Plastics Capital plc
Annual Report & Accounts 2010

Specialist plastic products for global markets.

PLASTICS Capital plc

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

Financial

	Year ended 31 March 2010 £000	Year ended 31 March 2009 £000	% Change
Revenue	**26,688**	28,185	**-5.3%**
Gross Profit	**10,539**	9,569	**+10.1%**
EBITDA*	**5,062**	4,143	**+22.2%**
Profit before tax*	**2,984**	2,007	**+48.7%**

* Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses.

Operational

Good profit growth driven by lower costs, improved margins and weaker Sterling

Solid recovery in sales volumes from low point at 31 March 2009

Continued focus on expansion in China, India, USA and Brazil

Volume recovery driven by international sales – now representing 61% of total

All Group subsidiaries continue to deliver good profitability

Strong cash flow with net bank debt reduced by £2.9 million during the year to £16.1 million

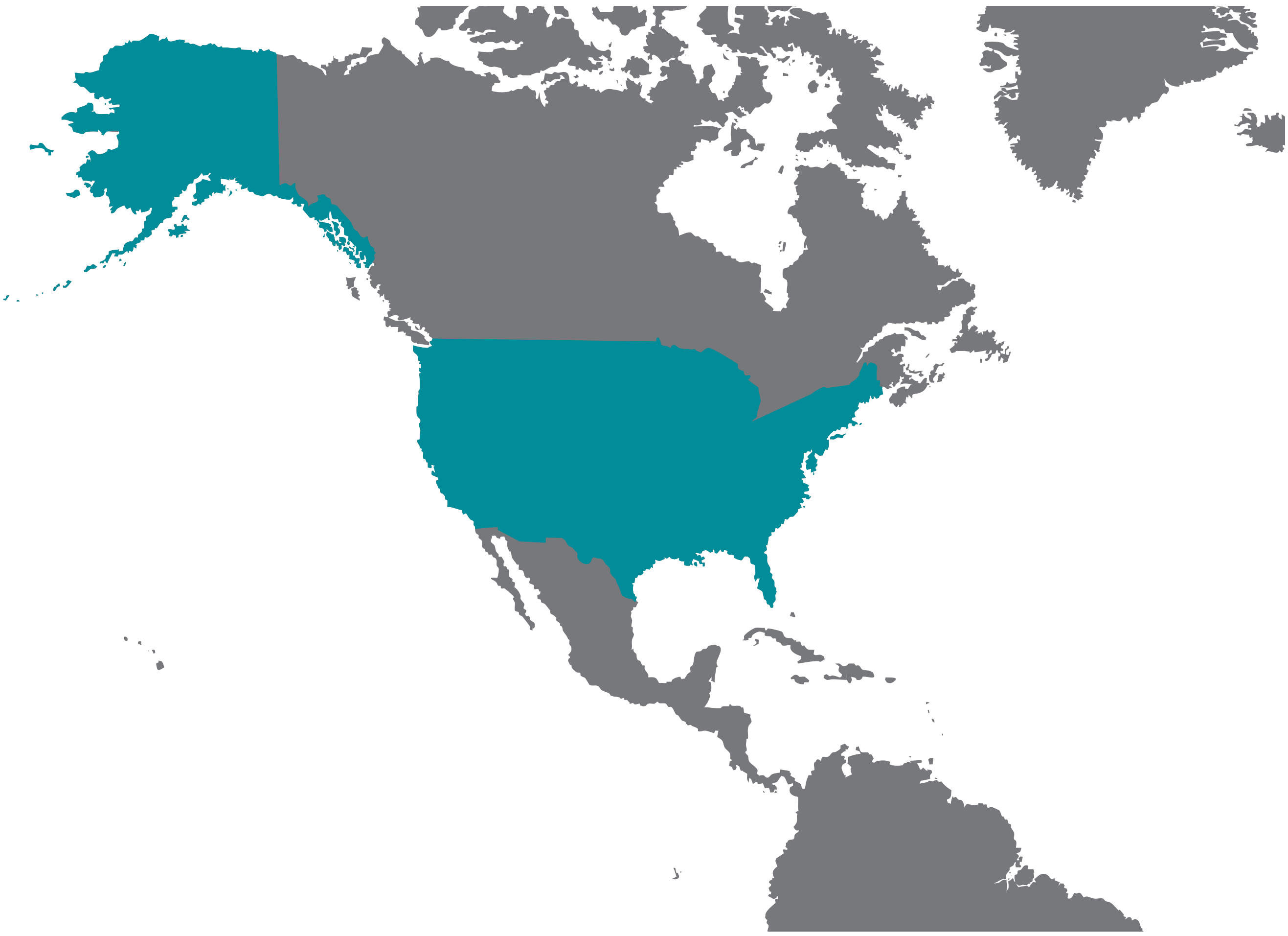
The Group has four factories in the UK, one in Thailand and sales offices in the USA and Japan. Approximately 60% of sales are exported to over 70 countries worldwide. Production is concentrated in the UK where significant engineering knowhow and automation underpins the Group's competitiveness.

46%
market share - Power Transmission

54%
market share - Print & Packaging

61%
Export sales

39%
UK sales



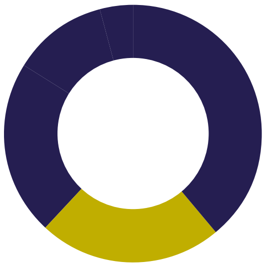
03

39%
UK market

23%
Asia market

22%
European market

12%
USA market

4% Rest of the World

These results reflect the strong actions taken last year to reduce costs and rationalise the business.

Financial review

Overall performance is in line with expectations.

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

- suffered a slight decrease in revenue by 5% to £26.7 million;
- increased underlying* earnings before interest, tax, depreciation and amortisation (EBITDA), by 22% to £5.1 million; and
- increased underlying* profit after tax by 16% to £3.1 million

* Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses.

The strong improvement in profitability results primarily from two factors: first, cost rationalisation that was implemented without delay at the end of FY09 and through the first quarter of FY10 and, second, Sterling's weakness against the US Dollar in particular – although Sterling weakened during FY09, we were hedged and consequently saw no benefit until the start of FY10.

In the year under review, the Group has not suffered the prior year's significant exceptional costs, discontinued operation costs and unrealised foreign exchange losses. Consequently, last year's statutory loss after tax of £5.2 million has been transformed to a statutory profit after tax of £1.9 million.

It is also pleasing to report that our net bank debt has reduced by £2.9 million during the year. Cash flow during the year has been good enabling us to pay down debt. We have also incurred a small unrealised translation gain on our Euro denominated debt, which has contributed a £0.2 million reduction in the year.

Volume recovery

The 5% year-on-year decrease in revenue from FY09 to FY10 masks the true recovery in volumes that has occurred since the end of FY09. Revenue started the two year period at a high point prior to the global recession, hit bottom in the final quarter of FY09 when the impact of the global recession was most severe, and has since rebounded to within 10% of the pre-recession level. This trend can be clearly seen from the following chart which shows a composite volume index for our businesses over the eight quarters of FY09 and FY10.

Raw materials

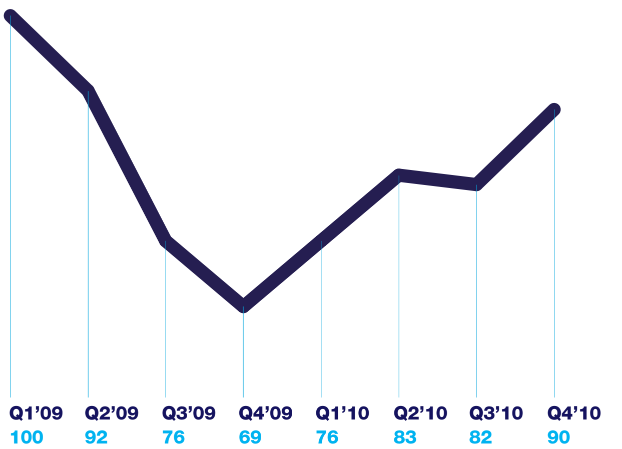
The financial year under review has seen relatively little change in raw material prices for the engineering grades that are bought by our businesses in the main. The key exception has been polyethylene which is used by our specialist packaging film business, where prices increased throughout the year and by the end of the year were approximately 30% higher than at the beginning of the year. Whilst management have recovered some of this increase in sales prices during the year, the consistent and ongoing nature of the increase has resulted in at least 2-3 months of delay before the "pass-through" has taken effect, so leading to some margin erosion, however, this has not been very material in the context of the entire Group. We are monitoring this position closely, but we expect the run-up in prices to stabilise and reverse in due course leading to some recovery of margin when this happens.

Currency

Sterling has remained relatively weak throughout the year. Because of our export focus, Sterling's weakness is helpful to the Group's trading in the long run. Our key trading exposure is to the US Dollar and our key balance sheet exposure is to the Euro as approximately 50% of our debt is denominated in Euros.

For the financial year under review we achieved an average rate of 1.48 on the US Dollar and this contributed significantly to our profit improvement compared to FY09, when the average rate achieved was 1.98. As for the Euro the year-start and year-end rates were 1.08 and 1.12 respectively leading to a £0.2m unrealised gain on our Euro denominated debt.

Weighted volume index



Our hedging policy remains as previously stated - we endeavour to ensure that realised gains/losses made in the businesses during the year from foreign exchange movements are broadly negated by the realised losses/gains on forward contracts and foreign currency loans repaid during the year. This hedging policy enables us to achieve a higher level of predictability of earnings and cash flow, despite currency volatility, at least over a 12-18 month window.

We have hedged forward for FY11, but due to temporary and relative dollar weakness during much of FY10, at a somewhat less attractive rate than we managed for FY10; this will hold earnings back somewhat in the current year. However, we have already started to hedge for FY12 and so far at significantly better rates than FY11.

Banking

Our net bank debt has decreased by £2.9 million to £16.1 million during the period. Cash conversion in our businesses has been good as usual and working capital management of the business has been a key operational focus. Management have done an excellent job to squeeze working capital over the last twelve months.

Whilst higher than we would choose in the post credit crisis environment, the current level of debt is manageable and is of course reducing all the time. After the end of the financial year we have reached agreement with RBS to make some relatively minor but helpful extensions and amendments to our facilities. These amendments will provide the headroom and flexibility for the business to respond to the recovery in volumes that we are currently seeing through some investment in capital expenditure and working capital.

Current trading and future prospects

Trading continues to improve. Order books are stronger than they have been for the last 12-18 months. We are starting to hire production staff again. We are also starting to see some signs of raw material price inflation – usually a sign that economic conditions are improving. Although the recovery seems fragile in Europe, in other parts of the world, demand is strong again.

We see FY11 as a year of investment in business development activities, in new machinery, in further development of our Thai factory, in stocks and in new products. These factors will have a negative impact on profitability and cash flow in the short term, but significantly benefit growth and profits in the longer run.

Our current strategic focus is on organic growth, driven by four key themes:

- The "rising tide" – whilst recovery has commenced, there is still a long way to go before our customers are back to the levels of business activity that existed in FY08; in other words, the " tide" went out a long way over the last 12-18 months and it still has a long way to go to come back.
- Customer development – our businesses have many excellent blue chip customer relationships based on the technical advantages of our products, but frequently only in one customer location or operating unit; the sales development opportunities associated with penetrating more of these locations and/or subsidiaries is absolutely outstanding. We intend to turn this to our advantage.
- Territorial expansion – we are already setting up sales offices and/or agents in key unexploited growth markets like China, India, USA, Brazil – where growth rates for the applications into which our products go are growing at double digit rates.
- New products – all our subsidiaries have opportunities for "near-to-market" product developments that will open up new customers and applications; work is ongoing in all subsidiaries to bring these developments to market as soon as practical.

Acquisition activity remains quiet whilst financing conditions continue to be unfavourable. We have seen a few opportunities over the last twelve months, but none that were of significant interest. Nevertheless acquisitive growth remains a key plank of our strategy and we will explore any opportunity that meet our criteria.

The Board wishes to extend its sincere thanks to all the Group's employees; despite the very difficult circumstances over the last twelve months, we have had the full support of our employees in all aspects of the Group's activities. We believe that the worst is behind us and our employees deserve full appreciation for the outstanding effort made to get us through a very severe recession.

Our businesses are highly profitable with strong operating cash flows and very good market and competitive positions. They also have excellent opportunities for organic growth, which is the priority whilst we await more favourable financing conditions for acquisition activity to resume.
We look forward to another year of significant progress.

Faisal Rahmatallah
Executive Chairman

Power Transmission

For BNL (UK) Limited ("BNL"), our manufacturer of plastic bearings and other rotating parts, FY10 was a difficult year with:

- Weak demand conditions until the last quarter
- Heavy logistical demands as customers ordered smaller batch quantities more frequently to manage their own working capital issues
- Projects for new business frequently being postponed or shelved due to the highly uncertain economic environment

BNL responded well to this difficult environment, implementing a second round of cost reductions in the first quarter; these were in addition to those implemented at the end of FY09, and resulted in additional annualised cost savings of £0.4 million. BNL also continued to transfer production of simpler bearings to the Thai factory that was set up in October 2008 – over 50% of product volume had been transferred to Thailand by the end of the financial year, so saving logistics cost and turnaround time for our customers in South East Asia.

On a positive note, the year finished very strongly as demand picked up across all sectors led by North America and the Far East particularly. Moreover, business development personnel were recruited in the last quarter in both China and India to build customer contact with local companies and to drive sales in these extremely important countries.

For our hose mandrel business, Bell Plastics Limited ("Bell"), FY10 was a year of major transformation and it has made some excellent progress.

As reported in our interim statements, Bell moved in September '09 to new premises in Poole. This was completed with minimum disruption to customers and within budgeted costs and timescale. The new factory provides a far superior working environment and additional space both to improve existing operations and to add additional capacity as and when needed.

Bell has also widened its product range and production capabilities successfully to include a variety of thermoplastic elastomers. This range and capability extension has enabled penetration of some important new customers, particularly in the automotive hose segment, an area Bell had not actively targeted in the past.

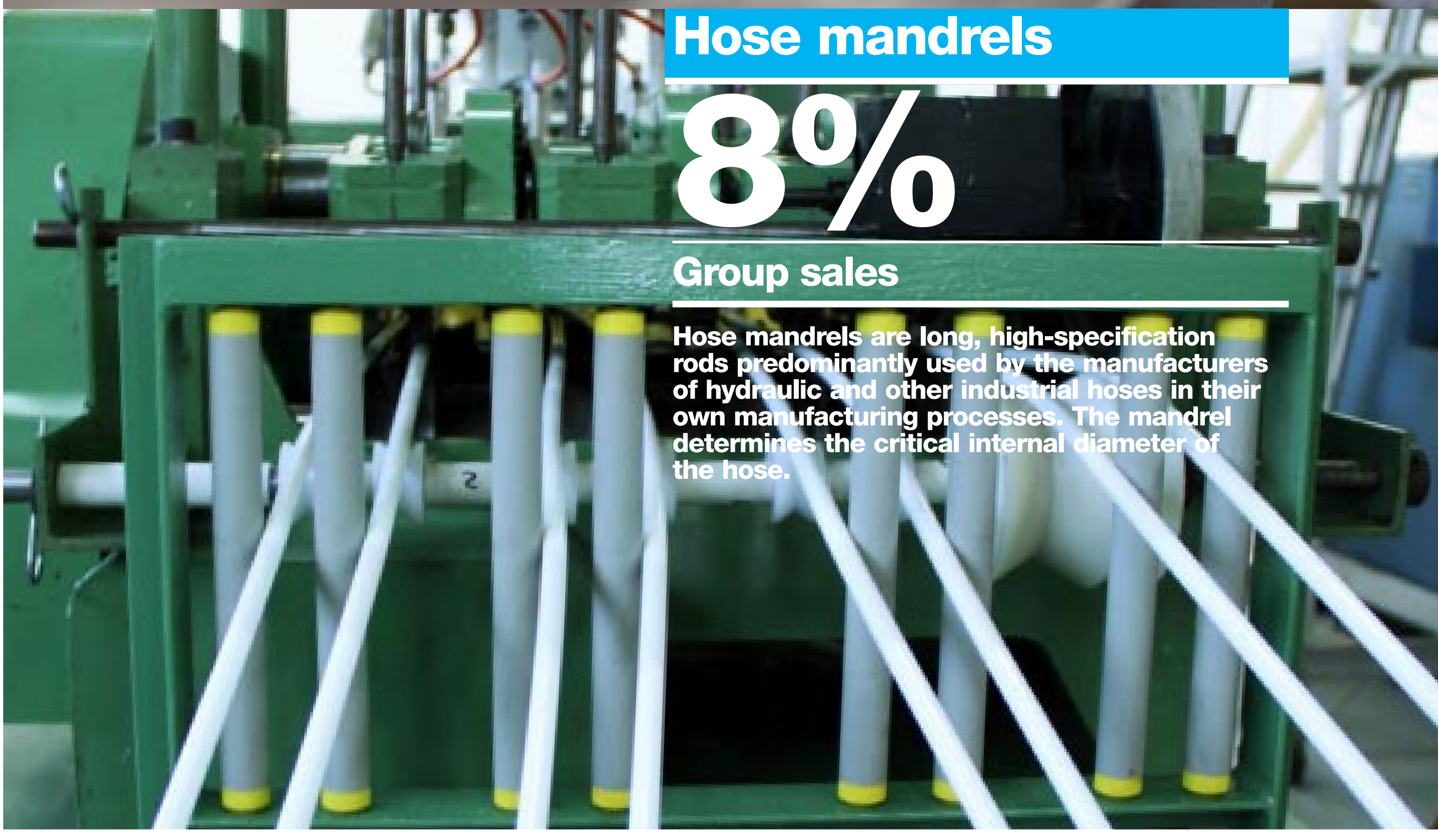
Led by managing director, Dave Kavanagh, Bell has been very busy prospecting for new customers, targeting hose manufacturers around the world, including those in China, USA, Japan, and Korea – this has already resulted in some new business during the year and we believe that more will flow in the not too distant future.

Plastic bearings

38%

Group sales

Design and manufacture of rotating devices primarily plastic ball bearings but also plastic gears, shafts and bushes – uses its design expertise to exploit the opportunities to replace traditional heavy and expensive metal products.



Hose mandrels

8%

Group sales

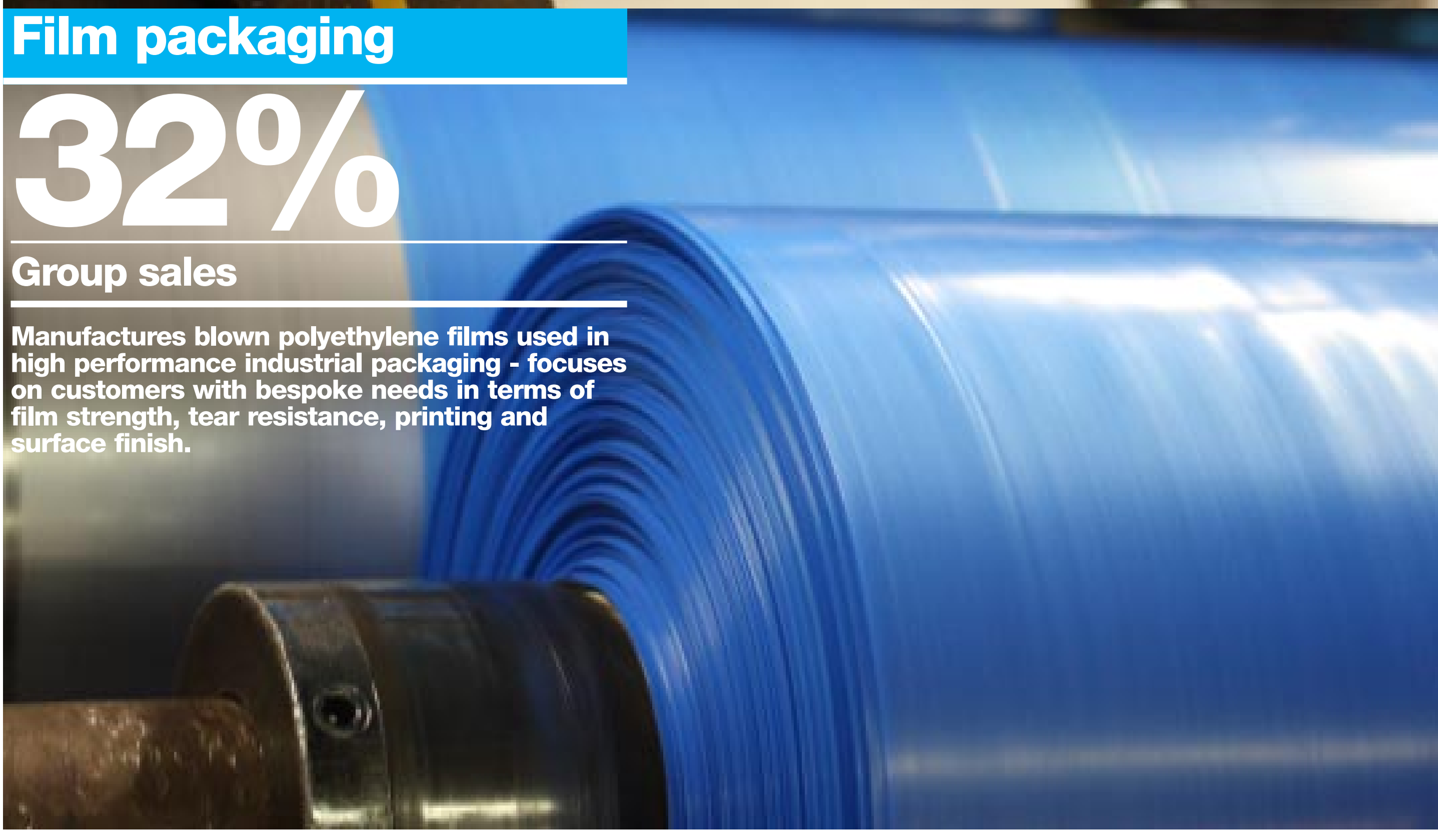
Hose mandrels are long, high-specification rods predominantly used by the manufacturers of hydraulic and other industrial hoses in their own manufacturing processes. The mandrel determines the critical internal diameter of the hose.

Creasing matrix

22%

Group sales

A creasing matrix is a consumable product used in the manufacture of cardboard boxes to facilitate accurate high quality creasing prior to folding.



Film packaging

32%

Group sales

Manufactures blown polyethylene films used in high performance industrial packaging - focuses on customers with bespoke needs in terms of film strength, tear resistance, printing and surface finish.

Print and Packaging

FY10 has been a satisfactory year for our creasing matrix business, C&T Matrix Limited ("C&T"), with demand stabilising in the first quarter and growing gradually thereafter. In addition, important production engineering projects were completed during the year which have resulted in lower costs. C&T is now well placed to deliver the sort of performance we anticipated when the former Channel and Trimplex organisations were brought together just before the economic downturn.

C&T has taken advantage of the recession to expand its distribution network at the expense of smaller manufacturers, with new relationships in South East Asia, the Middle East and Central America, as well as a new global distribution agreement with a leading company in the cardboard packaging market. Demand has been particularly strong from developing countries with volumes in these territories growing by approximately 10% year-on-year.

C&T has also successfully completed the development and introduction of new processing technology that has improved product quality and reduced manufacturing costs – this technology has allowed considerable simplification in the production of the 3,000 - 4,000 product variants manufactured by C&T. The resulting product range harmonisation and rationalisation has led to a reduction in stockholding costs and lower wastage, and will in due course result in superior service levels.

Palagan Limited ("Palagan"), our specialist film packaging business, has performed to expectations in a difficult environment. Being primarily a UK business, demand has remained relatively soft throughout the year, but Palagan has managed to win considerable amounts of new business to sustain its performance. Margins held up satisfactorily in the first half year but came under pressure towards the end of the year as raw material prices suffered a period of sustained inflation and it was not possible to pass through these increases to customers without there being some delay.

During the year under review, Palagan has started to seek and win business in Europe both directly and through agents. The strong product capabilities of this business and the weakness of Sterling mean that this is a good opportunity for growth – some early success has already been achieved.

The project to achieve British Retail Consortium accreditation was achieved during the year and this is opening up customer opportunities in various segments of the market for packaging to the food industry.

Continuing Operations	2010 £000	2009 £000	Change %
Revenue	26,688	28,185	-5.3%
Gross profit	10,539	9,569	10.1%
Operating profit	2,460	560	339.3%
Add back: Depreciation	826	723	
Add back: Amortisation	1,119	1,119	
Add back: Exceptional costs	657	1,741	
EBITDA before exceptional costs	5,062	4,143	22.2%
Profit / (Loss) before tax	1,792	(4,275)	
Add back: Amortisation	1,119	1,119	
Add back: Exceptional costs	657	1,741	
Add back: Unrealised foreign exchange (gains)/losses	(236)	2,545	
Add back: Unrealised derivative (gains)/losses	(348)	877	
Profit before tax*	2,984	2,007	48.7%
Taxation	142	696	
Profit after tax*	3,126	2,703	15.6%
Basic adjusted EPS*	11.6p	10.0p	15.6%
Basic EPS from continuing operations	7.2p	(13.3)p	154.1%
Capital expenditure	791	1,894	58.2%
Net Bank Debt	16,140	19,068	15.4%

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative (gains) / losses

Revenue
Revenue for the year was £26.7 million which was a decrease of 5.3% from £28.2 million in FY09. On a like-for-like basis (i.e. adjusting for exchange rates), organic revenue decreased by 7.7%.

Gross profit
Gross profit was £10.5 million (margin: 39.5%) in FY10 against £9.6 million (margin: 34.0%) in FY09. Excluding for exceptional costs, the gross profit in FY10 was £11.1 million (margin: 41.5%) compared to a gross profit in FY09 of £10.2 million (margin: 36.1%).

Exceptional costs
Exceptional costs incurred in the year relate to:

- final redundancy payments associated with the Group restructuring programme;
- restructuring, integration and streamlining of past acquisitions; and
- factory set-up costs relating to Bell Plastics Limited.

Profitability
EBITDA before exceptional costs has increased from £4.1 million in FY09 to £5.1 million, an increase of 22.2%. Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains/losses of £ 3.1 million compares with the prior year equivalent of £2.7 million, an increase of 15.6%.

Taxation
The Group's tax credit for the year is £0.1 million which has arisen on the movement of deferred tax during the year. There is no material current tax charge for the year.

Earnings per share
Basic adjusted earnings per share are 11.6p compared to 10.0p in FY09. This is based on a weighted average 26.95 million shares in FY10 and FY09.

Capital expenditure
Capital expenditure was £0.8 million in 2010 which compares with £1.9 million in FY09. The high levels of capital expenditure in FY09 related to the purchase of new moulding machinery for the Thailand factory which became operational in the year plus capital expenditure associated with the Thai factory's set up.

Cash flow
In the year, cash generated from operations amounted to £4.4 million (2009: £2.6 million). This improvement arose primarily from the cost rationalisation programme undertaken in FY09 and the beneficial foreign exchange rates in FY10 compared to FY09.

Net bank debt
Net bank debt at the year end of £16.1 million (FY09: £19.1 million) decreased during the year by £2.9 million. The principal movement in the year was caused due to the strong cash generation of the business and the effect of foreign exchange debt, denominated in Euros, US Dollars and Japanese Yen, which when translated at the year end rate accounted for an unrealised foreign exchange gain of £0.2 million.

KPIs
The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptionals. In FY10, the EBTIDA margin was 19.0% which is up on FY09 at 14.7%.

Faisal John Rahmatallah, (age 54)
Executive Chairman
Faisal is a founder shareholder of Plastics Capital and Director of the Company. He has worked for and with manufacturing companies for 16 of the last 26 years. He has spent 7 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 39)
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 at ScotiaCapital in leveraged finance. He is a graduate of Bath University and is an ACA accountant.

Arun Nagwaney, (age 39)
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 11 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.

Richard Charles Vessey, (age 61)
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 58)
Non Executive Director
Andrew joined the Company as a non executive Director in December 2007. 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.

The Directors present their annual report and the financial statements for the year ended 31 March 2010.

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. The Group has four factories in the UK, one in Thailand and sales offices in the USA and Japan.

Results and dividends

The results of trading of the Group for the year are set out in the consolidated income statement on page 19. The directors do not recommend the payment of a dividend (2009: £nil).

Business review

The Chairman's statement on pages 4 to 5, the Operational Review and Financial Review on pages 6 to 11, 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 2010.

Assessment of principal risks

The principal 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 foreign currency borrowings.
- 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, 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.
- General economic environment – over the year, the Company has been exposed to a depressed global economy. Management has mitigated this risk by (i) ensuring that the cost base is in line with the volume levels; (ii) continual monitoring of order intake and invoice levels so that trends can be identified and actions taken accordingly; and (iii) a renewed effort in winning new business. As can be seen in the Chairman's Statement, the Company has now experienced a volume recovery, with volumes rebounding to within 10% of the pre-recession high and with order books stronger now than they have been for the last 12-18 months. As a consequence this risk should diminish over the course of the next financial year.

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

Environmental matters

The Group is looking at a number of ways to improve its environmental credentials. These range from (i) reducing the supply chain impact; (ii) setting up a team to investigate how energy consumption can be reduced; (iii) investigating the possibilities of recycling old mandrel products so they can be re-used again; and (iv) working towards ISO 14001 accreditation for the Thai factory.

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.

Demand levels now appear to be picking up and following on from the significant cost rationalisation and working capital improvements over the last 18 months, the Group is now well positioned. The Group continues to remain highly profitable at the operating profit level with strong cash generation and should see a significant reduction in its net debt position in FY11.

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 28 June 2010.

Shareholders	No of shares	% of shares
Octopus Asset Management	4,730,479	17.55
ISIS Equity Partners PLC	2,700,000	10.02
Faisal Rahmatallah	2,675,895	9.93
Richard Vessey	2,617,416	9.71
Arun Nagwaney	2,072,653	7.69
F&C Asset Management PLC	1,582,690	5.87
Jeremy Clarke	1,127,079	4.18
Downing Corporate Finance	981,779	3.64
Directors and related	436,726	1.62

The Directors have not been notified of any changes to the above shareholdings.

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 are 74 (2009: 72).

Political and charitable donations

The Company made no political or charitable donations during the year (2009: £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 12. None of the Directors hold an interest in any material contract with the Company save for their Service Contracts or Letters of Appointment. J Clarke resigned as Director on 1 October 2009.

Directors' interests

The Directors' interests, including their connected parties were:

Directors	**Company Shares 2010**	Company Shares 2009
F Rahmatallah	**2,675,895**	2,642,895
N Ball	**201,801**	148,401
A Nagwaney	**2,072,653**	2,042,653
J Clarke	**1,127,079**	1,127,079
R Vessey	**2,617,416**	2,330,537
A Walker	**91,875**	50,000

*resigned 1 October 2009

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	Compensation for loss of office £000	**2010 Total £000**	2009 Total £000
F Rahmatallah	117	-	-	-	**117**	166
N Ball	100	-	-	-	**100**	110
A Nagwaney	50	-	-	-	**50**	134
J Clarke*	39	2	-	25	**66**	106
R Vessey	22	-	-	-	**22**	23
A Walker	22	-	-	-	**22**	23
Total	350	2	-	25	**377**	562

*resigned 1 October 2009

(b) Directors' share options

A Walker holds options over 50,000 (2009: 50,000) ordinary shares of 1p in the Company with an exercise price of £1.00.

	No of share options	**Exercise price**	**Grant date**
A Walker	50,000	£1.00	8 December 2007

The share options have a contracted life of 10 years with 33% being exercisable on the first anniversary of the grant, 33% being exercisable on the second anniversary of the grant and the remaining 34% being exercisable on the third anniversary of the grant. The mid-market price of the company share as of 31 March 2010 was 30p (2009: 39.5p).

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
29 June 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent 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 law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent 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 parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

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 15.

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, two 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 once 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.

Plastics Capital plc
Annual Report & Accounts 2010
Financial Statements

We have audited the financial statements of Plastics Capital plc for the year ended 31 March 2010 set out on pages 19 to 56. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2010 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

DJ Hutchinson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street, Leeds, LS1 4DW
29 June 2010

Consolidated Income Statement

for year ended 31 March 2010

	Note	Before foreign exchange & exceptional items 2010 £000	Foreign exchange impact on derivatives and loans 2010 £000	Exceptional items 2010 £000	Total 2010 £000	Before foreign exchange & exceptional items 2009 £000	Foreign exchange impact on derivatives and loans 2009 £000	Exceptional items 2009 £000	Total 2009 £000
Revenue		**26,688**	**-**	**-**	**26,688**	28,185	-	-	28,185
Cost of sales	3	**(16,178)**	**564**	**(535)**	**(16,149)**	(17,030)	(990)	(596)	(18,616)
Gross profit		**10,510**	**564**	**(535)**	**10,539**	11,155	(990)	(596)	9,569
Distribution expenses		**(1,313)**	**-**	**-**	**(1,313)**	(1,765)	-	-	(1,765)
Administration expenses	3	**(6,644)**	**-**	**(122)**	**(6,766)**	(6,099)	-	(1,145)	(7,244)
Operating profit		**2,553**	**564**	**(657)**	**2,460**	3,291	(990)	(1,741)	560
Financial income	8/9	**297**	**324**	**-**	**621**	72	-	-	72
Finance expense	8/9	**(1,289)**	**-**	**-**	**(1,289)**	(2,362)	(2,545)	-	(4,907)
Net financing costs		**(992)**	**324**	**-**	**(668)**	(2,290)	(2,545)	-	(4,835)
Profit/(loss) before tax		**1,561**	**888**	**(657)**	**1,792**	1,001	(3,535)	(1,741)	(4,275)
Tax	11	**142**	**-**	**-**	**142**	696	-	-	696
Profit/(loss) for the year before discontinued operations		**1,703**	**888**	**(657)**	**1,934**	1,697	(3,535)	(1,741)	(3,579)
Discontinued operations	10	**-**	**-**	**-**	**-**	-	-	(1,598)	(1,598)
Profit/(loss) for the year		**1,703**	**888**	**(657)**	**1,934**	1,697	(3,535)	(3,339)	(5,177)
Attributable to:									
Equity holders of the parent					**1,934**				(5,177)
Profit/(loss) for the financial year					**1,934**				(5,177)
Basic earnings/(loss) per share	24								
Continuing operations					**7.2p**				(13.3)p
Discontinued operations					**-**				(6.00)p
Total					**7.2p**				(19.3)p
Diluted earnings/(loss) per share	24								
Continuing operations					**7.2p**				-
Discontinued operations					**-**				-
Total					**7.2p**				-

Consolidated Statement of Comprehensive Income
for year ended 31 March 2010

	Note	2010 £000	2009 £000
Profit/(loss) for the year		**1,934**	(5,177)
Other comprehensive income			
Foreign currency translation differences for foreign currency operations	23	**196**	474
Total comprehensive income/(expense)		**2,130**	(4,703)
Total recognised income and expense for the year is attributable to:			
Equity holders of the parent		**2,130**	(4,703)

Consolidated Balance Sheet
at 31 March 2010

	Note	2010 £000	2009 £000
Non-current assets			
Property, plant and equipment	12	**5,210**	5,305
Investments	13	**33**	33
Intangible assets	14	**23,386**	24,460
		28,629	29,798
Current assets			
Inventories	16	**2,617**	2,844
Trade and other receivables	17	**6,604**	5,411
Corporation tax asset		**-**	59
Cash and cash equivalents	18	**606**	407
		9,827	8,721
Total assets		**38,456**	38,519
Current liabilities			
Interest-bearing loans and borrowings	19	**2,855**	3,556
Trade and other payables	20	**4,404**	3,467
Corporation tax liability		**95**	-
		7,354	7,023
Non-current liabilities			
Interest-bearing loans and borrowings	19	**14,443**	16,444
Other financial liabilities	21	**851**	1,200
Deferred tax liabilities	15	**1,151**	1,272
		16,445	18,916
Total liabilities		**23,779**	25,939
Net assets		**14,657**	12,580
Equity attributable to equity holders of the parent			
Share capital	23	**270**	270
Share premium	23	**13,854**	13,848
Translation reserve	23	**613**	417
Reverse acquisition reserve	23	**2,640**	2,640
Capital redemption reserve	23	**15**	69
Retained earnings	23	**(2,735)**	(4,664)
Total equity		**14,657**	12,580

These financial statements were approved by the Board of Directors on 29 June 2010 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman
Registered Number 06387173

Consolidated Cash Flow Statement
for year ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities before tax			
Profit/(loss) for the year	30	**1,792**	(5,873)
Adjustments for:			
Depreciation and amortisation		**1,945**	2,408
Financial income		**(621)**	(72)
Financial expense		**1,289**	5,488
Gain on disposal of plant, property and equipment		**-**	2
Equity settled share based payment expenses		**5**	33
Operating profit before changes in working capital and provisions		**4,410**	1,986
(Increase)/Decrease in trade and other receivables		**(1,193)**	2,150
Decrease in inventories		**227**	666
Increase/(Decrease) in trade and other payables		**932**	(2,170)
Cash generated from operations		**4,376**	2,632
Interest paid		**(1,184)**	(1,432)
Income tax received/(paid)		**138**	(329)
Net cash inflow from operating activities		**3,330**	871
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(791)**	(1,501)
Interest received		**36**	72
Acquisition of intangible assets		**-**	(135)
Proceeds from disposal of PPE		**1**	-
Net cash outflow from investing activities		**(754)**	(1,564)
Cash flows from financing activities			
Net proceeds from the issue of share capital		**-**	50
Repayment of borrowings and fees		**(2,377)**	(658)
Net cash outflow from financing activities		**(2,377)**	(608)
Increase/(Decrease) in cash and cash equivalents		**199**	(1,301)
Cash and cash equivalents at 1 April 2009		**407**	1,708
Cash and cash equivalents at 31 March 2010		**606**	407

Consolidated Statement of Changes in Shareholders' Equity
for year ended 31 March 2010

	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**

	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 2009	270	13,848	417	2,640	69	(4,664)	12,580
Total recognised income and expense for the year	-	-	196	-	-	1,934	2,130
Issue of new shares	-	6	-	-	-	-	6
Shares issued to ETB	-	-	-	-	(54)	-	(54)
Equity-settled share based payment transactions	-	-	-	-	-	5	5
Balance at 31 March 2010	**270**	**13,854**	**613**	**2,640**	**15**	**(2,735)**	**14,657**

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 54-56.

The accounts are presented in pounds sterling which is the functional currency of the parent company and the presentational currency of the Group and in round thousands.

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. All subsidiaries have the same year end date to the parent company.

Intra group transactions and balances are eliminated on consolidation.

Going concern

The Financial Reporting Council issued "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in October 2009 and the Directors have considered this when preparing the financial statements. These have been prepared on a going concern basis and the Directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conclusions are as follows:

- On 10 June 2010, the Company reached agreement with RBS to make some relatively minor but helpful amendments to its facilities.
- A sensitised cash flow forecasting exercise performed for the period from the date of approval of these financial statements until 30 June 2011 showed that the Group had sufficient funds to meets 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.

Determination and presentation of operating segments
As of 1 April 2009, the Group determines and presents operating segments based on the information that internally is provided to the Executive Chairman, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly intangible assets.

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 insofar 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.

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.

1 Significant accounting policies continued

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.

Depreciation is charged to the income statement on a straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. 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%

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.

Intangibles 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

Investments
Investments are stated at cost less provisions for diminution in value.

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 are carried in the balance sheet at cost. 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.

1 Significant accounting policies continued

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.

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.

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.

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.

1 Significant accounting policies continued

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.

Own shares held 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.

2 New standards, amendments to standards or interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 April 2009:

- IAS 1 (revised), 'Presentation of financial statements' has resulted in the Statement of Recognised Income and Expense being renamed the Statement of Comprehensive Income and the introduction of the Statement of Changes in Equity as a primary statement. The Group has chosen to present two statements, an income statement and a statement of comprehensive income.
- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.
- IFRS 2 (amendment), 'Share-based payment' deals with vesting conditions and cancellations. The amendment does not have a material impact on the Group or Company's financial statements.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'. This has not had any impact on the Group.

The following new standards, amendments to standards or interpretations are also mandatory for the first time for the financial year beginning 1 April 2009 but are not currently relevant for the group:

- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements'. Management is assessing the impact of the new requirements regarding acquisition accounting and consolidation on the Group.
- IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and are not currently relevant to the Group:

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the group, as it has not made any non-cash distributions.
- IFRIC 18, 'Transfers of assets from customers', effective from 1 July 2009. This is not relevant to the group, as it has not received any assets from customers.
- IFRIC 19, 'Extinguishing financial liabilities with equity investments'. This is not relevant to the group as no equity instruments have been issued to extinguish any financial liabilities.
- IFRS 9, 'Financial Instruments' effective for annual periods beginning on or after 1 January 2010. Earlier application is permitted but will not be taken. Management is assessing the impact of the standard to the Group.

The Directors do not anticipate that the adoption of any of these standards and interpretations will have a material impact on these financial statements, other than those noted above.

3 Exceptional items – operating profit

Cost of Sales

	2010 £000	2009 £000
Redundancy payments	**436**	204
Restructuring/integration costs	**45**	-
Stock provisions and write-off on integration of businesses	**44**	188
Factory set up costs	**10**	204
	535	596

Also included within Cost of Sales is £564,000 in relation to gains on foreign exchange contracts (2009: loss of £990,000).

Administrative expenses

	2010 £000	2009 £000
Redundancy payments	**68**	202
Restructuring/integration costs	**54**	478
Impairment of property	**-**	465
	122	1,145

Exceptional costs incurred and included in cost of sale and administrative expenses in the year relate to:

(i) redundancy payments in relation to the Group headcount reductions due to Group restructuring;
(ii) restructuring, integration and streamlining costs on past acquisitions;
(iii) factory set up costs relating to Bell Plastics Limited.

4 Expenses and auditors' remuneration

Included in profit/(loss) before tax are the following:

	2010 £000	2009 £000
Depreciation of assets-owned assets	**826**	1,289
Amortisation of intangible assets (recognised in administrative expenses)	**1,119**	1,119
Net gain on disposal of property, plant and equipment	**-**	(2)
Hire of plant and machinery	**19**	34
Other operating lease rentals	**614**	357
Equity settled share based payments	**5**	33
Research and Development	**95**	92

Auditors' remuneration:

	2010 £000	2009 £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**	52
Other services relating to taxation	**50**	54
All other services	**-**	49

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	
	2010	2009
Directors and management	**21**	23
Administrative	**24**	24
Sales and distribution	**21**	25
Production and engineering	**214**	245
	280	317

The aggregate payroll costs of these persons were as follows:

	2010	2009
	£000	£000
Wages and salaries	**6,427**	7,289
Share based payments	**5**	33
Social security costs	**512**	947
Other pension costs	**165**	220
	7,109	8,489

Other pension costs relate to defined contribution pension plans.

6 Directors' emoluments

	2010	2009
	£000	£000
Salaries and fees	**350**	437
Bonuses	**-**	120
Company contributions to money purchase pension plans	**2**	5
Compensation for loss of office	**25**	-
	377	562

The aggregate emoluments of the highest paid director were £117,000 (2009: £166,000).

Directors amounts include nil (2009: £102,000) of fees charged by Directors to the Company in respect of their services incurred in respect of ongoing acquisitions.

	Number of directors	
	2010	2009
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**1**	1

Key management remuneration is disclosed in note 27.

7 Segment information

The Executive Chairman has been identified as the chief operating decision-maker. The Executive Chairman reviews the Group's internal reporting as the basis for assessing performance and allocating resources. Management has determined the operating segments based on these reports. The Group currently has four operating segments, which are based on the four operating businesses – namely BNL (UK) Limited which makes plastics bearings, Palagan Limited which makes specialist films, C&T Matrix Limited which makes creasing matrix and Bell Plastics Limited which makes hose mandrel.

Following the identification of the operating segments, the Group has then assessed the similarity of the economic characteristics of the various operating segments. Given the similarity of the general end markets, it has been concluded that Palagan Limited and C&T Matrix Limited have fundamentally the same economic characteristics and that BNL (UK) Limited and Bell Plastics Limited have fundamentally the same economic characteristics. Given this, the Group has considered the overriding core principles of IFRS 8 and has determined that it is appropriate to aggregate the operating segments into two reportable segments for the purposes of disclosure in the financial statements.

7 Segment information continued

The Group has therefore two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Executive Chairman reviews internal management reports on a monthly basis.

Performance is assessed based on sales, gross profit, EBITDA and profit before tax. Segment assets include property, plant and equipment, inventories, cash and trade and other receivables. Segment liabilities include trade and other payables and other financial liabilities.

The following summary describes the operations in each of the Group's reportable segments:

- Printing and Packaging – includes creasing matrix and specialist films
- Power Transmission – includes hose mandrel and plastic bearings

	Power transmission 2010 £000	**Printing & packaging 2010 £000**	**Unallocated and reconciling items 2010 £000**	**Total 2010 £000**
External sales*	**12,363**	**14,325**	**-**	**26,688**
Profit/(loss) before tax**	**(483)**	**1,095**	**1,950**	**2,562**
Depreciation and amortisation	**522**	**251**	**1,172**	**1,945**
Segment assets***	**9,835**	**9,986**	**18,635**	**38,456**
Segment liabilities****	**(3,542)**	**(4,248)**	**(16,009)**	**(23,779)**

	Power transmission 2010 £000	Printing & packaging 2010 £000	Unallocated and reconciling items 2010 £000	Total 2010 £000
External sales*	13,498	14,687	-	28,185
Profit/(loss) before tax	784	1,632	(1,160)	1,256
Depreciation and amortisation	506	313	1,589	2,408
Segment assets	9,614	8,916	19,989	38,519
Segment liabilities	(2,807)	(3,304)	(19,828)	(25,939)

* All revenue is attributable to external customers, there are no transactions between operating segments

** Profit before tax for unallocated and reconciling items includes the following material items: management income of £2,950,000, head office costs of £840,000, rental income of £150,000 and net interest of £395,000.

*** Segment assets for unallocated and reconciling items includes the following material items: investments and goodwill of £19,478,000 and an overdraft of £1,409,000

*** Segment liabilities for unallocated and reconciling items includes the following material items: loans of £14,443,000, deferred tax of £1,151,000 and derivatives of £851,000

Reconciliation of reportable segment revenue

	2010 £000	2009 £000
Printing and packaging		
Creasing matrix	**5,754**	5,434
Specialist films	**8,571**	9,253
Power transmission		
Plastic bearings	**10,217**	11,879
Hose mandrel	**2,146**	1,619
Turnover per consolidated income statement	**26,688**	28,185

Reconciliation of reportable segment profit/(loss)

	2010 £000	2009 £000
Total profit /(loss) for reportable segments	**2,562**	1,256
	2,562	1,256
Unallocated amounts:		
Amortisation	**(1,119)**	(1,119)
Net foreign exchange gains/(losses)	**-**	(3,535)
Unrealised gains/(losses) on derivatives	**349**	(877)
Consolidated profit/(loss) before income tax	**1,792**	(4,275)

Reconciliation of reportable segment assets

	2010 £000	2009 £000
Total assets for reportable segments	**36,456**	38,519
Total assets per consolidated balance sheet	**36,456**	38,519

Reconciliation of reportable segment liabilities

	2010 £000	2009 £000
Total liabilities for reportable segments	**(23,799)**	(25,939)
Total liabilities per consolidated income statement	**(23,799)**	(25,939)

The Group's external revenue and non-current assets are split between the following geographical regions. The client does not rely on any major customers and no individual customer accounts for more than 10% of the Group's external revenue.

	External revenue by location of customers		Total non current assets by location	
	2010 £000	2009 £000	2010 £000	2009 £000
United Kingdom	**10,557**	12,992	**27,350**	28,362
Europe	**5,858**	6,479	**32**	32
USA	**3,186**	3,201	**88**	111
Asia	**6,146**	5,764	**16**	64
Rest of the World	**921**	980	**1,143**	1,229
	26,688	29,416	**28,629**	29,798

8 Finance income and expense

	2010 £000	2009 £000
Interest income	**37**	72
Gains on derivatives used to manage interest rate risk	**260**	-
Financial income	**297**	72
Bank interest	**1,257**	1,460
Deferred consideration interest	**32**	25
Losses on derivatives used to manage interest rate and foreign exchange risk	**-**	877
Financial expenses	**1,289**	2,362

9 Finance income/(expenses) included within foreign exchange costs

	2010 £000	2009 £000
Net foreign exchange (gain)/loss	**(236)**	2,545
Gains on derivatives used to manage foreign exchange risk	**(88)**	-
	(324)	2,545

The net foreign exchange (gains)/losses represent unrealised (gains)/losses arising on the translation of foreign currency loans.

10 Discontinued operations

Income Statement

	2009 £000
Revenue	1,231
Cost of sales	(617)
Gross profit	614
Distribution costs	(71)
Administrative expenses	(1,074)
Operating loss	(531)
Financial expenses	(211)
Loss before taxation	(742)
Taxation	-
Loss on sale of discontinued operation	(856)
Loss on discontinued operations	(1,598)

Mulberry Plastics Limited, the rump of the Trimplex operation, was disposed of in the prior 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.

Earnings per share (see note 24)

	2009
Basic EPS	(6.0)p

The diluted loss per share was not calculated due to the loss made in the prior year.

Cash Flow Statement

	2009 £000
Loss for the year	(1,598)
Operating loss before changes in working capital and provisions	(88)
Cash outflow from operations	(280)
Net cash outflow from operating activities	(280)
Net cash outflow from investing activities	(142)
Decrease in cash and cash equivalents	(422)

11 Taxation

	2010 £000	2009 £000
Current tax credit		
Current year	**-**	-
Adjustments for prior years	**(21)**	(18)
	(21)	(18)
Deferred tax credit (note 15)		
Origination and reversal of temporary differences	**(153)**	(523)
Adjustments for prior years	**32**	(155)
	(121)	(678)
Total tax credit in income statement	**(142)**	(696)

Reconciliation of effective tax rate

	2010 %	2010 £000	2009 %	2009 £000
Profit/(loss) before tax including discontinued operations		**1,792**		(5,873)
Expected tax credit based on the UK corporation tax rate	**28%**	**502**	28%	(1,645)
Loss on sale of Mulberry	**-**	**-**	(3.1%)	182
Losses not recognised	**-**	**-**	(12.7%)	748
Non-deductible expenses	**(3.9%)**	**(69)**	(1.1%)	62
Impairment of property, plant & equipment	**0.7%**	**13**	(2.2%)	130
Use of losses not provided	**(33.4%)**	**(599)**	-	-
Tax adjustment in respect of current year	**(1.2%)**	**(21)**	0.3%	(18)
Deferred tax adjustment in respect of prior years	**1.9%**	**32**	2.7%	(155)
Total tax credit in income statement	**(7.9%)**	**(142)**	11.9%	(696)

12 Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 31 March 2008	1,648	4,357	268	82	6,355
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
Exchange movement	-	40	33	-	73
Additions	135	611	45	-	791
Disposals	-	(69)	-	-	(69)
Balance at 31 March 2010	**1,786**	**6,167**	**357**	**29**	**8,339**
Depreciation and impairment					
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
Depreciation charge for the year	57	691	61	17	826
Exchange movement	-	16	29	-	45
Provision for impairment	-	29	-	-	29
Disposals	-	(10)	-	-	(10)
Balance at 31 March 2010	**527**	**2,341**	**244**	**17**	**3,129**
Net book value at 31 March 2010	**1,259**	**3,826**	**113**	**12**	**5,210**
At 31 March 2009	1,181	3,970	125	29	5,305
At 31 March 2008	1,643	3,248	130	74	5,095

13 Investments

	2010 £000	2009 £000
Investments		
Balance as at 31 March 2009	**33**	33
Balance as at 31 March 2010	**33**	33

The brought forward 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 & Customer Relationships £000	Trademarks £000	Total £000
Cost						
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
Fair value adjustment	45	-	-	-	-	45
Balance at 31 March 2010	**17,977**	**2,779**	**1,175**	**4,075**	**1,546**	**27,552**
Amortisation and impairment						
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
Amortisation for the year	-	471	168	330	150	1,119
Balance at 31 March 2010	**313**	**1,661**	**728**	**978**	**486**	**4,166**
At 31 March 2010	**17,664**	**1,118**	**447**	**3,097**	**1,060**	**23,386**
At 31 March 2009	17,619	1,589	615	3,427	1,210	24,460
At31 March 2008	17,484	2,060	783	3,757	1,360	25,444

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

	Discount factor %	**2010 £000**	Discount factor %	2009 £000
Goodwill is allocated to the following cash generating units ("CGU's"):				
Bell Plastics	**10.3**	**4,529**	10.3	4,529
BNL (UK)	**18.0**	**1,178**	18.0	1,178
C&T Matrix (formerly Channel Matrix)	**11.3**	**8,436**	11.3	8,436
Palagan	**11.6**	**3,521**	11.6	3,476
		17,664		17,619

Due to the effects of the current economic downturn, management performed impairment reviews on the carrying value of goodwill at 31 March 2009 and 31 March 2010. For the purpose of impairment testing goodwill is allocated to cash generating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill for each unit are as above.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Value in use was calculated in the same way in 2009. The calculation of the value in use was based on the following key assumptions:

- Cash flow projections covering a five year period to 31 March 2015 have been used based on past experience and actual operating results.
- The forecasts were based on an assumption of nil growth, amended for additional revenue from confirmed orders in the first months of the new financial year.
- These forecasts have then been extended in perpetuity.
- The above discount factors have been applied in determining the recoverable amount of units. The discount factors were calculated during FY09 to take account of a new debt structure and changing market factors. They have been retained during FY10 in order to provide a prudent impairment review.

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities	
	2010	2009
	£000	£000
Intangible assets	**1,367**	1,583
Accelerated capital allowances	**(216)**	(309)
Other temporary differences	**-**	(2)
Tax liabilities	**1,151**	1,272

Movement in deferred tax liabilities during the year

	1 April 2009 £000	**Recognised in income**	**Transfer**	**31 March 2010**
Intangible assets	**(1,583)**	**216**	**-**	**(1,367)**
Accelerated capital allowances	**309**	**(95)**	**-**	**214**
Other temporary differences	**2**	**-**	**-**	**2**
	(1,272)	**121**	**-**	**(1,151)**

Movement in deferred tax liabilities during the prior year

	1 April 2009 £000	Recognised in income	Transfer	31 March 2010
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)

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 2010 of £205,000 (2009: £804,000). These assets have not been recognised as the directors consider that it is unlikely that the losses will be utilised in the foreseeable future.

16 Inventories

	2010	2009
	£000	£000
Raw materials and consumables	**1,181**	1,051
Work in progress	**450**	478
Finished goods	**986**	1,315
	2,617	2,844

The cost of inventory recognised within the income statement was £9,874,240 (2009: £10,032,000)
Inventories are stated net of provisions amounting to £547,000 (2009: £369,000).

17 Trade and other receivables

	2010 £000	2009 £000
Trade receivables (net of provisions)	**5,916**	5,005
Other receivables and prepayments	**688**	406
	6,604	5,411

The provision for bad and doubtful debts included within the net trade receivables balance above is £33,000 (2009: £35,000).

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

	2010 £000	2009 £000
Euro	**730**	648
US Dollar	**790**	1,342
Japanese Yen	**830**	276

18 Cash and cash equivalents

	2010 £000	2009 £000
Cash and cash equivalents per balance sheet and cash flow statement	**606**	407

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

	2010 £000	2009 £000
Euro	**272**	332
US Dollar	**239**	331
Japanese Yen	**255**	260
Thai Baht	**10**	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.

	2010 £000	2009 £000
Non-current liabilities		
Secured bank loans	**13,343**	15,488
Property loan	**1,100**	956
	14,443	16,444
Current liabilities		
Current portion of secured bank loans	**2,303**	2,888
Current portion of property loan	**-**	143
Deferred consideration	**552**	525
	2,855	3,556

Loan repayment

The deferred consideration of £552,510 as at 31 March 2010 is to PLA4 Limited and is payable in September 2010.

Deferred debt issue costs

Included within bank loans are £846,000 (2009: £883,000) of costs capitalised as part of the acquisition loans.

Security

Security can be analysed as follows:

	2010 £000	2009 £000
Tangible fixed assets	**5,210**	5,305
Inventories	**2,617**	2,844
Trade and other receivables	**6,604**	5,411
	14,431	13,560

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

	2010 £000	2009 £000
Trade payables	**3,451**	2,207
Non-trade payables and accrued expenses	**953**	1,260
	4,404	3,467

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

	2010 £000	2009 £000
Euro	**459**	163
US Dollar	**57**	56
Thai Baht	**67**	29

21 Other financial liabilities

	2010 £000	2009 £000
Derivatives	**851**	1,200

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:

	2010 Weighted average exercise price £	**2010 Number of options No.**	2009 Weighted average exercise price £	2009 Number of options No.
Outstanding at the beginning of the year	**1.06**	**58,479**	1.96	101,322
Exercised during the year	**(1.00)**	**(6,000)**	(1.42)	(5,653)
Lapsed during the year	**(2.42)**	**(2,479)**	(2.42)	(37,190)
Outstanding at the end of the year	**2.36**	**50,000**	1.06	58,479
Exercisable at the end of the year	**1.42**	**33,333**	1.42	8,479

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	
	2010	2009
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	
	2010	2009
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 3 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	
	2010	2009
Grant date	**4 Apr-3 Sept**	15 Jan–30 Mar
Share price at date of grant	**30p**	42p
Assumed leavers	**0%**	0%
Performance criteria achieved	**100%**	100%
Exercise price	**Nil**	Nil
Fair value of contingent share award granted	**£37,652**	£41,105

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 2009	270	13,848	417	2,640	69	(4,664)	12,580
Total recognised income and expense for the year	-	-	196	-	-	1,934	213
Issue of shares	-	6	-	-	-	-	6
Shares issued to ETB	-	-	-	-	(54)	-	(54)
Equity-settled share based payment transactions	-	-	-	-	-	5	5
Balance at 31 March 2010	**270**	**13,854**	**613**	**2,640**	**15**	**(2,735)**	**14,657**

Prior 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**

Share capital

	Ordinary shares of 1p each	
In thousands of shares	**2010**	2009
On issue at 1 April	**270**	269
Issued for cash	**-**	1
On issue at 31 March – fully paid	**270**	270

	2010 £000	2009 £000
Authorised		
40,000,000 ordinary shares of 1p each	**400**	400
Allotted, called up and fully paid		
26,953,463 ordinary shares of 1p each	**270**	270
	270	270

23 Capital and reserves continued

Share options were exercised in the year amounting to 53,400 shares at 1p each. On 27th July 2009, Nicholas Ball exercised his remaining options resulting in him receiving 6,000 ordinary shares of 1p each in Plastics Capital Trading limited. Nicholas Ball paid consideration of £6,000 for these shares. Following this exercise, the Company entered into a share exchange agreement with Nicholas Ball pursuant to which in consideration for the Company acquiring 6,000 shares in Plastics Capital Trading Limited from Nicholas Ball, it issued 53,400 Ordinary Shares to him.

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. The number of Plastics Capital plc shares held by Plastics Capital (Trustee) Limited as at 31 March 2010 was 332,586

24 Earnings per share

	2010 **£000**	2009 £000
Numerator		
Earnings used in basic EPS		
Profit/(loss) for the year from continuing operations	**1,934**	(3,579)
Profit/(loss) for the year from discontinued operations	**-**	(1,598)
Profit/(loss) for the year	**1,934**	(5,177)
Denominator		
Weighted average number of shares used in basic EPS	**26,935,663**	26,887,547
Weighted average number of shares used in diluted EPS	**26,988,489**	-

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% (2009: 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 2010 and 2009, the Group's borrowings were denominated in Euro, US Dollar, Japanese Yen and Sterling and subject to fixed and floating rate charges as follows:

	2010 Floating rate £000
Sterling	**5,924**
US Dollar	**1,548**
Euro	**9,123**
Other	**703**
	17,298

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

Any movement in the interest rates will have an impact on the Group's interest charge however the sensitivity shown below 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 0.75%), the interest rate charge would increase by £119,000.

If interest rates were to increase to 6% (up from the current rate of 0.75%), the interest rate charge would increase by £319,000

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

Sensitivity analysis

A 10% weakening of Sterling against the following currencies at 31 March 2010 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 2009.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2010		
US Dollar	**(49)**	**564**
Euro	**(856)**	**99**
Yen	**40**	**90**
At 31 March 2009		
US Dollar	(34)	559
Euro	(997)	132
Yen	(25)	59

A 10% strengthening of Sterling against the following currencies at 31 March 2010 would have increased/(decreased) net financial assets and liabilities and profit or loss 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 2009.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2010		
US Dollar	**44**	**(512)**
Euro	**778**	**(90)**
Yen	**(36)**	**(82)**
At 31 March 2009		
US Dollar	31	(508)
Euro	906	(120)
Yen	23	(54)

The profit or loss impacts are shown before currency hedges which have been take 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.

(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.

2010

	Effective Interest Rate £000	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
Floating rate	**6.33%**	**18,144**	**19,851**	**4,037**	**3,239**	**12,561**	**14**	**-**
Trade and other payables		**4,404**	**4,404**	**4,404**	**-**	**-**	**-**	**-**
Deferred debt issue costs		**(846)**	**-**	**(100)**	**(373)**	**(373)**	**-**	**-**
Total		**21,702**	**24,255**	**8,341**	**2,866**	**12,188**	**14**	**-**

2009

	Effective Interest Rate £000	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 £00
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		(833)	-	(100)	(100)	(100)	(200)	(383)
Total		23,467	27,713	8,188	3,347	3,212	12,083	-

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.

Aged trade receivables

	Current £000	>30 days £000	>60 days £000	>90 days £000	>120 days £000	Total £000
2010	**3,538**	**1,416**	**475**	**399**	**88**	**5,916**
2009	2,643	1,310	649	95	308	5,005

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.

25 Financial instruments continued

(e) Maturity of debt

	Currency	Nominal interest rate	Period of maturity	31 Mar '10 £000 Face value	31 Mar '10 £000 Carrying amount	31 Mar '09 £000 Face value	31 Mar '09 £000 Carrying amount
Bank loan	Sterling	2.75%	3 years	**5,118**	**5,118**	5,734	5,734
	Euro	2.75%	3 years	**7,833**	**7,833**	9,312	9,312
	US Dollars	2.75%	3 years	**1,548**	**1,548**	1,954	1,954
	Japanese Yen	2.75%	3 years	**703**	**703**	789	789
Property loan	Sterling	2.75%	3 years	**1,100**	**1,100**	1,099	1,099
Asset backed loan	Euro	2.75%	3 years	**444**	**444**	587	587
Deferred consideration	Sterling	12.00%	1 year	**552**	**552**	525	525
				17,298	**17,298**	20,000	20,000

The interest margin on the bank loans will step down as the senior net debt to EBITDA leverage reduces, as follows: (i) Leverage > 3x, the margin is 2.75%; (ii) Leverage 3-2.5x, the margin is 2.50%; (iii) Leverage 2.5-2x, the margin is 2.25%; and (iv) Leverage < 2x, the margin is 2.00%.

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) +2.75%. The loans amortise over 3 years and are repayable in March 2013.

The property loan is provided by RBS with an interest of 3 month LIBOR (or foreign equivalent) +2.75%. The loan amortises over 3 years and is repayable in March 2013.

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 2009 and 31 March 2010.

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

	Carrying amount liability 2010 £000	Fair value liability 2010 £000	Carrying amount liability 2009 £000	Fair value liability 2009 £000
Forward contracts - foreign exchange	**451**	**451**	527	527
Interest rate collar	**400**	**400**	673	673
	851	**851**	1,200	1,200

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.

g) Capital management

In line with the disclosure requirements of IAS1, Presentation of Financial Statements, the Company regards its capital as being the issued share capital together with its banking facilities, used to manage short term working capital requirements. note 23 to the Financial Statements provides details regarding the Company's share capital and movements in the period. There were no breaches of any requirements with regard to any relevant conditions imposed by the Company's Articles of Association during the periods under review.

26 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings 2010 £000	Plant & Machinery 2010 £000	Total 2010 £000	Land & Buildings 2009 £000	Plant & Machinery 2009 £000	Total 2009 £000
Less than one year	**512**	**51**	**563**	346	54	400
Between one and five years	**1,533**	**82**	**1,615**	1,650	95	1,745
More than five years	**2,283**	**-**	**2,283**	2,283	-	2,283
	4,328	**133**	**4,461**	4,279	149	4,428

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
Blandford Road	June 2024	June 2015	June 2015
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 Related parties

In addition to Directors emoluments disclosed in note 6, key management remuneration during the year was £382,000 (2009: £341,000) with company pension contributions of £15,000 (2009: £25,000).

During the year sales were made to and goods purchased from SKOR srl by C&T Matrix Limited for the respective amounts of £435,959 and £269,751 (2009: £426,000 and £490,000). SKOR srl is an associated undertaking of Plastics Capital plc (see note 13).

Annual rent of £150,000 (2009: £150,000) is payable by Palagan Limited to Plastics Capital Trading Limited, the intermediary parent company of Palagan Limited.

In March 2008, Plastics Capital plc, through its subsidiary, Plastics Capital Trading Limited acquired Palagan Limited for a total consideration of £6,400,000 of which £500,000 plus interest of £52,510 was deferred for two years until March 2010. Certain Directors of Plastics Capital plc, being Faisal Rahmatallah, Arun Nagwaney, Andrew Walker and Richard Vessey have established a specially formed company (PLA4 Limited) to pay the deferred consideration and the accumulated interest on behalf of Plastics Capital Trading Limited in consideration for Plastics Capital Trading Limited undertaking to pay PLA4 Limited, £552,510 plus interest, at a rate which will not exceed 12%, within 6 months. PLA4 Limited is therefore considered to be a related party as the above individuals are Directors of both entities.

28 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. Estimates are made in respect of useful lives 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.

29 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%
SKOR srl	San Marino	Plastics Products	40%
Bell Holdings Limited	England and Wales	Holding Company	100%
GKT Partnership Limited	England and Wales	Holding Company	100%
Plastics Capital (Trustee) Limited *	England and Wales	Trust Company	100%
Cobb Slater 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%
Trimplex Safety Tread Limited	England and Wales	Dormant	100%

* These two companies are owned directly by Plastics Capital Plc whilst all other companies are owned indirectly through Plastics Capital Trading Limited.

30 Note to the Cash Flow Statement

	2010 £000	2009 £000
Profit/(loss) for the year before tax	**1,792**	(4,275)
Discontinued operations loss	**-**	(1,598)
Total profit/(loss) for the year before tax	**1,792**	(5,873)

Company Balance Sheet
at 31 March 2010

	Note	2010 £000	2009 £000
Fixed assets			
Investments	2	**10,765**	10,759
		10,765	10,759
Current assets			
Debtors (including £15.1m due after more than one year)	3	**15,132**	14,891
Current liabilities			
Creditors: amounts falling due within one year		**(81)**	(80)
Net current assets		**15,051**	14,811
Total assets less current liabilities		**15,051**	14,811
Net assets		**25,816**	25,570
Capital and reserves			
Share capital	4	**270**	270
Share premium	4	**13,923**	13,917
Merger reserve	4	**10,544**	10,544
Retained earnings	4	**1,079**	839
Total shareholders' funds		**25,816**	25,570

These financial statements were approved by the Board of Directors on 29 June 2010 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman
Registered Number 06387173

1 Accounting policies

Plastics Capital (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Thailand, 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 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

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 held 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

	2010	2009
	£000	£000
Investments (see note 29)	**10,765**	10,759
	10,765	10,759

3 Debtors

	2010	2009
	£000	£000
Amounts owed by group undertakings	**15,132**	14,891
	15,132	14,891

Included in amounts owed by parent undertakings is £15,132,000 (2009 £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.

4 Capital and reserves

Statement of change in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
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
Issue of new shares	-	6	-	-	6
Profit for the financial year	-	-	-	240	240
Balance at 31 March 2010	**270**	**13,923**	**10,544**	**1,079**	**25,816**

5 Reconciliation of movements in shareholders' funds

Statement of change in equity

	Total £000
Profit for the financial year	240
New share capital subscribed (net of issue costs)	6
Net addition to shareholders' funds	246
Opening shareholders' funds	25,570
Closing shareholders' funds	**25,816**

6 Staff numbers and costs

The only employees of the Company are the statutory Directors as listed on page 12. All remuneration was borne by a subsidiary group company.

Company Information

Company Secretary
Nicholas Ball
Registered Office & Head Office
St. Mary's House, 42 Vicarage Crescent
London SW11 3LD

Company Registered Number
06387173

Principal Bankers
Royal Bank of Scotland
280 Bishopsgate
London EC2M 4RB

Nominated Adviser and Brokers
Cenkos Securities
6,7,8 Tokenhouse Yard
London EC2R 7AS

Solicitors to the Company
Dundas & Wilson LLP
5th Floor Northwest Wing
Bush House, Aldwych
London WC2B 4EZ

Accountants and Auditors
KPMG Audit Plc
1 The Embankment, Neville Street
Leeds LS1 4DW

Registrars
Capita Registrars
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU

PR Advisers
Buchanan Communications
45 Moorfields
London EC2Y 9AE

Designed and produced by effektiv
t +44 (0)20 7324 2668 / www.effektiv.co.uk

Plastics Capital plc
St. Mary's House, 42 Vicarage Crescent
London SW11 3LD
T: + 44 (0) 207 326 8423
F: + 44 (0) 207 326 8457
E: enquiries@plasticscapital.com

www.plasticscapital.com