ANNUAL REPORT & ACCOUNTS **2009**

Plastics Capital is a consolidator of plastics products manufacturers focused on proprietary products for niche markets.

The Group has four factories in the UK, one in Thailand and sales offices in the USA and Japan. Approximately 50% of sales are exported to over 70 countries worldwide. Production is concentrated in the UK where significant engineering know-how and automation underpins the Group's competitiveness.

HIGHLIGHTS

£28,185m
TURNOVER 2009

£5,133m
UNDERLYING EBITDA 2009*

£20,128m
TURNOVER 2008

£3,985m
UNDERLYING EBITDA 2008*

*Excluding exceptionals, negative goodwill credit and realised foreign exchange losses.

FINANCIAL

Turnover increased 40% to £28.8m

Underlying EBITDA* (being earnings before interest, taxation, depreciation, amortisation) increased 29% to £5.1m

OPERATIONAL

New factory opened in Thailand

Successful integration of Palagan

Disposal of non-core subsidiary

CHAIRMAN'S STATEMENT

"These results demonstrate the resilience and competitiveness of our businesses in the face of extremely difficult global market conditions"

Financial review

Overall performance is broadly in line with expectations.

Compared to the same period last year, the Group has:

- increased revenue by 40% to £28.2 million;
- increased underlying* earnings before interest, tax, depreciation and amortisation (EBITDA) by 29% to £5.1 million; and
- suffered a decrease in underlying* profit after tax by 16% to £2.7 million, mainly due to realised foreign currency hedging losses associated with the extreme volatility of major currencies this year.

Revenue and earnings have increased for two reasons: first, because of acquisitions completed during FY07–08, which have contributed a full year in FY08–09, and, second, due to Sterling depreciation during the course of the year.

Organic growth has been hit by the global slowdown, particularly in the second half year. Prices have fluctuated significantly in some parts of the Group, due to the volatility of certain raw materials. Despite this, margins have held up well. Management has also been quick to adjust cost structures to the lower demand levels with across-the-board headcount reductions on a like for like basis of 15%.

Significant developments

In October this year, we officially opened our new factory in Thailand. It has been set up to produce rotating parts with injection moulding, assembly and toolmaking activities. Management, both expat and local, and employees have been recruited, inducted and trained as necessary for our technology and method of operation. The project has been completed within budget and within nine months from initial approval, which is an excellent achievement. The factory in Thailand will enable us to provide superior service to our customers in South East Asia as well as bringing cost advantages more generally. We have gradually increased the amount of production taking place in this facility to approximately 25% of all BNL's rotating parts. At the end of the year we had 74 employees in Thailand, the majority of these employees carry out operations that were previously subcontracted in the UK.

At the end of the year we disposed of the only non-core subsidiary remaining, Mulberry Plastics Limited ("Mulberry"), which carried out specialist trade extrusions and was the rump of the former Trimplex business acquired in 2005. Mulberry was not profitable and although there was a loss on disposal, economically this was the best way forward as there would have been significant closure costs associated with leases and redundancy, in the event that we had taken this route. The core creasing matrix part of Trimplex had been consolidated into C&T Matrix Limited ("C&T Matrix") primarily during FY07–08 and fully completed at the beginning of the year being reported. In addition we moved the Safety Tread flooring business from Mulberry to Bell Plastics Limited ("Bell") before closure as this was profitable and there was spare capacity to incorporate it at Bell.

Raw materials

The financial year under review initially saw upward pressure on raw material input costs, which in some cases has been significant, followed by a decline for commodity grades and stability for the more specialist materials that our businesses buy in the main. Although oil prices have been a factor, the main cause of polymer price inflation has been the balance of supply and demand for different polymers, and some were out of balance during the first half of the year. Management have, through working with customers and re-engineering product specifications where possible, minimised the adverse impact of this on our year end results. However, this volatility has distorted some aspects of these results, particularly revenues, which have grown significantly less in volume than value as raw material price increases were passed on for the majority of the year.

Currency volatility

The year under review has seen exceptional currency volatility; in particular, Sterling weakened against the Dollar and Yen by some 20–25%, against the Euro it weakened by some 15%. As we export approximately 50% of production, Sterling's weakness is helpful to the Group's trading in the long run.

In order to have predictability in the short to medium term, our policy has been to hedge as much as reasonably possible. For the financial year under review we were substantially hedged and this has led to significant realised losses on forward contracts, as well as some unrealised losses on the translation of our foreign currency denominated debt. It should be remembered that this has arisen after many years of Sterling strength, when the Group's hedging policy has led to gains.

*Excluding as appropriate or relevant, amortisation, exceptionals, negative goodwill credit, unrealised foreign exchange costs and derivative gains/losses.

We have reviewed our hedging policy and concluded that our strategy is broadly correct – realised gains made in the businesses during the year from foreign exchange movements are broadly negated by the realised losses on forward contracts and foreign currency loans repaid during the year. Our hedging policy enables us to achieve a higher level of predictability of earnings, at least over a 12–18 month window. We believe that this is favourable to shareholders. Therefore, whilst we have fine tuned the policy, we have once again hedged forward for FY09–10 and should Sterling strengthen as appears the case so far, we will benefit accordingly.

Finance

Our total bank debt has increased by £2 million to £20 million during the period, mainly because of the unrealised translation losses on foreign currency loans, which have to be marked to market at the year-end, even though the average duration of these loans is some three to four years from now. Other contributory factors are the capital expenditure for Thailand, the final payments made for the Palagan acquisition and final payments associated with our IPO. Meanwhile we have redeemed debt during the year as agreed with Royal Bank of Scotland.

Working capital management has been a focus. We have released more than £2 million of cash through good working capital management with debtor days in particular coming down. The actions of credit insurers has contributed to the difficulty of our trading environment as they have withdrawn insurance cover across a wide range of companies, irrespective of the specific circumstances – many of our customers have been affected and we have had to work with them to find appropriate solutions.

Current trading and future prospects

Current trading is weak but steady – it appears to us that demand levels have bottomed out and raw material prices are stable. We see little evidence of so called "green shoots", but, in the last few weeks, there are as many examples of order books being revised upwards as downwards. This contrasts with last year when order books were only ever revised downwards.

We start the current year at much better exchange rates than last year, which will assist us greatly; in addition, costs have been rationalised heavily during the course of FY08–09 and this will benefit us further. At this stage however, we are only expecting true organic growth to come from our own business development activities. In spite of the global recession, business development activity has remained a focus across the Group and we are confident that this will bear fruit over the next 12–24 months.

We have put acquisition activity on hold over the last 12 months or so, and whilst financing conditions are far from favourable, we are now beginning to see some opportunities that are of interest from vendors who have a good reason to be considering an exit. We will explore any opportunity that is consistent with our stated strategy and that we believe will create shareholder value.

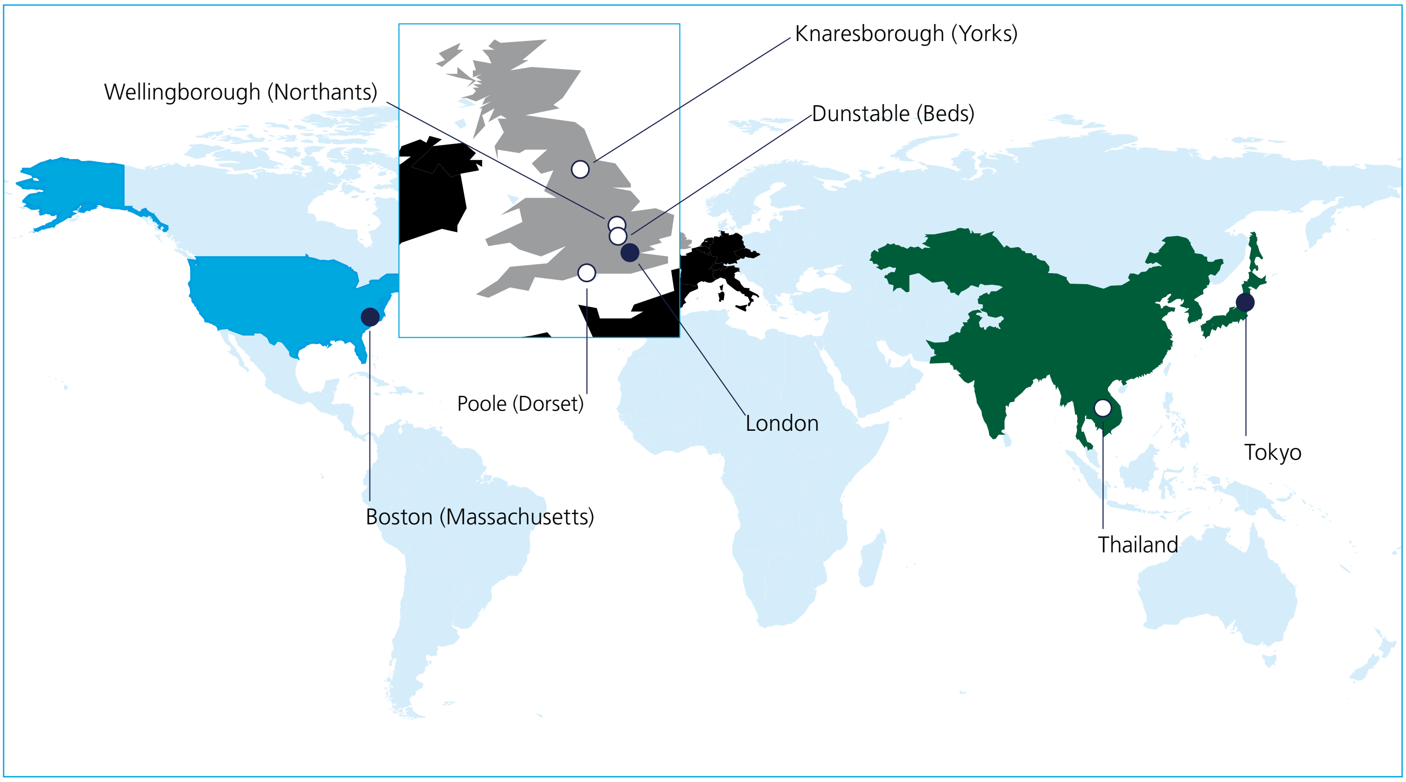
The Board wishes to extend its sincere thanks to all the Group's employees; despite the very difficult circumstances, we have had the full support of our employees in all aspects of the Group's activities. This is much appreciated.

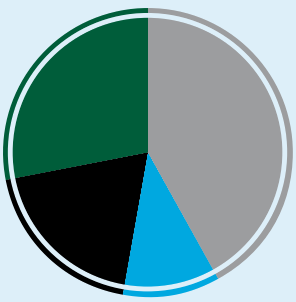
Overall, our businesses remain highly profitable, demonstrating strong cash flows and very good market and competitive positions. We look forward to another year of significant progress.

Faisal Rahmatallah
Executive Chairman

Nylon Hose Mandrels – used by customers in the manufacture of industrial rubber hose.

OPERATIONAL REVIEW





UK market **42%**

Asia and the rest of the world **28%**

European market **19%**

USA market **11%**

58%
EXPORT SALES

42%
UK SALES

Plastic bearings

For BNL (UK) Limited ("BNL"), our manufacturer of plastic bearings and other rotating parts, FY08–09 was an extraordinary year with volatility in demand conditions, input prices and currency. A new production facility was successfully brought into operation in Thailand, new business development continued apace and a new "business winning" organisation structure was implemented to drive further organic growth.

Volumes held up well in the first half year but fell off dramatically in the second half as the full effects of the credit crisis took hold. Market segments that were particularly affected included automotive and construction. Also in the first half year, there was a degree of raw material price inflation, which subsequently subsided.

BNL has roughly 50% of its sales in US Dollars and 10% in Yen. During the year under review, the Dollar strengthened from 1.98 to the Pound to 1.43; this boosted BNL's performance through higher sales (in Sterling terms) and some translation gains. The Yen has strengthened even more and had a similar effect. Although these trends have reversed somewhat since the end of the year, it remains the case that BNL's competitiveness has improved considerably over the last 12–15 months.

The Thai facility was officially opened in October, the project being completed on time and within budget. Since then production has been gradually transferred there, starting with assembly operations, followed by moulding operations and tool making. Approximately 25% of production now takes place in Thailand and we are confident that this investment will provide the long-term financial and operational benefits that were projected.

Critical to BNL's growth is its ability to source and convert new projects for bearings with OEM customers, both existing and new. In the financial year under review, projects with annual sales value of £1.6 million were successfully converted. To enable greater sales and marketing efficiency, sales and applications engineering staff have been brought under one organisation to improve resource allocation and co-ordination. We believe that this will both improve and accelerate lead generation and conversion.

Creasing matrix

FY08–09 has been a challenging year for our creasing matrix business, C&T Matrix.

Volumes started to be affected towards the end of the first quarter with the main regions being affected being North America and Western Europe.

Manufacturing high performance film packaging.

Plastic ball bearing.

Whilst end user demand was down, the main reason for the decline was destocking by distributors. The downward trend continued although towards the end of the year volumes flattened out, when it seemed as though a floor had been reached. Small competitors have been weakened by this hostile environment which is presenting opportunities for us to gain share.

We have also continued to progress the final aspects of the integration between Channel and Trimplex which was largely carried out at the end of the prior financial year, but progress on this has been slower than anticipated. We will complete this project during the first six months of FY09–10.

On a very positive note, we have managed to significantly reduce the amount of working capital tied up in this business, with stock and debtor days both down, so improving cash flow.

Customised film packaging

Palagan Limited ("Palagan"), our film packaging subsidiary, performed ahead of expectations despite the difficult environment, managing to cope with extraordinary raw material price inflation and deflation during the year, and also with some significant changes to the senior management organisational structure.

Key raw material input prices increased by 50% during the first quarter and then decreased by 66% during the next six months before stabilising. Despite these gyrations, we were able to maintain margins at satisfactory levels. Volumes also remained reasonable until the fourth quarter when a decline was observed.

During the course of the year we have appointed Simon Barton, formerly the sales director, as managing director of Palagan. We have also appointed a new operations director and factory manager, and a new financial manager. These changes have created a strong and well balanced management team that will be able to take this business further forward in the future.

Hose mandrel and films

For Bell, our hose mandrel and film subsidiary, FY08–09 was an extremely difficult year. Bell's customers are heavily exposed to global capital goods markets, specifically those for industrial machinery and construction and mining equipment. As a result Bell's volumes have been badly affected. Despite this, Bell has aggressively sought to win new business, using its exceptional product and technical strengths, and towards the end of the year has achieved some notable successes.

During the year, before selling Mulberry, we also transferred Mulberry's profitable Safety Tread flooring business to Bell, therefore adding to the critical mass at Bell. Safety Tread is a well known, but underexploited, brand of stair treads typically used for institutional buildings. The products are made from extruded plastic, carborundum and aluminium profile.

Bell has to move site during FY09–10, as its current lease terminates in September 2009, and so has been busy during the year under review investigating and securing a suitable factory. I am pleased to report that we have now secured one close to the existing factory with some additional room for expansion, superior access and in better condition, into which the Bell operation will be moved during the second quarter of FY09–10.

Disposals

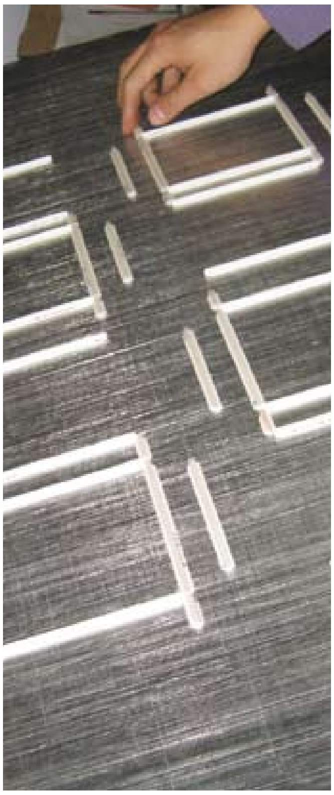
Mulberry, the remaining business of Trimplex after its integration into C&T Matrix, was disposed of just before the end of the year. This consisted of unprofitable, non-core trade extrusion activities. Whilst a significant loss was recorded, it was clear that disposal was our best option as cash closure costs and the cost of the remaining lease obligation would have been significant.

FINANCIAL HIGHLIGHTS

Continuing Operations	2009	2008	Change
	£000	£000	%
		(Restated)	
Revenue	**28,185**	**20,128**	**40.0%**
Gross Profit	**9,569**	**8,679**	**10.3%**
Operating profit	**560**	**1,558**	**–64.1%**
Add back: Depreciation	723	425	
Add back: Amortisation and impairment	1,119	1,162	
Add back: Negative goodwill credit	–	(323)	
Add back: Exceptional costs	1,741	1,163	
Add back: Realised foreign exchange costs	990	–	
EBITDA before exceptionals, negative goodwill credit and realised foreign exchange costs	**5,133**	**3,985**	**28.8%**
Loss before tax	(4,275)	(2,776)	
Add back: Amortisation and impairment	1,119	1,162	
Add back: Negative goodwill credit	–	(323)	
Add back: Exceptional costs	1,741	1,163	
Add back: Exceptional interest costs	–	1,726	
Add back: Unrealised foreign exchange losses	2,545	1,397	
Add back: Unrealised derivative losses	877	311	
Profit before tax*	**2,007**	**2,660**	**–24.5%**
Taxation	696	552	
Profit after tax*	**2,703**	**3,212**	**–15.8%**
Basic EPS*	**10.0p**	**11.9p**	**–15.8%**
Basic EPS from continuing operations	**(13.3)p**	**(13.9)p**	**–4.3%**
Capital expenditure	**1,894**	**1,047**	**80.9%**
Acquisition spend	**–**	**15,768**	**–100%**
Net Debt	**19,593**	**16,282**	**20.3%**

* Excluding amortisation, exceptionals, negative goodwill credit, unrealised foreign exchange translation and derivative gains/losses

Creasing matrix.



Laying out creasing matrix on a base plate.

Revenue
Revenue for the year was £28.2 million which was an increase of 40.0% from £20.1 million in 2008. The increase in revenue was due to a full year's trading from Palagan Limited, a business acquired in March 2008 which accounted for an increase of sales of £9.3 million. On a like-for-like basis (i.e. adjusting for exchange rates and acquisition timings) organic revenue decreased by 10.2%.

Gross profit
Gross profit was £9.6 million (margin: 34.0%) in 2009 against £8.7 million (margin: 43.1%) in 2008. Excluding exceptional costs, the gross profit in 2009 was £11.2 million (margin: 39.6%) compared to a gross profit in 2008 of £9.4 million (margin: 46.7%). The decrease in gross profit margin has been caused by changes in business mix due to a full year's acquisitions impact in 2009 and lower sales at Bell and C&T which has caused the margin to fall due to operational gearing.

Exceptional costs
Exceptional costs incurred in the year relate to:
- redundancy payments in relation to the group restructuring programme;
- factory set-up costs in relation to BNL (Thailand);
- integration and restructuring costs associated with the final transfer of Mulberry Plastics' matrix business to Channel Matrix Limited plus the transfer of Trimplex Safety Tread assets to Bell Plastics Limited; and
- impairment of the freehold property value.

Discontinued Operations
During the year the operations of Mulberry Plastics Limited, a manufacturer of proprietary extrusion, were sold. This resulted in a discontinued charge of £1.6 million relating to a loss made on disposal of the business, the net loss the business made during the year and redundancy costs.

Profitability
EBITDA before exceptionals and negative goodwill credit has increased from £4.0 million in 2008 to £5.1 million, an increase of 28.8%.

Profit after taxation excluding amortisation, exceptionals, negative goodwill credit, foreign exchange translation and derivative gains/losses of £2.7 million compares with the prior year equivalent of £3.2 million, a decrease of 15.8%.

Taxation
The Group's tax credit for the year is £0.7 million which has arisen on the movements in deferred tax during the year. There is no material current tax charge for the year.

Earnings per share
Basic adjusted earnings per share are 10.0p compared to 11.9p in 2008. This is based on a weighted average 26.9 million shares in 2009 and 2008.

Capital expenditure
Capital expenditure was £1.9 million in 2009, of which £0.6 million relates to the purchase of new moulding machinery for the Thailand factory which became operational in the year.

Cash flow
In the year, cash generated from operations amounted to £2.6 million (2008: £0.5 million). In particular there were significant improvements in working capital, with an inflow to the business of £2.1 million in the year excluding liabilities relating to acquisition and the IPO at the start of FY08–09.

Net debt
Net debt at the year end of £19.6 million (2008: £16.3 million) increased during the year by £3.3 million.

The principal movement in the year was caused by the effect of foreign exchange debt, denominated in Euros, US Dollars and Japanese Yen, which when translated at the year end rate accounted for a loss of £2.5 million.

KPIs
The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptionals, negative goodwill credit and profit on sale of land and buildings. In 2009, the EBTIDA margin was 18.2% which was marginally down on 2008 at 19.8%.

BOARD OF DIRECTORS

Faisal John Rahmatallah, (age 53)
Executive Chairman

Faisal is a founder shareholder of Plastics Capital and Director of the Company. He has worked for and with manufacturing companies for 17 of the last 26 years. He has spent seven years working in private equity with Capricorn Ventures International and prior to that was a partner at Deloitte & Touche, and was a managing director of a specialist consulting subsidiary of Deloitte & Touche. He is a graduate of Oxford University and has an MBA from Harvard Business School. Faisal was also chairman of Broker Network Holdings plc, an AIM listed company.

Nicholas Martin Ball, (age 38)
Finance Director

Nicholas, who is the Group Finance Director, joined Plastics Capital in October 2005. Previously he spent 10 years working at Deloitte & Touche, initially in audit and then in corporate finance, where he worked principally on financial due diligence for manufacturing businesses and lead advisory work for the private equity industry. He also worked for 18 months at ScotiaCapital in leveraged finance. He is a graduate of Bath University and is an ACA accountant.

Arun Nagwaney, (age 38)
Development Director

Arun is a founder shareholder of Plastics Capital and Director of the Company. He has worked in or for major manufacturing companies for the last 12 years. Prior to co-founding Plastics Capital, he was a Principal with Capstone, the operational support organisation to KKR, and prior to that Associate Principal with McKinsey & Company. He is an engineering graduate of Cambridge University and has a PhD in Engineering from Imperial College London. Arun is also Deputy-Chairman of Beta Systems Software AG, a Prime Standard (German stock exchange) listed company.

Jeremy Alan John Clarke, (age 41)
Director

Jeremy, who is a founder shareholder of Plastics Capital and Director of the Company, has been Managing Director of Bell since 2003 and has over 14 years of experience in manufacturing. Prior to co-founding the Company, he spent eight years with ICI as an engineer and manager in their plastics and chemicals businesses, and later spent two years helping major industrial businesses as a management consultant with McKinsey & Company. He has a first-class degree in Engineering from Cambridge University and an MBA from Warwick Business School.

Richard Charles Vessey, (age 60)
Non-Executive Director

Richard is a founder shareholder of Plastics Capital and a Non-Executive Director of the Company and has been involved with manufacturing and selling plastics related products for over 30 years. During that time he worked for Wavin and Birmid Qualcast, before establishing Bell. Since then he has successfully developed other ventures including Im-Pak, a plastics process innovator. He has a degree in Engineering from Imperial College London and has an MBA from Harvard Business School.

Andrew John Walker, (age 57)
Non-Executive Director

Andrew recently joined the Company as a Non-Executive Director. Andrew has extensive experience of executive roles in a number of large multinational businesses. Andrew currently sits on the board of eight public companies. He was Group Chief Executive of McKechnie plc for four and a half years until 2001 and prior to that he was the Group Chief Executive of South Wales Electricity plc. From 2001 to date, Andrew has devoted his time to non-executive roles at, amongst others, Ultra Electronic Holdings plc, Halma plc, Bioganix plc and Manganese Bronze Holdings plc. He has a degree in Engineering from Cambridge University.

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 March 2009.

Principal activities and review of business

The principal activity of the Company is that of a holding company. The Group is principally engaged in the manufacture of plastic products focused on proprietary products for niche markets.

Results and dividends

The results of trading of the Group for the year are set out in the consolidated income statement on page 16. The Directors do not recommend the payment of a dividend (2008: £nil).

Business review

The Chairman's statement on pages two and three, the Operational Review and Financial Review on pages four to seven, and the notes to the accounts provide detailed information relating to the Group, the operations and development of the business and the results and financial position for the year ended 31 March 2009.

Assessment of risks

The principle risks that the Group faces are:

- *Adverse currency movements impacting profitability* – the Group invoices customers in a number of different currencies, including Japanese Yen, Euro and US Dollars. Similarly, the Group's costs are paid in a number of different currencies. As a result, the Group is subject to foreign currency exchange risk. The Directors believe, however, that these risks are mitigated by the fact that the majority of the Group's sales costs and borrowings are matched in terms of currencies. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and options.

- *Integration risk on acquisitions* – there is a risk that the integration of any business acquired will be unsuccessful or that key employees or clients may be lost. The Directors attempt to mitigate this risk by carrying out extensive due diligence, including communicating with the customers of potential acquisition target businesses. The Board also endeavour to ensure that levels of remuneration and benefits are appropriate to retain the key staff of target businesses.

- *Intellectual property rights* – the Group's success depends in part on its ability to protect its intellectual property. The Group therefore relies on a portfolio of intellectual property rights, including trade secrets, contractual provisions and licenses to protect its intellectual property. In addition, the Group will initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights.

- *Bad Debt Risk* – there is a risk that the Group is exposed to bad debts particularly as it sells to a number of different end markets covering approximately 70 countries. To mitigate the risk, the Group has trade credit insurance in place which covers the majority of customers. Where credit insurance does not cover the debt, management have made an assessment of each customer to determine what level of internal credit should be given based on previous trading history, the current financial information available and external credit reports. The level of bad debts experienced to date has been very low.

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 remain 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, even in light of the recent economic slowdown.

Demand, though at lower levels than last year, now appears to have stabilised and following on from significant cost rationalisation and working capital improvements in FY08–09, the Group is now well positioned. The Group continues to remain highly profitable with strong cash generation and should see a significant reduction in its net debt position in FY09–10.

DIRECTORS' REPORT (continued)

Substantial shareholdings

The Company has been notified that the following investors held interests in 3% or more of the Company's issued share capital as at 31 March 2009.

Shareholders	No of shares	% of shares
Octopus Asset Management	4,803,558	17.86
ISIS Equity Partners PLC	2,700,000	10.04
Faisal Rahmatallah	2,642,895	9.82
F&C Asset Management PLC	2,541,896	9.45
Richard Vessey	2,330,537	8.66
Arun Nagwaney	2,042,653	7.59
Rathbone Investment Management	1,451,237	5.39
Jeremy Clarke	1,127,079	4.19
Killick	1,025,360	3.81
Directors and related	198,401	0.74

Payments to suppliers

The Company has no formal code or standard, which deals specifically with the payment of suppliers. However, the Company's policy on the payment of all creditors is to ensure that the terms of payment, as specified and agreed with the supplier, are not exceeded. Consolidated creditor days were 72 (2008: 72).

Political and charitable donations

The Company made no political or charitable donations during the year (2008: £nil).

Relations with shareholders

The Company holds meetings from time to time with institutional shareholders to discuss the Company's strategy and financial performance. The Annual General Meeting is used to communicate with private and institutional investors.

Employee Involvement

The Group's policy is to consult and discuss with employees, through staff meetings, matters likely to affect employees' interests and matters of concern to employees.

The Group is an equal opportunities employer with a commitment to help people develop their potential. In relation to disabled people or minority groups, the Group has a policy of giving them full and fair consideration for all vacancies for which they are suitably qualified. Employees who become disabled during their working lives will be retained in employment wherever possible and will be given help with any necessary rehabilitation or training.

Financial Instruments

Details of the use of financial instruments by the Group are contained in note 25 of the financial statements.

Directors

The names of the current Directors together with brief biographical details are shown on page eight. None of the Directors hold an interest in any material contract with the Company save for their Service Contracts or Letters of Appointment. F Rahmatallah, N Ball and A Nagwaney were appointed as Directors on 9 October 2007. J Clarke, R Vessey and A Walker were appointed as Directors on 23 November 2007.

Directors' interests

The Directors interests, including their connected parties were:

Directors	**Company Shares 2009**	Company Shares 2008
F Rahmatallah	**2,642,895**	2,642,895
N Ball	**148,401**	112,977
A Nagwaney	**2,042,653**	2,042,653
J Clarke	**1,127,079**	1,127,079
R Vessey	**2,330,537**	2,330,537
A Walker	**50,000**	50,000

Information forming part of the financial statements

The information below forms part of the Financial Statements.

(a) Directors' emoluments

The various elements of remuneration received by each Director were as follows:

	Salary /fees £000	Pension £000	Bonus £000	**2009 Total £000**	2008 Total £000
F Rahmatallah	124	–	42	**166**	108
N Ball	99	–	11	**110**	102
A Nagwaney	74	–	60	**134**	123
J Clarke	94	5	7	**106**	110
R Vessey	23	–	–	**23**	10
A Walker	23	–	–	**23**	12
Total	437	5	120	**562**	465

(b) Directors' share options

A Walker holds options over 50,000 (2008: 50,000) ordinary shares of 1p in the Company with an exercise price of £1.00.

N Ball holds options over 6,000 (2008: 10,000) ordinary shares of 1p in Plastics Capital Trading Limited with an exercise price of £1.00.

The Directors were all covered by qualifying third party indemnity insurance during the financial year and at the date of this report.

Disclosure of information to auditors

The Directors who held office at the date 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 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.

Auditors

KPMG Audit Plc has expressed their willingness to continue in office as auditors, and a resolution to appoint them will be proposed at the Annual General Meeting.

By order of the Board

Nicholas Ball
Secretary

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 Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable laws and have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Company financial statements, 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 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE STATEMENT

The Board intends to comply with the principles of good governance and the recommendations of best practice as set out in the Combined Code so far as is practicable and appropriate for an AIM company of its size and, in this connection, the Board shall take into account the guidance issued by the Quoted Companies Alliance. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 12.

Board of Directors

The Board meets regularly and is responsible for formulating, reviewing and approving strategy, budgets, acquisitions, capital expenditure and senior personnel appointments. The Executive Directors and senior management meet regularly to consider operational matters. During the year the Board comprised of an Executive Chairman, three Executive Directors and two Non-Executive Directors. One of the Non-Executive Directors is independent of the executive management.

Board Committees

The principal committees established by the Directors are:

- **Audit Committee** – this committee comprises Faisal Rahmatallah, Richard Vessey and Andrew Walker. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, and for meeting the auditors and reviewing their reports relating to accounts and internal controls.
- **Remuneration Committee** – this committee has been in place since November 2004 and comprises Faisal Rahmatallah, Andrew Walker and Richard Vessey. The committee meets at least once a year and reviews the performance of all Directors save for the Non-Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The remuneration committee also determine the payment of bonuses to all Directors save for the Non-Executive Directors and make recommendations to the trustees of the LTIP regarding share awards to employees.
- **Nomination Committee** – will meet at least once a year and as required for the purpose of considering new or replacement appointments to the Board and comprises Faisal Rahmatallah, Andrew Walker and Richard Vessey.

In addition, the Company has adopted a dealing code for all Directors and employees in terms no less exacting than the Model Code for Directors' Dealings as set out in the Listing Rules of the UK Listing Authority and will take all reasonable steps to ensure compliance by the Board and any relevant employees.

INDEPENDENT AUDITORS' REPORT
To the members of Plastics Capital plc

We have audited the Group and Company financial statements (the ''financial statements'') of Plastics Capital plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense 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 Directors' responsibilities for preparing the Directors' Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Company financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 12.

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 whether the financial statements have been 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. The information given in the Directors' Report includes that specific information presented in the Operational and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we 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 other information contained in the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009;
- 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 Audit Plc
Chartered Accountants
Registered Auditor
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

30 June 2009

CONSOLIDATED INCOME STATEMENT
For year ended 31 March 2009

	Note	**Before foreign exchange and exceptional items 2009 £000**	**Foreign exchange impact on derivatives and loans 2009 £000**	**Exceptional items 2009 £000**	**Total 2009 £000**	Before foreign exchange and exceptional items 2008 £000 restated*	Foreign exchange impact on and loans 2008 £000 restated*	Exceptional items 2008 £000 restated*	Total 2008 £000 restated*
Revenue		**28,185**	**–**	**–**	**28,185**	20,128	–	–	20,128
Cost of sales	3	**(17,030)**	**(990)**	**(596)**	**(18,616)**	(10,724)	–	(725)	(11,449)
Gross profit		**11,155**	**(990)**	**(596)**	**9,569**	9,404	–	(725)	8,679
Negative goodwill credit	2	**–**	**–**	**–**	**–**	323	–	–	323
Distribution expense		**(1,765)**	**–**	**–**	**(1,765)**	(1,009)	–	–	(1,009)
Administration expenses	3	**(6,099)**	**–**	**(1,145)**	**(7,244)**	(5,997)	–	(438)	(6,435)
Operating profit		**3,291**	**(990)**	**(1,741)**	**560**	2,721	–	(1,163)	1,558
Financial income	8	**72**	**–**	**–**	**72**	16	–	–	16
Finance expense	8	**(2,362)**	**(2,545)**	**–**	**(4,907)**	(1,227)	(1,397)	(1,726)	(4,350)
Net financing costs		**(2,290)**	**(2,545)**	**–**	**(4,835)**	(1,211)	(1,397)	(1,726)	(4,334)
Profit/(loss) before tax		**1,001**	**(3,535)**	**(1,741)**	**(4,275)**	1,510	(1,397)	(2,889)	(2,776)
Tax	11	**696**	**–**	**–**	**696**	552	–	–	552
Loss for the year before discontinuing operations		**1,697**	**(3,535)**	**(1,741)**	**(3,579)**	2,062	(1,397)	(2,889)	(2,224)
Discontinued operations	10	**–**	**–**	**(1,598)**	**(1,598)**	–	–	(914)	(914)
Loss for the year		**1,697**	**(3,535)**	**(3,339)**	**(5,177)**	2,062	(1,397)	(3,803)	(3,138)
Attributable to:									
Equity holders of the parent					**(5,177)**				(3,144)
Non controlling interest	23				**–**				6
Loss for the financial year					**(5,177)**				(3,138)
Basic (loss) per share	24								
Continuing operations					**(13.3)p**				(13.9)p
Total					**(19.3)p**				(19.6)p

The diluted loss per share has not been calculated due to the loss made in the year

* The prior year has been restated to include operations classified as discontinued in the current year as discontinued in the comparative period in accordance with IFRS5.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For year ended 31 March 2009

	Note	**2009 £000**	2008 £000
Foreign exchange translation differences	23	**474**	124
Net income and expense recognised directly in equity		**474**	124
(Loss) for the year		**(5,177)**	(3,138)
Total recognised income and expense	23	**(4,703)**	(3,014)
Total recognised income and expense for the period is attributable to:			
Equity holders of the parent		**(4,703)**	(3,020)
Non controlling interest		**–**	6
		(4,703)	(3,014)

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	Note	2009 £000	2008 £000
Non-current assets			
Property, plant and equipment	12	**5,305**	5,095
Investments	13	**33**	33
Intangible assets	14	**24,460**	25,444
		29,798	30,572
Current assets			
Inventories	16	**2,844**	3,510
Trade and other receivables	17	**5,411**	7,561
Corporation tax asset		**59**	–
Cash and cash equivalents	18	**407**	1,708
		8,721	12,779
Total assets		**38,519**	43,351
Current liabilities			
Interest-bearing loans and borrowings	19	**3,556**	2,123
Trade and other payables	20	**3,467**	5,616
Corporation tax liability		**–**	45
		7,023	7,784
Non-current liabilities			
Interest-bearing loans and borrowings	19	**16,444**	15,867
Other financial liabilities	21	**1,200**	323
Deferred tax liabilities	15	**1,272**	2,165
		18,916	18,355
Total liabilities		**25,939**	26,139
Net assets		**12,580**	17,212
Equity attributable to equity holders of the parent			
Share capital	23	**270**	269
Share premium	23	**13,848**	13,868
Translation reserve	23	**417**	(57)
Reverse acquisition reserve	23	**2,640**	2,640
Capital redemption reserve	23	**69**	–
Retained earnings	23	**(4,664)**	492
Total equity		**12,580**	17,212

These financial statements were approved by the Board of Directors on 30 June 2009 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman

CONSOLIDATED CASH FLOW STATEMENT
For year ended 31 March 2009

	Note	2009 £000	2008 £000
Cash flows from operating activities before tax			
Loss for the year	31	**(5,873)**	(3,690)
Adjustments for:			
Depreciation and amortisation		**2,408**	1,335
Financial income		**(72)**	(16)
Financial expense		**5,488**	4,350
Gain on disposal of plant, property and equipment		**2**	21
Equity settled share based payment expenses		**33**	7
Operating profit before changes in working capital and provisions		**1,986**	2,007
(Increase)/decrease in trade and other receivables		**2,150**	(29)
(Increase)/decrease in inventories		**666**	(223)
Decrease in trade and other payables		**(2,170)**	(1,288)
Cash generated from operations		**2,632**	467
Interest paid		**(1,432)**	(1,229)
Income tax paid		**(329)**	(151)
Net cash (outflow)/inflow from operating activities		**871**	(913)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**–**	(15,710)
Acquisition of property, plant and equipment		**(1,501)**	(2,695)
Interest received		**72**	16
Acquisition of intangible assets		**(135)**	–
Proceeds from disposal of PPE		**–**	122
Net cash outflow from investing activities		**(1,564)**	(18,267)
Cash flows from financing activities			
Net proceeds from the issue of share capital		**50**	14,485
Purchase of own shares		**–**	(30)
Net proceeds from new loan		**–**	24,950
Repayment of borrowings		**(658)**	(19,512)
Net cash inflow/(outflow) from financing activities		**(608)**	19,893
Increase/(decrease) in cash and cash equivalents		**(1,301)**	713
Cash and cash equivalents at 1 April 2008		**1,708**	995
Cash and cash equivalents at 31 March 2009		**407**	1,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For year ended 31 March 2009

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2007	269	13,868	(181)	(12,718)	3,650	4,888	1,053	5,941
Total recognised income and expense for the year	–	–	124	–	(3,144)	(3,020)	6	(3,014)
Equity-settled share based payment transactions	–	–	–	–	16	16	–	16
Purchase of own shares	–	–	–	–	(30)	(30)	–	(30)
Purchase of Non controlling interests	–	–	–	–	–	–	(1,059)	(1,059)
Impact of issue of new shares (Plastics Capital Trading Limited)	–	–	–	1,328	–	1,328	–	1,328
Proceeds from listing	–	–	–	14,030	–	14,030	–	14,030
Balance at 31 March 2008	**269**	**13,868**	**(57)**	**2,640**	**492**	**17,212**	**–**	**17,212**

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2008	269	13,868	(57)	2,640	–	492	17,212
Total recognised income and expense for the year	–	–	474	–	–	(5,177)	(4,703)
Other movement	–	–	–	–	–	(12)	(12)
Issue of new shares	1	49	–	–	–	–	50
Capital redemption reserve	–	(69)	–	–	69	–	–
Equity-settled share based payment transactions	–	–	–	–	–	33	33
Balance at 31 March 2009	**270**	**13,848**	**417**	**2,640**	**69**	**(4,664)**	**12,580**

NOTES
Forming part of the financial statements

1 Significant accounting policies

Plastics Capital plc (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Japan, Thailand and the United States of America.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its Company financial statements in accordance with UK GAAP; these are presented on pages 50–52.

Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra group transactions and balances are eliminated on consolidation.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Going concern

The Financial Reporting Council issued an Exposure Draft "Going Concern and Liquidity Risk Guidance for Directors of UK Companies" in May 2009 and the Directors have considered this when preparing the financial statements. These have been prepared on a going concern basis, not withstanding the loss for the period ended 31 March 2009. The Directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conclusions are as follows:

- The Group's banking facilities were renegotiated as at 31 March 2009, assisting the Group to meet its covenant levels.
- A sensitised cash flow forecasting exercise performed for the period from the date of approval of these financial statements until 30 June 2010 showed that the Group had sufficient funds to meet its debts as they fall due over that period.
- The Directors have considered the position of the trading companies in the Group to ensure that these companies are in a position to meet their obligations as they fall due.

There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise.

Foreign currency

The Company and its UK subsidiaries consider their functional currency and presentation currency to be Sterling, because it reflects the economic substance of the underlying events and circumstances relevant to the Group in so far as its main operations and transactions are established and liquidated in Sterling. BNL has subsidiaries in the USA, Japan and Thailand which consider their functional currency to be US Dollar, Japanese Yen and Thai Baht, respectively.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations, are taken directly to the translation reserve. They are released into the income statement upon disposal.

NOTES
Forming part of the financial statements (continued)

1 Significant accounting policies (continued)

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired – fair value through profit and loss; loans and receivables; held-to-maturity investments; available-for-sale. The Group currently only has financial assets classified as loans and receivables, the accounting policy for which is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. Loans and receivables are recognised initially at fair value plus any attributable transaction costs. They are carried at amortised cost using the effective interest method.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired – fair value through profit or loss; other financial liabilities. The Group currently only has financial liabilities classified as "other financial liabilities", the accounting policy for which is as follows:

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank and other borrowings are the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate cap and collar arrangements is the estimated amount that the Group would receive or pay to terminate the arrangement at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates applied are as follows:

- buildings 3%
- plant and machinery 10–20%
- fixtures and fittings 10–50%
- motor vehicles 25%

1 Significant accounting policies (continued)

Intangible assets and goodwill

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and trade and assets. In respect of business acquisitions that have occurred since 1 April 2005, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 1 April 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Negative goodwill arising on an acquisition is recognised in the income statement in full in the year of acquisition.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Intangible assets recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Trademarks	5–20 years	Relief from royalty
Intellectual property rights	7 years	Replacement cost
Distributor and customer relationships	10–15 years	Excess earnings
Technology	5–7 years	Relief from royalty

Inventories

Inventories 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Research and development

Research expenditure is charged to the income statement in the period in which it is incurred.

Internal development expenditure is charged to the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 'Intangible Assets'. Where, the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives from product launch.

Intangible assets relating to products in development (both internally generated and externally acquired) are subject to impairment testing at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off immediately to the income statement.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill and intangible assets that are not yet available for use were tested for impairment as at 1 April 2005, the date of transition to Adopted IFRSs, even through no indication of impairment existed.

1 Significant accounting policies (continued)

Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions

The Group LTIP and share option programme allows certain senior management employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense in the income statement 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 valuation 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.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event if it can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue

Revenue shown in the income statement represents amounts invoiced to external customers less value added tax or local taxes on sales during the period. Revenue is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Taxation

Tax for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax on the following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1 Significant accounting policies (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax balances are not discounted.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are recognised at the lower of carrying amount and fair value less costs to sell. No depreciation is provided on property, plant and equipment once they are classified as held for sale.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. The condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The directors must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the income statement (including the comparative period) in a single line which comprises the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the remeasurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

Exceptional items

Items which are significant by virtue of their size or nature and which are considered non-recurring are classified as exceptional operating items. Such items, which include for instance the costs of closing or opening factories, costs of significant restructurings and profits or losses or impairments made on the disposal of properties, are included within the appropriate consolidated income statement category but are highlighted separately in the notes to the financial statements. Exceptional operating items are excluded from the profit measures used by the Board to monitor and measure the underlying performance of the Group.

Transaction costs related to the issue of equity instruments

Transaction costs of equity transactions relating to the issue of the Company's shares are accounted for as a deduction from equity.

Acquisition of non controlling interests

The Group accounts for the goodwill arising on the purchase of non controlling interests on the basis of the difference between the cost of the additional investment and the carrying amount of the net assets at the date of exchange. No fair value adjustments are recognised and instead fair value changes of the net identifiable assets are subsumed into goodwill.

Own shares help by ESOP trust

Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

Accounting standards issued but not adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 3 Business combinations – revised. Endorsed 3 June 2009 applies prospectively to business combinations for accounting periods commencing on or after 1 July 2009.
- IFRS 8 Operating segments. Endorsed 21 November 2007, applies to accounting periods commencing on or after 1 January 2009.
- IAS 1(revised) Presentation of Financial Statements. Endorsed 17 December 2008, applies to accounting periods commencing on or after 1 January 2009.
- IAS 23 Borrowing costs (revised). Endorsed 10 December 2008, applies to accounting periods commencing on or after 1 January 2009.
- IAS 27 Determining the cost of an investment in the separate financial statements. Applies to accounting periods commencing on or after 1 January 2009.
- IFRS 1 and IAS 27. Cost of an investment in a subsidiary, jointly-controlled entity or associate. Effective 1 January 2009.
- IAS 32 (amended). Endorsed 3 June 2009. Financial Instruments presentation and IAS1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation. Endorsed 21 January 2009, applies to accounting periods commencing on or after 1 January 2009.
- IAS 39 (amended) Financial Instruments: Recognition and Measurement – Eligible Hedged items. Endorsed 15 October 2008, applies to accounting periods commencing on or after 1 July 2009.
- IAS 39 (revised) Financial Instruments: Recognition and Measurement. Applies to accounting periods commencing on or after 1 July 2008. Reclassification of Financial Instruments. Endorsed 15 October 2008.
- IFRIC 16 Hedges of a Net Investment in Foreign Ownership. Endorsed 4 June 2009, applies to accounting periods commencing on or after 1 October 2008.

NOTES
Forming part of the financial statements (continued)

1 Significant accounting policies (continued)

- IFRS 2 amendment Share based payments: Vesting conditions and cancellations. Effective 1 July 2009.
- IFRIC 17 Distributions of Non-Cash Assets to Owners. Applies to accounting periods commencing on or after 1 July 2009.
- IFRIC 18 Transfer of Assets from Customers. Applies to accounting periods commencing on or after 1 July 2009.

The Directors do not anticipate that the adoption of any of these standards and interpretations will have a material impact on these financial statements except IFRS 8 and IAS 1 which will have significant presentational impacts.

Exceptional items

Items which are significant by virtue of their size or nature and which are considered non-recurring are classified as exceptional operating items. Such items, which include for instance the costs of closing or opening factories, costs of significant restructurings and profits or losses made on the disposal of properties, are included within the appropriate consolidated income statement category but are highlighted separately in the notes to the financial statements. Exceptional operating items are excluded from the profit measures used by the Board to monitor and measure the underlying performance of the Group.

Transaction costs related to the issue of equity instruments

Transaction costs of equity transactions relating to the issue of the Company's shares are accounted for as a deduction from equity.

Acquisition of non controlling interests

The Group accounts for the goodwill arising on the purchase of Non controlling interests on the basis of the difference between the cost of the additional investment and the carrying amount of the net assets at the date of exchange. No fair value adjustments are recognised and instead fair value changes of the net identifiable assets are subsumed into goodwill.

2 Other operating income

	2009 £000	2008 £000
Negative goodwill credit	**–**	323
	–	323

The negative goodwill credit arose on the acquisition of the non controlling interest in Mulberry Plastics Limited.

3 Exceptional items – Operating profit

Cost of Sales

	2009 £000	2008 £000
Redundancy payments	**204**	276
Restructuring/integration costs	**–**	432
Stock provisions and write-off on integration of businesses	**188**	17
Factory set up costs	**204**	–
	596	725

Also included within Cost of Sales is £990,000 in relation to foreign exchange contracts (2008: £nil).

Administrative expenses

	2009 £000	2008 £000
Redundancy payments	**202**	69
Restructuring/integration costs	**478**	369
Impairment of property	**465**	–
	1,145	438

Exceptional costs incurred and included in cost of sales and administrative expenses in the year relate to:
(i) redundancy payments in relation to the group headcount reductions due to Group restructuring;
(ii) factory set-up costs relating to BNL (Thailand);
(iii) integration and restructuring costs associated with the final transfer of Mulberry Plastics matrix business to Channel Matrix Limited plus the transfer of Trimplex Safety Tread assets to Bell Plastics Limited; and
(iv) impairment of the freehold property value.

4 Expenses and auditors' remuneration

Included in profit before tax are the following:

	2009 £000	2008 £000
Depreciation of assets-owned assets	**1,289**	496
Amortisation of intangible assets (recognised in administrative expenses)	**1,119**	849
Impairment of goodwill	**–**	313
Negative goodwill credited to income statement	**–**	(323)
Net gain on disposal of property, plant and equipment	**(2)**	(20)
Hire of plant and machinery	**34**	24
Other operating lease rentals	**357**	454
Equity settled share based payments	**33**	7
Research and Development	**92**	78

Auditors' remuneration:

	2009 £000	2008 £000
Audit of these financial statements	**23**	23
Amounts receivable by auditors and their associates in respect of:		
Audit of statutory financial statements of subsidiaries pursuant to legislation	**52**	36
Other services relating to taxation	**54**	95
All other services	**49**	246

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is only required to be disclosed on a consolidated basis.

5 Staff numbers and costs

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

	Number of employees	
	2009	2008
Directors and management	**23**	19
Administrative	**24**	27
Sales and distribution	**25**	38
Production and engineering	**245**	205
	317	289

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Wages and salaries	**7,289**	5,880
Share based payments	**33**	8
Social security costs	**947**	786
Other pension costs	**220**	174
	8,489	6,848

Other pension costs relate to defined contribution pension plans.

NOTES
Forming part of the financial statements (continued)

6 Directors' emoluments

	2009 £000	2008 £000
Salaries and fees	**437**	331
Bonuses	**120**	129
Company contributions to money purchase pension plans	**5**	5
	562	465

The aggregate emoluments of the highest paid Director were £166,000 (2008: £123,000).

Directors amounts include £102,000 (2008: £106,000) of fees charged by Directors to the Company in respect of their services incurred in respect of ongoing acquisitions.

	Number of Directors	
	2009	2008
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**1**	1

Key management remuneration is disclosed in note 28.

7 Segment information

The Group's primary reporting format for reporting segment information is business segments; these are comprised as follows:

Continuing Operations

- *Injection Moulding* – The injection moulding operations relate to the design and manufacture of injection moulded plastic bearings.
- *Proprietary Extrusion* – The proprietary extrusion operations relate to the design and manufacture of hose mandrel, creasing matrix and high performance films.
- *Unallocated* – The unallocated segment contains the central services which principally comprise finance and management functions.

	Injection moulding 2009 £000	**Proprietary Extrusion 2009 £000**	**Unallocated 2009 £000**	**Elimination 2009 £000**	**Consolidation 2009 £000**
Revenue					
External sales	**11,878**	**16,307**	**–**	**–**	**28,185**
Group management charges	**–**	**–**	**1,844**	**(1,844)**	**–**
Total revenue	**11,878**	**16,307**	**1,844**	**(1,844)**	**28,185**
Operating profit	**983**	**2,307**	**380**	**(3,110)**	**560**
Segment assets	**8,492**	**10,036**	**24,783**	**(4,792)**	**38,519**
Segment liabilities	**(3,500)**	**(2,610)**	**(32,307)**	**12,478**	**(25,939)**
Net assets	**4,992**	**7,426**	**(7,524)**	**7,686**	**12,580**
Capital expenditure	**1,572**	**322**	**–**	**–**	**1,894**
Loss on disposal	**–**	**2**	**–**	**–**	**2**
Amortisation	**460**	**659**	**–**	**–**	**1,119**
Depreciation	**356**	**367**	**465**	**–**	**1,188**

	Injection moulding 2008 £000	Proprietary Extrusion 2008 £000 (Restated)	Unallocated 2008 £000 (Restated)	Elimination 2008 £000 (Restated)	Consolidation 2008 £000 (Restated)
Revenue					
External sales	12,514	7,614	–	–	20,128
Group management charges	–	–	1,514	(1,514)	–
Total revenue	12,514	7,614	1,514	(1,514)	20,128
Operating profit	536	1,218	643	(839)	1,558
Segment assets	10,335	32,218	28,897	(30,561)	40,889
Segment liabilities	4,860	7,631	16,455	(4,981)	23,965
Net assets	5,475	24,587	12,442	(25,580)	16,924
Capital Expenditure	2,461	15,599	1,565	–	19,625
Amortisation	460	389	–	–	849
Depreciation	281	133	6	–	420

7 Segment information (continued)

Discontinued Operations

	Proprietary Extrusion 2009 £000	General Extrusion 2008 £000	Proprietary Extrusion 2008 £000 (Restated)	Total 2008 £000 (Restated)
Revenue				
External sales	**1,231**	2,152	324	2,476
Group management charges	**–**	–	–	–
Total revenue	**1,231**	2,152	324	2,476
Operating loss pre-exceptionals	**(531)**	(182)	(93)	(275)
Exceptionals	**–**	(602)	–	(602)
Operating loss	**(531)**	(784)	(93)	(877)
Segment assets	**–**	1,415	1,047	2,462
Segment liabilities	**–**	1,967	207	2,174
Net assets	**–**	(552)	840	288
Capital expenditure	**–**	649	–	649
Impairment of goodwill	**–**	313	–	313
Depreciation	**101**	71	5	76

Mulberry, the rump of the Trimplex operation, was disposed of just before the end of the year. This consisted of unprofitable, non-core proprietary extrusion activities. Whilst a loss was recorded, it was clear that disposal was our best option as closure costs and the cost of the remaining lease obligation would have been significant.

The discontinued comparatives have been amended to include Mulberry as a discontinued operation in the comparative period. In addition the discontinued operations in the previous year includes Sabreplas Limited, a manufacturer of General Extrusion.

The Group's secondary reporting format for reporting segment information is geographic segments:

	External revenue by location of customers		Total assets by location of assets		Capital expenditure by location of assets	
	2009 £000	2008 £000	**2009 £000**	2008 £000	**2009 £000**	2008 £000
United Kingdom	**12,992**	6,445	**33,804**	41,424	**493**	20,258
Europe	**5,342**	5,232	**89**	–	**–**	–
USA	**3,201**	4,503	**1,332**	887	**–**	–
Asia	**3,841**	3,158	**1,109**	1,040	**–**	16
Rest of the World	**4,040**	3,266	**2,322**	–	**1,401**	–
	29,416	22,604	**38,656**	43,351	**1,894**	20,274

8 Finance income and expense

	2009 £000	2008 £000
Finance income:		
Interest income	**72**	16
Financial income	**72**	16
Finance expense:		
Bank interest	**1,460**	679
Loan note interest	**25**	225
Losses on derivatives used to manage interest rate and foreign exchange risk	**877**	323
Financial expenses	**2,362**	1,227

9 Finance Expenses included within foreign exchange costs or exceptional items

	2009 £000	2008 £000
Net foreign exchange loss	**2,545**	1,397
Premiums on redemption of loans	**–**	1,726
	2,545	3,123

The net foreign exchange losses represent unrealised losses arising on the translation of foreign currency loans.

NOTES
Forming part of the financial statements (continued)

10 Discontinued operations

Income Statement

	2009 £000	2008 £000 (restated)
Revenue	**1,231**	2,476
Cost of sales	**(617)**	(1,975)
Exceptionals	**–**	(256)
Cost of sales	**(617)**	(2,231)
Gross profit	**614**	245
Distribution costs	**(71)**	(95)
Administrative expenses pre-exceptionals	**(1,074)**	(681)
Exceptionals	**–**	(346)
Administrative expenses	**(1,074)**	(1,027)
Operating loss	**(531)**	(877)
Financial expenses	**(211)**	(37)
Loss before taxation	**(742)**	(914)
Taxation	**–**	–
Loss on sale of discontinued operations	**(856)**	–
Loss on discontinued operations	**(1,598)**	(914)

Mulberry Plastics Limited, the rump of the Trimplex operation, was disposed of just before the end of the year. This consisted of unprofitable, non-core proprietary extrusion activities. Whilst a loss was recorded, it was clear that disposal was our best option as closure costs and the cost of the remaining lease obligation would have been significant.

The discontinued operations in the previous year related to Sabreplas Limited, a manufacturer of General Extrusion and Mulberry Plastics Limited.

Earnings per share (see note 24)	2009	2008
Basic EPS	**(0.6)p**	(0.6)p

The diluted loss per share has not been calculated due to the loss made in the year

Cash Flow Statement

The 2008 figures have not been restated.

	2009 £000	2008 £000
Loss for the year	**(1,598)**	(914)
Operating profit before changes in working capital and provisions	**(88)**	(713)
Cash generated from operations	**(280)**	687
Net cash inflow/(outflow) from operating activities	**(280)**	650
Net cash inflow/(outflow) from investing activities	**(142)**	(622)
Increase/(decrease) in cash and cash equivalents	**(422)**	28

11 Taxation

	2009 £000	2008 £000
Current tax credit		
Current year	**–**	–
Adjustments for prior years	**(18)**	(9)
	(18)	(9)
Deferred tax credit (Note 15)		
Origination and reversal of temporary differences	**(523)**	(361)
Rate change	**–**	(153)
Adjustments for prior years	**(155)**	(29)
	(678)	(543)
Total tax in income statement	**(696)**	(552)

11 Taxation (continued)

Reconciliation of effective tax rate

	%	2009 £000	%	2008 £000
(Loss) before tax including discontinued operations	**–**	**(5,873)**	–	(3,690)
Expected tax charge based on the UK corporation tax rate	**28**	**(1,645)**	30	(1,107)
Impact of rate change	**–**	**–**	(4.1)	(153)
Loss on sale of Mulberry	**3.1**	**182**	–	–
Losses not recognised	**12.7**	**748**	18.3	680
Non-deductible expenses	**1.1**	**62**	4.5	168
Impairment of property, plant and equipment	**2.2**	**130**	–	–
Overseas tax not at UK standard rate	**–**	**–**	(0.1)	(5)
Non taxable income	**–**	**–**	(2.6)	(97)
Tax adjustment in respect of current year	**(0.3)**	**(18)**	(0.2)	(9)
Deferred tax adjustment in respect of prior years	**(2.6)**	**(155)**	(0.8)	(29)
Total tax credit in income statement	**(11.9)**	**(696)**	(15.0)	(552)

Factors affecting the tax charge for future periods

The UK Corporation tax rate changed from 30% to 28% on 1 April 2008. This means UK deferred tax liabilities are provided at 28%.

12 Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor Vehicles £000	Total £000
Cost					
Balance at 31 March 2007	–	2,279	169	58	2,506
Additions through acquisitions	–	1,183	40	63	1,286
Additions	1,648	1,020	59	–	2,727
Disposals	–	(125)	–	(39)	(164)
Balance at 31 March 2008	1,648	4,357	268	82	6,355
Additions through acquisitions					
Reclassification		(13)	13		–
Additions	3	1,736	143	12	1,894
Disposals		(495)	(145)	(65)	(705)
Balance at 31 March 2009	**1,651**	**5,585**	**279**	**29**	**7,544**
Depreciation and impairment					
Balance at 31 March 2007	–	700	76	8	784
Depreciation charge for the year	5	416	62	13	496
Disposals	–	(7)	–	(13)	(20)
Balance at 31 March 2008	5	1,109	138	8	1,260
Depreciation charge for the year	–	710	53	31	794
Provision for impairment	465	30	–	–	495
Disposals	–	(234)	(37)	(39)	(310)
Balance at 31 March 2009	**470**	**1,615**	**154**	**–**	**2,239**
Net book value					
At 31 March 2009	**1,181**	**3,970**	**125**	**29**	**5,305**
At 31 March 2008	1,643	3,248	130	74	5,095
At 31 March 2007	–	1,579	93	50	1,722

13 Investments

	2009 £000	2008 £000
Investments	**33**	33
	33	33

The investment is in respect of a 40% ownership of the ordinary shares and voting rights in SKOR srl. SKOR is incorporated in San Marino.

A 40% investment is held however no control is exercised by the UK management team as the business is run and managed by the management from San Marino.

14 Intangible assets

	Goodwill £000	Technology £000	Intellectual Property Rights £000	Distributor and Customer Relationships £000	Trademarks £000	Total £000
Cost						
Balance at 31 March 2007	6,380	1,676	1,175	818	1,062	11,111
Acquisitions – externally purchased	11,417	1,103	–	3,257	484	16,261
Balance at 31 March 2008	17,797	2,779	1,175	4,075	1,546	27,372
Fair value adjustment	135	–	–	–	–	135
Balance at 31 March 2009	**17,932**	**2,779**	**1,175**	**4,075**	**1,546**	**27,507**
Amortisation and impairment						
Balance at 31 March 2007	–	350	224	105	88	767
Amortisation for the year	–	369	168	213	98	848
Goodwill impairment	313	–	–	–	–	313
Balance at 31 March 2008	313	719	392	318	186	1,928
Amortisation for the year	–	471	168	330	150	1,119
Balance at 31 March 2009	**313**	**1,190**	**560**	**648**	**336**	**3,047**
At 31 March 2009	**17,619**	**1,589**	**615**	**3,427**	**1,210**	**24,460**
At 31 March 2008	17,484	2,060	783	3,757	1,360	25,444
At 31 March 2007	6,380	1,326	951	713	974	10,344

The fair value adjustment relates to consideration paid based on Palagan Limited's completion accounts plus the payment of professional fees relating to this acquisition.

	Discount factor %	**2009 £000**	Discount factor %	2008 £000
Goodwill is allocated to the following cash generating units ("CGU's"):				
Bell Plastics	**10.3**	**4,529**	15.0	4,529
Mulberry Plastics (formerly Trimplex)	**–**	**–**	15.0	1,844
BNL (UK)	**18.0**	**1,178**	15.0	1,178
C&T Matrix (formerly Channel Matrix)	**11.3**	**8,436**	15.0	6,738
Palagan	**11.6**	**3,476**	15.0	3,195
		17,619		17,484

Due to the effects of the current economic downturn management performed impairment reviews on the carrying value of goodwill at 31 March 2008 and 31 March 2009. The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections covering a five year period to 31 March 2014.

These forecasts were based on an assumption of nil growth, amended for additional revenue from confirmed orders in the first months of the financial year. The forecasts have been extended in perpetuity. Other major assumptions relate to the choice of discount factors, which were amended from those used in the prior year (and at the date of flotation) to incorporate the current debt structure and changing market factors. No other key assumptions have been made.

Management have concluded that no impairment of goodwill is required.

Mulberry, the rump of the Trimplex operation, was disposed of just before the end of the year. This consisted of unprofitable, non-core proprietary extrusion activities. Whilst a loss was recorded, it was clear that disposal was our best option as closure costs and the cost of the remaining lease obligation would have been significant. The trade in the previous year had been hived up into C&T Matrix and therefore the intangible asset, £1,844,000, has been reanalysed to this cash generating unit.

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities	
	2009 £000	2008 £000
Intangible assets	**1,583**	2,142
Accelerated capital allowances	**(309)**	24
Other temporary differences	**(2)**	(1)
Tax liabilities	**1,272**	2,165

Movement in deferred tax liabilities during the year

	1 April 2008 £000	**Recognised in income £000**	**Transfer £000**	**31 March 2009 £000**
Intangible assets	**(2,142)**	**559**	**–**	**(1,583)**
Accelerated capital allowances	**(24)**	**118**	**215**	**309**
Other temporary differences	**1**	**1**	**–**	**2**
	(2,165)	**678**	**215**	**(1,272)**

Movement in deferred tax liabilities during the prior year

	1 April 2007 £000	Recognised in income £000	On acquisition of subsidiaries £000	31 March 2008 £000
Intangible assets	(1,192)	504	(1,454)	(2,142)
Accelerated capital allowances	(17)	42	(49)	(24)
Other temporary differences	4	(3)	–	1
	(1,205)	543	(1,503)	(2,165)

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

There are unrecognised deferred tax assets in respect of losses carried forward at 31 March 2009 of £804,000 (2008: £672,000). These assets have not been recognised as the Directors' consider that it is unlikely that the losses will be utilised in the forseeable future.

16 Inventories

	2009 £000	2008 £000
Raw materials and consumables	**1,051**	1,498
Work in progress	**478**	438
Finished goods	**1,315**	1,574
	2,844	3,510

The cost of inventory recognised within the income statement was £10,032,000 (2008 : £6,253,000)

Inventories are stated net of provisions amounting to £369,000 (2008: £313,000).

17 Trade and other receivables

	2009 £000	2008 £000
Trade receivables (net of provisions)	**5,005**	7,065
Other receivables and prepayments	**406**	496
	5,411	7,561

The provision for bad and doubtful debts included within the net trade receivables balance above is £35,000 (2008: £19,000).

17 Trade and other receivables (continued)

The trade receivables balance above includes amounts denominated in currencies other than Sterling as follows:

	2009 £000	2008 £000
Euros	**648**	864
US Dollars	**1,342**	1,389
Japanese Yen	**276**	266

18 Cash and cash equivalents

	2009 £000	2008 £000
Cash and cash equivalents per balance sheet and cash flow statement	**407**	1,708

The cash balance above includes amounts denominated in currencies other than Sterling as follows:

	2009 £000	2008 £000
Euros	**332**	708
US Dollars	**331**	247
Japanese Yen	**260**	139
Thai Baht	**44**	–

19 Interest-bearing loans and borrowings

See note 25 for more information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2009 £000	2008 £000
Non-current liabilities		
Secured bank loans	**15,488**	14,410
Property loan	**956**	957
Vendor loan notes	**–**	500
Loan notes		–
	16,444	15,867
Current liabilities		
Current portion of secured bank loans	**2,888**	1,980
Current portion of property loan	**143**	143
Vendor loan notes	**525**	–
	3,556	2,123

Loan repayment

The vendor loan note of £525,000 as at 31 March 2009 is to the vendor of Palagan Limited and is payable in March 2010.

Deferred debt issue costs

Included within bank loans are £883,000 (2008: £684,000) of costs capitalised as part of the acquisition loans.

Security

Security can be analysed as follows:

	2009 £000	2008 £000
Tangible fixed assets	**5,305**	5,095
Inventories	**2,844**	3,510
Trade and other receivables	**5,411**	7,561
	13,560	16,166

The RBS loans are secured by fixed and floating charges over the property, plant and equipment, inventories and trade receivables of the Group.

20 Trade and other payables

	2009 £000	2008 £000
Trade payables	**2,207**	3,618
Non-trade payables and accrued expenses	**1,260**	1,998
	3,467	5,616

The trade payables balance above includes amounts denominated in currencies other than Sterling as follows:

	2009 £000	2008 £000
Euros	**163**	258
US Dollars	**56**	141
Thai Baht	**29**	–

21 Other financial liabilities

	2009 £000	2008 £000
Derivatives	**1,200**	323

See note 25 for further information regarding financial instruments.

22 Share based payments

The Group operates a number of share-based payments schemes; (i) EMI scheme; (ii) Share option scheme; and (iii) LTIP scheme. In line with IFRS 2 Share-based payment, the Group has fair valued all grants of equity instruments which were unvested as of 1 January 2005.

EMI and share option schemes

Grant date/Employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award to Plastics Capital Trading Limited executive management team granted by Plastics Capital Trading Limited on 1 September 2005	6,000	Options vest over period of three years	1 September 2015
Equity-settled award to Plastics Capital Trading Limited executive management team granted by Plastics Capital Trading Limited on 15 December 2005	2,479	Options vest over period of three years	15 December 2015
Equity-settled award to Plastics Capital plc non-executive director by Plastics Capital plc on 6 December 2007	50,000	Options vest over period of three years	6 December 2017

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

	2009 Weighted average exercise price £	2009 Number of options No.	2008 Weighted average exercise price £	2008 Number of options No.
Outstanding at the beginning of the year	**1.96**	**101,322**	2.07	134,101
Exercised during the year	**(1.42)**	**(5,653)**	(0.13)	(71,919)
Lapsed during the year	**(2.42)**	**(37,190)**	(0.42)	(10,860)
Granted during the year	**–**	**–**	0.44	50,000
Outstanding at the end of the year	**1.06**	**58,479**	1.96	101,322
Exercisable at the end of the year	**1.42**	**8,479**	0.14	5,653

The options outstanding at the year end have an exercise price in the range of £1.00 to £2.42 and weighted average contractual life of 10 years.

22 Share based payments (continued)

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 Trading Limited scheme	
	2009	2008
Weighted average share price	**100p/242p**	100p/242p
Exercise price	**100p/242p**	100p/242p
Expected volatility	**40%**	40%
Option life	**5 years**	5 years
Expected dividends	**–**	–
Risk free interest rate	**4.8%**	4.8%
Fair value per option	**21.1p**	21.1p

	Plastics Capital plc scheme	
	2009	2008
Weighted average share price	**100p**	100p
Exercise price	**100p**	100p
Expected volatility	**40%**	40%
Option life	**5 years**	5 years
Expected dividends	**–**	–
Risk free interest rate	**4.8%**	4.8%
Fair value per option	**38p**	38p

Expected volatility was estimated by reference to historical share price movements in both the Group and comparable quoted companies with a longer listing history than the Group. The vesting conditions are three years and are not performance related.

Equity based Long Term Incentive Plan ("LTIP")

The discretionary Long Term Incentive Plan is for the benefit of certain employees as approved by the Remuneration Committee. The awards are free share based awards, with non market vesting conditions attached, that accrue the value of dividends over the vesting period.

Awards vest three years after the original grant date providing the relevant performance criteria have been met. The fair value at the date of grant, which is being charged to the income statement over the three year vesting period, has been calculated based on the following assumptions:

	Plastics Capital plc scheme	
	2009	2008
Grant date	**15 Jan–30 Mar**	14/01/2008
Share price at date of grant	**42p**	96p
Assumed leavers	**0%**	0%
Performance criteria achieved	**100%**	100%
Exercise price	**Nil**	nil
Fair value of options granted	**£41,105**	£20,160

23 Capital and reserves

Current year

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2008	269	13,868	(57)	2,640	–	492	17,212
Total recognised income and expense for the year	–	–	474	–		(5,177)	(4,703)
Other movement	–	–	–	–	–	(12)	(12)
Issue of new shares	1	49	–	–		–	50
Capital redemption reserve	–	(69)	–	–	69	–	–
Equity-settled share based payment transactions	–	–	–	–	–	33	33
Balance at 31 March 2009	**270**	**13,848**	**417**	**2,640**	**69**	**(4,664)**	**12,580**

23 Capital and reserves (continued)

Prior year

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2007	269	13,868	(181)	(12,718)	3,650	4,888	1,053	5,941
Total recognised income and expense for the year	–	–	124	–	(3,144)	(3,020)	6	(3,014)
Equity–settled share based payment transactions	–	–	–	–	16	16	–	16
Purchase of own shares	–	–	–	–	(30)	(30)	–	(30)
Purchase of Non controlling interests	–	–	–	–	–	–	(1,059)	(1,059)
Impact of issue of new shares								
(Plastics Capital Trading Limited)	–	–	–	1,328	–	1,328	–	1,328
Proceeds from listing	–	–	–	14,030	–	14,030	–	14,030
Balance at 31 March 2008	**269**	**13,868**	**(57)**	**2,640**	**492**	**17,212**	**–**	**17,212**

Reverse acquisition

On 6 December 2007, the Company acquired in a share for share exchange the whole of the ordinary share capital of Plastics Capital Trading Limited. The reverse acquisition reserve arises on the accounting for the share for share exchange. Reverse acquisition accounting requires that Plastics Capital Trading Limited is treated as the acquirer and the Company the acquiree. A reverse acquisition reserve arises which represents the difference between the issued equity instruments of Plastics Capital Trading Limited immediately before the share for share exchange and the equity instruments of the Company along with the shares issued to effect the share for share exchange.

The intention of reverse acquisition accounting is to present the Group as having always existed except that the capital reserves presented in the Group balance sheet are those of the Company in all years and not Plastics Capital Trading Limited. As a result the reverse acquisition reserve arises at the 1 April 2005 being the start of the earliest comparative period presented.

Share capital

	Ordinary shares of 1p each	
In thousands of shares	**2009**	2008
On issue at 1 April	**269**	–
Issued for cash	**1**	162
Share for share exchange	**–**	107
On issue at 31 March – fully paid	**270**	269

	2009 £000	2008 £000
Authorised		
40,000,000 ordinary shares of 1p each	**400**	400
Allotted, called up and fully paid		
26,900,063 ordinary shares of 1p each	**270**	269
	270	269

Share options were exercised in the year amounting to 50,063 shares at 1p each.

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.
Translation reserve	The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
Reverse acquisition reserve	Arises on the reverse acquisition accounting applied to the share for share exchange of Plastics Capital Trading Limited by the Company.
Capital redemption reserve	Arises on consolidation of Plastics Capital Trustee Limited through purchase of the parent company's shares.

24 Earnings per share

	2009 £000	2008 £000
Numerator		
Earnings used in basic and diluted EPS		
(Loss)/profit for the year from continuing operations	**(3,579)**	(2,224)
(Loss)/profit for the year from discontinued operations	**(1,598)**	(914)
(Loss)/profit for the year	**(5,177)**	(3,138)
Denominator		
Weighted average number of shares used in basic EPS	**26,887,547**	16,050,000

The diluted loss per share has not been calculated due to the loss made in the year.

25 Financial instruments

The Group is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk;
- Foreign currency risk;
- Liquidity risk;
- Credit risk; and
- Market price risk.

Policy for managing these risks is set by the Board following recommendations from the Finance Director. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below.

a) Fair value and cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. There is no Group policy to maintain a certain amount of debt in fixed rate instruments.

Amortising interest rate cap and floor arrangements are in place at Group level. These are taken out to protect against interest rate movement on LIBOR, Euribor and US base rate for the foreign currency loans. The interest rate hedges are for the life of the loan and cover approximately 66% (2008: 66%) of the loans value.

The Group has taken out foreign currency loans as part of its strategy to commercially hedge against foreign currency movement.

During 2009 and 2008, the Group's borrowings were denominated in Euro, US Dollars, Japanese Yen and Sterling and subject to fixed and floating rate charges as follows:

	2009		
	Floating rate £000	**Fixed rate £000**	**Total £000**
Sterling	**7,357**	**–**	**7,357**
US Dollar	**1,954**	**–**	**1,954**
Euro	**9,900**	**–**	**9,900**
Other	**789**	**–**	**789**
	20,000	**–**	**20,000**

25 Financial instruments (continued)

	2008		
	Floating rate £000	Fixed rate £000	Total £000
Sterling	7,216	–	7,216
US Dollar	1,490	–	1,490
Euro	8,713	–	8,713
Other	571	–	571
	17,990	–	17,990

Sensitivity analysis

A 10% weakening of Sterling against the following currencies at 31 March 2009 would have increased/(decreased) net financial assets and liabilities and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis for 31 March 2008.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2009		
US Dollars	**(34)**	**559**
Euros	**(997)**	**132**
Yen	**(25)**	**59**
At 31 March 2008		
US Dollars	–	187
Euros	(673)	100
Yen	(15)	51

A 10% strengthening of Sterling against the following currencies at 31 March 2009 would have increased/(decreased) net financial assets and liabilities and profit or loss before or after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis for 31 March 2008.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2009		
US Dollars	**31**	**(508)**
Euros	**906**	**(120)**
Yen	**23**	**(54)**
At 31 March 2008		
US Dollars	(1)	(228)
Euros	822	(122)
Yen	18	(62)

The profit or loss impacts are shown before currency hedges which have been taken out in the years to mitigate the foreign exchange movements.

The borrowings of the Group have been taken out to hedge the operational exposure. Therefore an adverse movement on the loans would be matched by a corresponding increase in sales and profits over the life of the loans, therefore reducing the total exposure.

Any movement in the interest rates will have an impact on the Group's interest charge however the sensitivity shown is only for interest rates increasing. Any decrease in interest rates would have only a minimal impact to the Group's interest charge as the Group's interest rate hedges (in place for approximately 66% of the debt) are at a higher level than the current 3 month LIBOR.

If interest rates were to increase to 4% (up from the current rate of 1.5%), the interest rate charge would increase by £194,000.

If interest rates were to increase to 6% (up from the current rate of 1.5%), the interest rate charge would increase by £581,000.

25 Financial instruments (continued)

b) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which may give rise to gains or losses on retranslation into Sterling.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and Japanese Yen. Approximately 60% of the Group's sales are in foreign currencies however the Group's core operations are run from the UK. The Group has two operations located in the USA and Japan but these have minimal assets and liabilities.

The Group risks are mitigated by the fact that the majority of the Group's sales, costs and borrowings are matched in terms of currencies. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and options.

The Group's policy is to hedge 100% of its anticipated net cash flows in each major foreign currency (Euro, US Dollar and Japanese Yen) for the subsequent six to eighteen months.

Group treasury will enter into a matching forward contract and options with RBS to cover the foreign currency risk.

c) Liquidity risk

The liquidity risk of each Group entity is managed centrally by the Group treasury function. All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the Group's forecast cash requirements.

The Group maintains a draw down facility with RBS to manage any unexpected short-term cash shortfalls.

2009

	Effective Interest Rate	Carrying amount £000	Contractual cash flows £000	Within one year £000	1–2 years £000	2–3 years £000	3–5 years £000	5–10 years £000	> 10 years £000
Fixed rate	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Floating rate	**6.64%**	**20,883**	**24,246**	**4,821**	**3,447**	**3,312**	**12,283**	**383**	**–**
Trade and other payables		**3,467**	**3,467**	**3,467**	**–**	**–**	**–**	**–**	**–**
Deferred debt issue costs		**(883)**	**–**	**(100)**	**(100)**	**(100)**	**(200)**	**(383)**	**–**
Total		**23,467**	**27,713**	**8,188**	**3,347**	**3,212**	**12,083**	**–**	**–**

2008

	Effective Interest Rate	Carrying amount £000	Contractual cash flows £000	Within one year £000	1–2 years £000	2–3 years £000	3–5 years £000	5–10 years £000	> 10 years £000
Fixed rate	–	–	–	–	–	–	–	–	–
Floating rate	7.78%	18,674	23,531	3,595	3,917	3,240	12,779	–	–
Trade and other payables		5,616	5,616	5,616	–	–	–	–	–
Deferred debt issue costs		(684)	–	(70)	(70)	(70)	(474)	–	–
Total		23,606	29,147	9,141	3,847	3,170	12,305	–	–

d) Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any contracts. Each local business practice also has credit insurance in place.

The Group does not have any significant concentration of credit risk.

25 Financial instruments (continued)

Aged trade receivables

	Current £000	>30 days £000	>60 days £000	>90 days £000	>120 days £000	Total £000
2009	**2,643**	**1,310**	**649**	**95**	**308**	**5,005**
2008	4,299	1,603	716	196	251	7,065

Owing to the high level of exports to countries all over the world some customer terms extend beyond the standard 60 days. However, the historical level of bad debt provision (see note 17) is low and in addition, the Group has credit insurance in place to mitigate any exposure. As the Group does not carry a significant bad debt provision, the disclosed information represents the ageing of assets that are neither past due nor impaired.

e) Maturity of debt

				31 Mar 09 £000		31 Mar 08 £000	
	Currency	Nominal interest rate	Period of maturity	**Face value**	**Carrying amount**	Face value	Carrying amount
Bank loan	Sterling	2.38%	5 years	**5,734**	**5,734**	5,616	5,616
	Euro	2.38%	5 years	**9,312**	**9,312**	8,713	8,713
	US Dollars	2.38%	5 years	**1,954**	**1,954**	1,490	1,490
	Japanese Yen	2.38%	5 years	**789**	**789**	571	571
Property loan	Sterling	2.25%	15 years	**1,099**	**1,099**	1,100	1,100
Loan notes	Sterling	2.00%	2 years	**525**	**525**	500	500
Asset backed loan	Sterling	2.25%	5 years	**587**	**587**	–	–
				20,000	**20,000**	17,990	17,990

The bank loan is provided by RBS and is split into a Sterling loan, Euro loan, US Dollar loan and Japanese Yen loan all of which are repayable in their respective currencies. Each tranche of the loan accrues interest at three month LIBOR (or foreign equivalent) +2.25%. The loans amortise over five years and are repayable in March 2013.

The property loan is provided by RBS with an interest of 3 month LIBOR (or foreign equivalent) +2.25%. The loan amortises over 15 years and is repayable in March 2023.

The loan note comprises a vendor loan note of £525,000 and accrues interest at LIBOR +2% until March 2010 when it becomes repayable.

f) Fair values

To the extent financial assets and liabilities are not carried at fair value in the consolidated balance sheet, book value approximates to fair value at 31 March 2008 and 31 March 2009.

The fair values of derivatives together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount liability 2009 £000	**Fair value liability 2009 £000**	Carrying amount liability 2008 £000	Fair value liability 2008 £000
Foreign exchange forward contracts	**527**	**527**	84	84
Interest rate collars	**673**	**673**	239	239
	1,200	**1,200**	323	323

The fair values of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

26 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2009 £000	Plant and machinery 2009 £000	Total 2009 £000	Land and buildings 2008 £000	Plant and machinery 2008 £000	Total 2008 £000
Less than one year	**346**	**54**	**400**	568	50	618
Between one and five years	**1,650**	**95**	**1,745**	1,416	70	1,486
More than five years	**2,283**	**–**	**2,283**	2,942	–	2,942
	4,279	**149**	**4,428**	4,926	120	5,046

Details of the Group's significant operating lease arrangements are detailed below:

Property	Lease expiry	Break Date	Rent Review Date
Manse Lane	Sept 2021	Sept 2016	See below
St Georges Avenue	Sept 2009	Six month's notice	Lease due to expire
Sanders Road	August 2022	August 2022	August 2022

The rent review date for the Manse Lane premises is on completion of the extension work in September 2011 and every fifth anniversary of that date.

The Group does not sub-lease any properties or other assets held under operating lease agreements and is not exposed to any contingent rent payments.

27 Contingencies

There were no contingencies at 31 March 2009 and 31 March 2008.

28 Related parties

In addition to Directors emoluments disclosed in Note 6, key management remuneration during the year was £341,000 (2008: £313,000) with Company pension contributions of £25,000 (2008: £32,000).

During the year a dividend was paid from SKOR srl to C&T Matrix Limited of €43,000. SKOR srl is an associated undertaking of Plastics Capital plc (see note 13).

29 Accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or to the financial statements in general within the next financial year are discussed below:

Intangible assets

The Group recognises intangible assets (other than goodwill) on acquisition. Judgements are made in respect of useful lives and valuation methods affecting the carrying value and amortisation charges in respect of these assets. The valuation of intangible assets requires judgements to be made in respect of valuation methods, discount rates, growth rates and future cash flows and the cost of capital. Actual outcomes may vary.

Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Goodwill is assigned by the company to its cash generating units, the allocation of which is a judgement based on the knowledge of the business. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows, growth rates and the choice of a discount rate, based on knowledge of the cost of capital, in order to calculate the present value of the cash flows. Actual outcomes may vary.

Inventory

The Company reviews the net realisable value of, and demand for, its inventory on a regular basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include competitor actions, supplier prices and economic trends.

Exceptional costs, foreign exchange costs and presentation of the financial statements

The Group is required to make judgements in determining its policy for the disclosure and presentation of exceptional costs and foreign exchange costs. These judgements are made in order to facilitate the understanding of the performance of the Group.

30 Principal subsidiary undertakings

Details of principal subsidiary undertakings are given below:

	County of incorporation	Nature of business	Percentage of ordinary shares held
Plastics Capital Trading Limited	England and Wales	Holding company	100%
Bell Plastics Limited	England and Wales	Plastics Products	100%
BNL (UK) Limited	England and Wales	Plastics Products	100%
BNL (Japan) Inc *	Japan	Plastics Products	100%
BNL (US) Inc *	USA	Plastics Products	100%
BNL (Thailand) Limited *	Thailand	Plastics Products	100%
C&T Matrix Limited	England and Wales	Plastics Products	100%
Palagan Limited *	England and Wales	Plastics Products	100%
GKT Partnership Limited	England and Wales	Holding company	100%
Bell Holdings Limited	England and Wales	Dormant	100%
Cobb Slater Limited *	England and Wales	Dormant	100%
Trimplex Safety Tread Limited	England and Wales	Dormant	100%
Channel Matrix Distribution Limited	England and Wales	Dormant	100%
Plastics Capital (Acquisitions) Limited	England and Wales	Dormant	100%
Sabreplas Limited	England and Wales	Dormant	100%
Plastics Capital (Trustee) Limited	England and Wales	Trust company	100%
SKOR srl	San Marino	Plastics Products	40%

* Shareholdings owned indirectly

31 Note to the Cash Flow Statement

	2009 £000	2008 £000
(Loss)/profit for the year before tax	**(4,275)**	(2,776)
Discontinued operations loss	**(1,598)**	(914)
Total (Loss)/profit for the year before tax	**(5,873)**	(3,690)

32 Acquisitions of subsidiaries

On 4 April 2007, BNL acquired 100% of the ordinary share capital of Cobb Slater Limited ("Cobb Slater") and its subsidiaries. Cobb Slater is engaged in the design, moulding and manufacture of plastic bearings.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Fair value adjustments £000	Acquisition amounts £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	337	(165)	172
Customer relationships	–	292	292
Intangible assets	29	(29)	–
Inventories	563	(380)	183
Trade and other receivables	600	–	600
Cash and cash equivalents	(77)	–	(77)
Trade and other payables	(1,386)	(44)	(1,430)
Deferred tax liability	–	(88)	(88)
Net identifiable assets and liabilities	66	(414)	(348)
Consideration paid:			
Cash			454
Costs of acquisition			165
			619
Goodwill			967
Cash consideration paid including costs of acquisition of £165,000			619
Overdraft (acquired)			77
Net cash outflow			696

An assessment of the other assets and liabilities acquired resulted in a number of adjustments required across balance sheet categories. These adjustments include the recognition of additional fixed asset provisions, inventory provisions and the inclusion of intangible assets identified on acquisition.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Cobb Slater and subsidiaries. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

32 Acquisitions of subsidiaries (continued)

On 1 May 2007, Sabreplas Limited acquired the net assets and trade of Sabre Plastics Limited. Sabre Plastics Limited was engaged in the manufacture of general extrusion.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Fair value adjustments £000	Acquisition amounts £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	315	(77)	238
Inventories	169	(54)	115
Trade and other payables	(32)	(101)	(133)
Net identifiable assets and liabilities	452	(232)	220

Consideration paid:	
Cash	342
Deferred consideration	100
Costs of acquisition	91
	533
Goodwill	313

Cash consideration paid including costs of acquisition of £91,000	433
Cash (acquired)	–
Net cash outflow	433

An assessment of the other assets and liabilities acquired resulted in a number of adjustments required across balance sheet categories. These adjustments include the recognition of additional fixed asset and inventory provisions for impairment.

The goodwill arising on the acquisition has been fully impaired in the year as the general extension business segment has been discontinued.

NOTES
Forming part of the financial statements (continued)

32 Acquisitions of subsidiaries (continued)

On 31 August 2007, Plastics Capital Trading Limited acquired 100% of the ordinary shares in Channel Matrix Limited ("Channel") and subsidiaries. The Channel Matrix Group is involved in the manufacture of specialist products for the print and packaging industries.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Fair value adjustments £000	Provisional acquisition amounts £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	292	(13)	279
Technology	–	911	911
Distributor and customer relationships	–	1,906	1,906
Trademarks	–	249	249
Investments	440	(407)	33
Inventories	817	(86)	731
Trade and other receivables	1,058	(24)	1,034
Cash and cash equivalents	230	–	230
Trade and other payables	(690)	(44)	(734)
Deferred tax liability	(20)	(920)	(940)
Net identifiable assets and liabilities	2,127	1,572	3,699

Consideration paid:	
Cash	10,015
Costs of acquisition	422
	10,437
Goodwill	6,738

Cash consideration paid including costs of acquisition of £422,000	10,437
Cash (acquired)	(230)
Net cash outflow	10,207

An assessment of the other assets and liabilities acquired resulted in a number of adjustments required across balance sheet categories. These adjustments include the recognition of additional liabilities, the inclusion of intangible assets identified on acquisition and impairment of an investment in SKOR srl.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Channel Matrix Limited and subsidiaries. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Channel Matrix Limited and subsidiaries. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

As part of the acquisition of Channel, Plastics Capital Trading Limited agreed to pay a bonus consideration up to a maximum of £2.5 million if the average EBITDA for Years 2 and 3 for the business of Channel and its subsidiaries together with the creasing matrix business of Mulberry Plastics is equal to or greater than £3 million. The bonus is calculated as the average EBITDA for the two years less £2.5 million and would be payable in August 2010. As at 31 March 2008, no provision had been made for this possible amount.

32 Acquisitions of subsidiaries (continued)

On 6 December 2007, Plastics Capital Trading Limited acquired the remaining 20% of the ordinary shares in Mulberry Plastics Limited ("Mulberry") and subsidiaries. The Mulberry Group is involved in the manufacture of specialist products for the print and packaging industries.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Acquisition amounts £000
Acquiree's net assets at the acquisition date:		
Property, plant and equipment	322	322
Intangible assets	2,403	2,403
Investments	1	1
Inventories	396	396
Trade and other receivables	2,019	2,019
Cash and cash equivalents	174	174
Trade and other payables	(637)	(637)
Deferred tax liability	(57)	(57)
Net identifiable assets and liabilities	4,621	4,621
Minority interest acquired (20%)	924	924
Consideration paid:		
Cash		301
Shares in the Company		300
		601
Negative Goodwill		(323)
Cash consideration paid		301
Cash (acquired)		–
Net cash outflow		301

Negative goodwill has been credited to the income statement.

32 Acquisitions of subsidiaries (continued)

On 6 December 2007, Plastics Capital Trading Limited acquired the remaining 3.8% of the ordinary shares in BNL (UK) Limited ("BNL") and subsidiaries. The BNL Group is involved in the manufacture of plastic bearings.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Acquisition amounts £000
Acquiree's net assets at the acquisition date:		
Property, plant and equipment	1,635	1,635
Intangible assets	1,190	1,190
Inventories	1,131	1,131
Trade and other receivables	3,079	3,079
Cash and cash equivalents	288	288
Trade and other payables	(3,740)	(3,740)
Deferred tax liability	–	–
Net identifiable assets and liabilities	3,583	3,583
Minority interest acquired (3.8%)	135	135

Consideration paid:	
Cash	–
Shares in the Company	346
	346
Goodwill	211
Cash consideration paid	–
Cash (acquired)	–
Net cash outflow	–

Goodwill arose on the business combination. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of BNL (UK) Limited and subsidiaries. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

32 Acquisitions of subsidiaries (continued)

On 11 March 2008, Plastics Capital Trading Limited acquired 100% of the ordinary shares in GKT Partnership Limited and its subsidiary, Palagan Limited ("Palagan"). Palagan is involved in the manufacture of high performance film products.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book values £000	Fair value adjustments £000	Provisional acquisition amounts £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	597	–	597
Technology	–	193	193
Distributor and customer relationships	–	1,059	1,059
Trademarks	–	236	236
Inventories	712	–	712
Trade and other receivables	1,817	–	1,817
Cash and cash equivalents	661	–	661
Trade and other payables	(2,700)		(2,700)
Deferred tax liability	(30)	(446)	(476)
Net identifiable assets and liabilities	1,057	1,042	2,099
Consideration paid:			
Cash			4,360
Deferred consideration			500
Costs of acquisition			434
			5,294
Goodwill			3,195
Cash consideration paid including cash costs of acquisition of £374,000			4,734
Cash (acquired)			(661)
Net cash outflow			4,073

An assessment of the other assets and liabilities acquired resulted in a number of adjustments required across balance sheet categories. These adjustments include the inclusion of intangible assets identified on acquisition and related deferred tax liabilities.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire GKT Partnership Limited and subsidiaries. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of GKT Partnership Limited and subsidiaries. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

If the four acquisitions above had occurred on 1 April 2007 Group revenue would have been an estimated £30 million and net loss would have been an estimated £(1.1) million.

COMPANY BALANCE SHEET
At 31 March 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	2	**10,759**	10,708
		10,759	10,708
Current assets			
Debtors (including £14.9 million due after more than one year)	3	**14,891**	14,209
Current liabilities			
Corporation tax		**(80)**	–
Net current assets		**14,811**	14,209
Net assets		**25,570**	24,917
Capital and reserves			
Share capital	4	**270**	269
Share premium	4	**13,917**	13,868
Merger reserve	4	**10,544**	10,544
Retained earnings	4	**839**	236
Total shareholder funds		**25,570**	24,917

These financial statements were approved by the Board of Directors on 30 June 2009 were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman

NOTES
Forming part of the financial statements

1 Accounting policies

Plastics Capital plc (formerly Plastics Trading plc) (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Japan and the United States of America.

The Company financial statements present information about the Company as a separate entity and not about its Group.

The Company has elected to prepare its Company financial statements in accordance with UK GAAP.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

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

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

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the consolidated financial statements include the Company.

Taxation

The charge for taxation is based on the loss for the year and takes into account deferred taxation 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.

Share based payments

The Group's LTIP and 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.

Own shares help by ESOP trust

Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

Investments

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

2 Investments

	2009 £000	2008 £000
Investments	**10,759**	10,708
	10,759	10,708

3 Debtors

	2009 £000	2008 £000
Prepayments and other debtors	**–**	36
Amounts owed by group undertakings	**14,891**	14,173
	14,891	14,209

Included in amounts owed by parent undertakings is £14,891,000 in respect of amounts due after more than one year. Interest is accrued on this balance at 1% over the base rate.

NOTES
Forming part of the financial statements (continued)

4 Capital and reserves

Statement of change in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
On incorporation	–	–	–	–	–
Share for share exchange	107	–	10,544	–	10,651
Issue of new shares	162	16,038	–	–	16,200
Write off of issue costs	–	(2,170)	–	–	(2,170)
	–	–	–	259	259
Equity–settled share based payment transactions	–	–	–	7	7
Purchase of own shares	–	–	–	(30)	(30)
Balance at 31 March 2008	269	13,868	10,544	236	24,917
Issue of new shares	1	49		(50)	–
Profit for the financial year	–	–	–	653	653
Balance at 31 March 2009	**270**	**13,917**	**10,544**	**839**	**25,570**

5 Reconciliation of movements in shareholders' funds

Statement of change in equity

	Total £000
Profit for the financial year	653
Charge in respect to share based payments	–
Consideration paid for the purchase of own shares by Employee Benefit Trust	–
New share capital subscribed (net of issue costs)	–
Net addition to shareholders' funds	653
Opening shareholders' funds	24,917
Closing shareholders' funds	**25,570**

6 Staff numbers and costs

The only employees of the Company are the statutory Directors as listed on page 8. All remuneration was borne by a subsidiary group company.

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