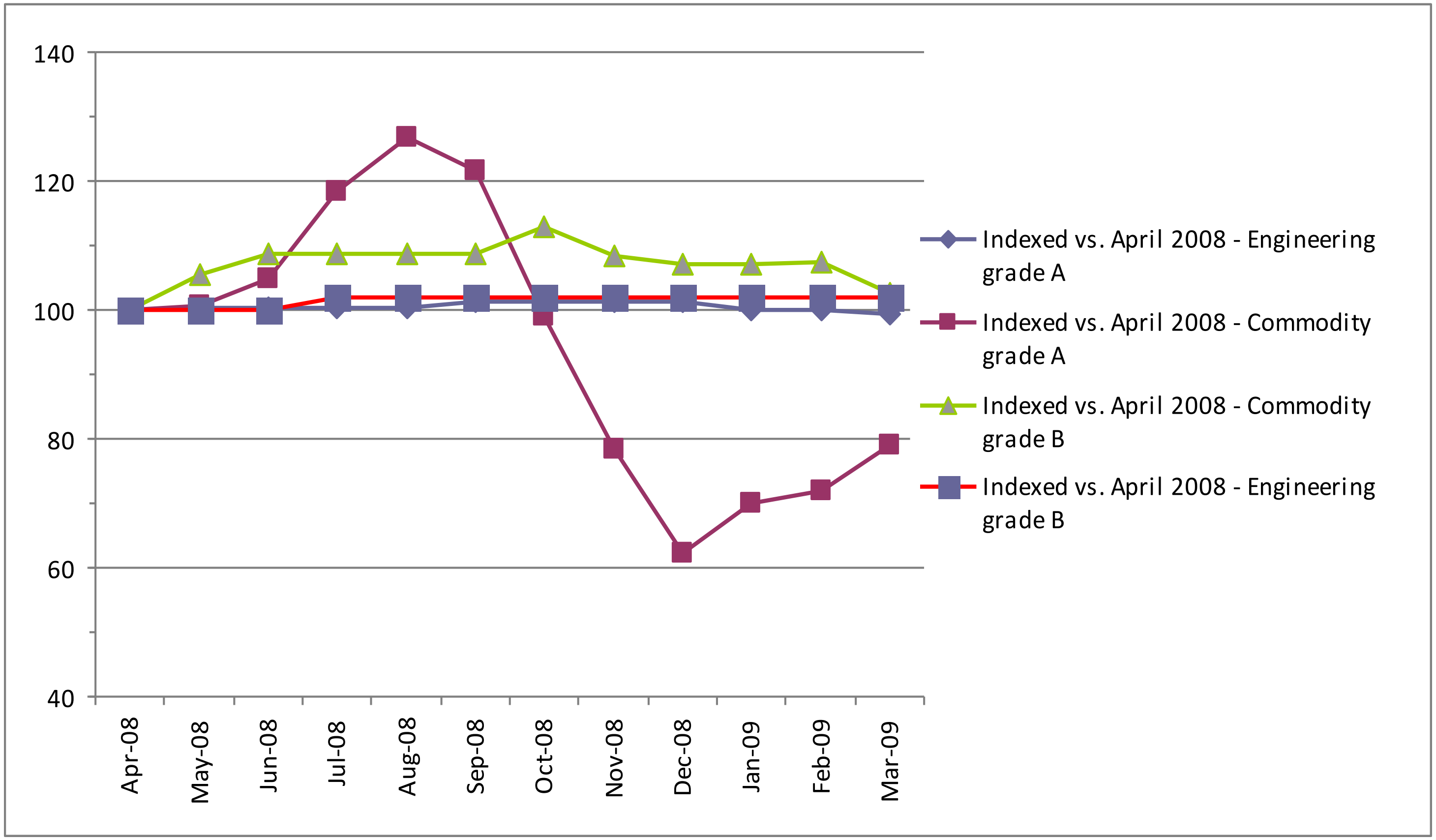
  - Full year impact of acquisitions made in FY07-08
  - Sale of Mulberry – completed March 2009
  - Major cost reduction programmes
  - Investment and start up of Thailand factory

SALES DEVELOPMENT (UNITS) – FY08-09

Note: Indexed vs. Q1 FY08/09 (= 100)

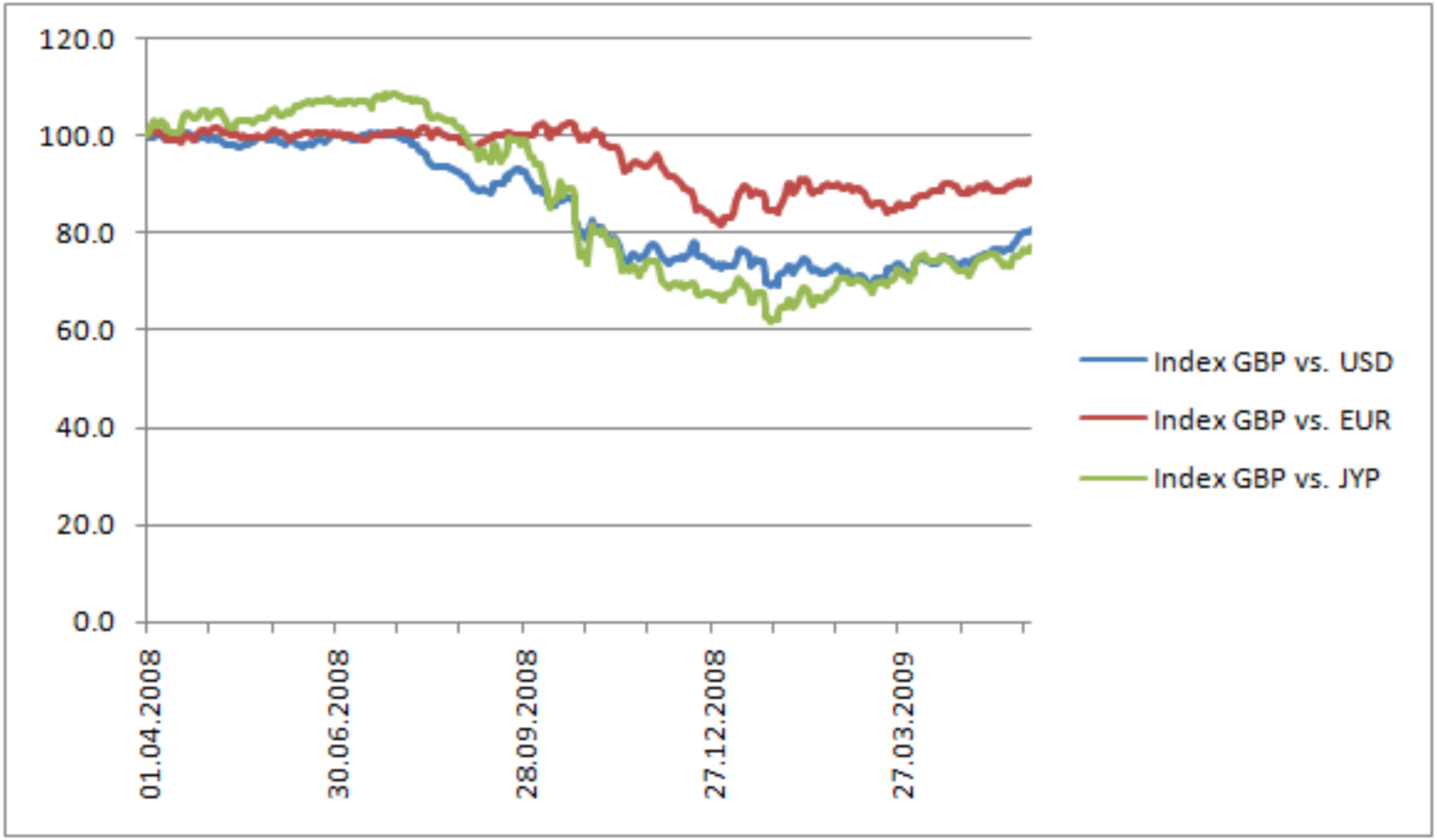
RAW MATERIAL PRICE DEVELOPMENT – FY08-09

Price Index



Note: Indexed vs. April 2009 (= 100); weighted average of raw materials

FOREIGN EXCHANGE RATES DEVELOPMENT – FY07-08 TO DATE



OPERATING PERFORMANCE FY08-09

- The following slides look at operating performance from different perspectives:
  - Actual: FY09 compared to FY08 – no adjustments
  - Proforma: FY09 compared to FY08 results adjusted for any acquisitions in the year
    - Assumes that acquisitions occurred at the start of the year
    - Shows just underlying organic growth
  - Constant FX: FY09 compared to FY09 restated for FX changes during year
    - Shows impact of FX movements has had on performance

FY08-09 ACTUAL VS FY07-08 ACTUAL

- Strong growth has been achieved vs same period last year due to the acquisitions completed in FY08

£'000	FY09 Actual	FY08 Actual	Increase (%)		Comments
TOTAL SALES	28,185	20,128	40.0%		Full contribution from Channel and Palagan
Gross Profit	11,155	9,404	18.6%		Business mix; Palagan has lower GP%
Overhead Costs (exc Depr & Amort)	6,022	5,419	11.1%		Rationalisation; business mix
EBITDA	5,133	3,985	28.8%		
EBITA	4,410	3,560	23.9%		

Notes

1. Gross Profit, EBITDA and EBITA excludes exceptionals

FY08-09 ACTUAL VS FY07-08 PROFORMA – By Division

- Organic growth has been held back by the tough economic conditions
  - Nevertheless 18% EBITDA/Sales margin has been achieved

£'000	FY09 Actual	FY08 Proforma	Variance (%)		Comments
TOTAL SALES	28,185	30,308	-7.0%		
- Rotating Parts	11,885	12,426	-4.4%		Demand weakness; FX gains
- Print/Packaging Consumables	5,434	6,605	-17.7%		Demand weakness
- Specialist Film Packaging	9,247	9,000	2.7%		Price increases due to material costs
- Hose Consumables	1,619	2,277	-28.9%		Demand weakness
Gross Profit	11,155	13,032	-14.4%		Semi-fixed costs
Overhead Costs (exc Depr & Amort)	6,022	7,045	14.5%		Cost reductions
EBITDA	5,133	5,987	-14.3%		
EBITA	4,410	5,193	-15.1%		

Notes

1. Gross Profit, EBITDA and EBITA exclude exceptionals
2. GP is accounting definition (i.e. direct labour included)

FY08-09 ACTUAL VS FY07-08 PROFORMA - By Region

- Demand from US and Europe have been very weak

£'000	FY09 Actual	FY08 Proforma	Variance (%)		Comments
TOTAL SALES	28,185	30,308	-7.0%		
- UK	11,776	12,322	-4.4%		
- Rest of Europe	5,323	6,688	-20.4%		
- USA	3,201	4,517	-29.1%		US auto industry, construction industry
- Asia Pacific	3,841	3,262	17.7%		
- Other	4,040	3,520	14.8%		
Gross Profit	11,155	13,032	-14.4%		
Overhead Costs (exc Depr & Amort)	6,022	7,045	14.5%		
EBITDA	5,133	5,987	-14.3%		
EBITA	4,410	5,193	-15.1%		

Notes

1. Gross Profit, EBITDA and EBITA exclude exceptionals
2. GP is accounting definition (i.e. direct labour included)

FY08-09 ACTUAL vs FY08-09 ACTUAL AT CONSTANT EXCHANGE RATES

- Sterling's depreciation during the year has assisted operating performance

£'000	FY09 Actual	FY 09 @ 31.03.08 xrates	Variance (%)		Comments
TOTAL SALES	28,185	26,808	5.1%		
- Rotating Parts	11,885	10,574	12.4%		Sales increased by £1.3m due to Sterling weakness
- Print/Packaging Consumables	5,434	5,404	0.6%		
- Specialist Film Packaging	9,247	9,247	0.0%		
- Hose Consumables	1,619	1,583	2.3%		
Gross Profit	11,155	10,160	9.8%		
Overhead Costs (exc Depr & Amort)	6,022	6,048	0.4%		Costs increase due to Sterling weakness
EBITDA	5,133	4,111	24.8%		
EBITA	4,410	3,426	28.7%		

Notes

1. Gross Profit, EBITDA and EBITA exclude exceptionals

FY08-09 OPERATING PERFORMANCE

Headcount Reductions

- Further headcount reductions will occur at BNL in June

		(inc. Thailand)	(excl. Thailand)			
	Beginning Year Staff No.s	End Year Staff No.s	End Year Staff No.s	Reduction Staff No.s		Comments
BNL	146	194	121	25		Includes 73 new Thai staff. Mainly assembly, previously subcontracted
Palagan	37	37	na	0		
C&T	45	35	35	10		
Bell	10	10	10	0		
PC	11	8	8	3		
TOTAL	249	284	174	38		

- Annual impact of headcount savings made in FY09 - £1.4m
- Other COGS savings in FY09 - £0.3m
- Annual impact of further headcount reductions already made in FY10 - £0.4m

FY08-09 OPERATING PERFORMANCE – Divisional Highlights

- Rotating Parts (“BNL”)
  - Affected by capital goods decline and destocking of global supply chains
  - Thailand investment complete on time and budget
  - 25% of production being moved to Thailand
  - £1.6m of new projects won during course of year
  - New project pipeline still good despite the conditions

- Print/Packaging Consumables (“C&T”)
  - Impacted by destocking at distributors
  - Integration of Trimplex with Channel still to meet full expectations
    - Unforeseen delays in certain engineering projects
  - Small competitors now under pressure leading to opportunities to take share

- Specialist Film Packaging (“Palagan”)
  - New operational management structure implemented – new MD, Ops Director
  - Successful navigation of extreme raw material price inflation and deflation
  - Increased penetration of new branded film – “Nylastrong”

- Hose Mandrels/Films (“Bell”)
  - Affected by capital goods decline since q2/q3
  - New MD appointed from August 08
  - Strong focus on new business generation since q2, now starting to bear fruit
  - New premises secured; move imminent

FY08-09 OPERATING PERFORMANCE

Summary

- Global recession has led to volume declines and lower operational profitability (EBITDA) than the prior year

- This is somewhat masked by acquisitions made last year, favourable exchange rate movements and price inflation in some areas

- All divisions have been affected, particularly if exposed to
    - International trade, and
    - Capital goods

- However on the positive:
    - Operating margins are still good
    - Our trading remains profitable at all divisions and for the group as a whole
    - We have cut labour and overheads significantly during the year and much of this benefit will only be reflected during FY09-10
    - Things are stabilising
    - New business activity has remained an emphasis, and will benefit us as conditions improve

FY08-09 FULL FINANCIAL PERFORMANCE

- Our statutory accounts include a number of non-trading items we have adjusted to show underlying performance:

£'000	Statutory	"Underlying"	Notes
EBITA	4,410	4,410	
Amortisation	1,119		
EBIT	3,291	4,410	
Exceptionals	2,618		See next slide
Interest	2,403	2,403	Includes £990k realised hedge losses
Fx Translation	2,545		Unrealised fx loan losses
PBT	-4,275	2,007	
Tax	696	562	28% applied to Underlying
PAT (continuing)	-3,579	2,569	
Discontinued Ops	-1,598		Mulberry; also includes paper loss on disposal
PAT	-5,177	2,569	
EPS (p)	-19.3	9.6	26.9m shares in issue

Notes

1. EBITA excludes exceptionals

EXCEPTIONAL COSTS

- Exceptional costs consist of the following items:

	£, 000		Notes
Paper Losses			
Impairment of property	465		Palagan property - not currently for sale
Interest rate derivatives	877		Depends on interest rates up to 2013
Total	**1,342**		
One-off Cash Costs			
Thailand set-up	204		
Redundancy programme	406		
Factory rationalisation	666		
Total	**1276**		
OVERALL TOTAL	**2,618**		

CASH FLOW

- Cash flow has remained strong

	£, 000		Comments
EBITDA	5,047		
Exceptionals	-2,090		
Statutory EBITDA	2,957		
Stock Δ	665		
T. Debtors Δ	2,060		Reduced sales and debtor days
T. Creditors Δ	-717		
Other w/c Δ	130		
Total working capital	2,138		
Capital Expenditure	-1,895		Includes £1m for Thai machinery
Operating Cash Flow	3,200		

NET DEBT

- Net debt in year has increased due to settlement of various creditors in opening balance sheet and translation losses on our FX loans

	£, 000	Comments
Net Bank Debt @ March 31st 2008	-16,287	Actual Bank Debt of £17,995k ; Cash of £1,708k
Other Debt-like Liabilities @ March 31st 2008	-2,047	Palagan liabilities at acquisition, IPO fees, Exceptionals previously provided for
Total Net Bank Debt & Debt-like liabilities @ March 31st 2008	**-18,334**	
Operating Cash Flow FY2008-09	3,200	See previous slide - includes approx £1m for Thailand capex
Asset backed loan	569	For certain Thai machinery
Tax	-80	
Net Interest Paid	-2,403	Includes £990k of realised hedge losses
Net Cash Flow	1,286	
Net Bank Debt @ March 31st 2009 (b4 translation losses)	**-17,048**	
FX Loan Translation Losses	-2,545	
Net Bank Debt @ March 31st 2009 (after translation losses)	-19,593	Actual Bank Debt of £20,000k ; Cash of £407k

KEY RATIOS

- Other key ratios we monitor closely include:

	Ratio	Comments
Interest Cover (EBITDA/Interest Paid)	3.6	
Debt/Total Capital	61%	
Debt Service Cover	1.1	
Capex/Sales	7%	includes Thailand capex
WC/Sales	17%	

OUTLOOK

- Economic climate remains difficult
  - Continued demand weakness is anticipated
  - Little convincing evidence of “green shoots” yet
  - The bottom may now have been reached

<u>However</u>

- Sterling remains weak improving our competitiveness
  - US$ hedged at 1.55/£

- We are picking up new business across all subsidiaries
  - Significant potential to gain share

- We go into 09-10 with significantly lower costs
  - Personnel reductions already implemented

- Further cost opportunities during 09-10
  - Increased use of Thailand
  - C&T engineering projects
  - Some further personnel reductions

STRATEGY

- Current focus is cash generation to deleverage
  - Significant opportunity to reduce debt during 2009-10
  - Important to see the benefit reflected in share price

- Acquisitions remain on the radar
  - But still difficult – valuations expectations generally too high for us to justify

- However, one or two opportunities to rationalise weak competitors are starting to present themselves
  - Will be pursued
  - Valuation may be more realistic