PLASTICS Capital plc

Specialist plastic products for global markets.

What We Do

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

Our Highlights

Operational

- Earnings per share sustained in difficult environment;
- Strong cash conversion – 76% of EBITDA converted to operating cash flow;
- Continued investment in business development activities;
- New business revenues largely compensate for demand slowdown;
- 18 new key accounts won during the financial year;
- Bank refinancing completed lowering debt service costs.

Financial

Annual sales growth '09/'12 Cagr

4.4%

Annual EPS growth * '09/'12 Cagr

23%

EBITDA margin * '09/'12 Ave.

17.5%

Net debt as at 31.03.12 £10.1m Annual Decrease

-18%

* excludes amortisation, exceptionals and unrealised FX gains or losses.

Our Operations

The Group has four factories in the UK, one in Thailand and sales offices in the USA, Japan, India and China. Approximately 60% of sales are exported to over 80 countries worldwide. Production is concentrated in the UK where significant engineering know-how and automation underpins the Group's competitiveness.

Industrial Products

Bell Plastics Limited
Hydraulic hose consumables

Revenue £3.3m

BNL (UK) Limited
Plastic rotating parts

Revenue £12m

Packaging

C&T Matrix
Packaging consumables

Revenue £5.5m

Palagan
High strength film packaging

Revenue £11.3m

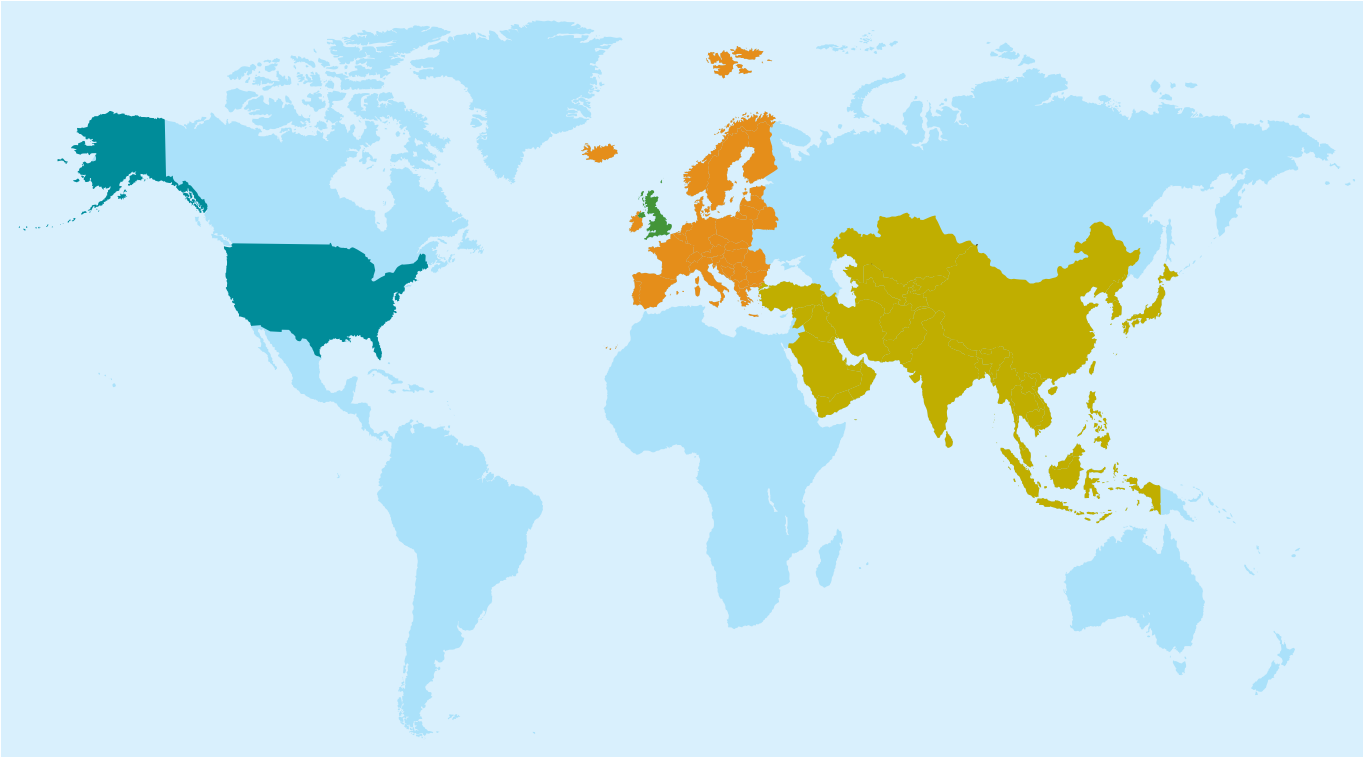
The Benefits of Plastic

Plastic is becoming an increasingly popular alternative to metal in many industries as it offers the following benefits:

- **Increased performance** – lightweight plastic parts can be used in applications where decreased weight can increase performance and speed
- **Reduced energy usage** – exhibiting low friction, plastic rotating parts will need less energy at start-up and in operation, lowering energy use and motor specifications
- **Improved hygiene** – plastic bearings do not need lubrication, eliminating contamination of other components or processed products by leaching lubricants
- **Low torque** – plastic bearings have a rotational inertia less than 10% that of metal bearings so need only a little applied torque to operate.
- **Chemical/Corrosive resistance** – the performance of plastic is not diminished by frequent wash-downs or exposure to chemicals giving them excellent wear rates, even in harsh environments
- **Less maintenance** – plastic products will continue to perform without frequent maintenance
- **Non-magnetic** – completely metal-free options make plastic parts ideal for applications where metal can distort magnetic resonance
- **Design flexibility** – injection-moulding techniques make it possible to easily add features such as clips, shafts and tyres which significantly broadens the design possibilities

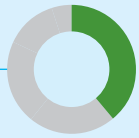
Our Progress

Market share
Plastics Capital is actively seeking opportunities to broaden its international market reach, focusing on the UK, Europe, North America, and Asia.



UK market

39%

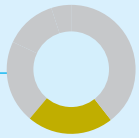


European market

21%

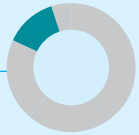
Asian market

22%



USA market

13%



Rest of the World

5%

Chairman's Statement

Our focus on business development and technical innovation should continue to provide good growth for the Group in the medium term.

Despite the current economic uncertainties, the Board believes the Group should be able to make good progress over the next year.

Financial Review

I am pleased to report that despite difficult circumstances, our overall performance for FY2012 has been much the same as the previous year, which was our best since listing in 2007.

Compared to the prior year:

- revenue has fallen back slightly by 4% to £32.1 million;
- underlying* profit before tax of £3.8 million is broadly the same as the prior year;
- net debt has reduced by £2.2 million to £10.1 million; and
- adjusted* earnings per share of 10.1p is broadly the same as the prior year.

* Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses (see page 14).

Revenue has been affected by a number of external factors. The global economic environment has been weak, with recession across Europe and growth elsewhere lower than the prior year. In addition, our plastic rotating parts business has been affected by two natural disasters, the Japanese tsunami and the Thai floods, which caused substantial interruption to some of our key Asian customers' supply chains. We can also now see, with the benefit of hindsight, that there was some overstocking in the prior year, when revenues rebounded strongly after the economic crisis and our customers' projections became a little over-optimistic. Given these circumstances, we believe holding revenues to a 4% reduction has been a reasonable result, largely attributable to the contribution of new business.

As to be expected, profits have been affected by the lower revenues. However, we have benefitted from lower interest costs as a result of the bank refinancing completed in July 2011, as well as from somewhat better US$/£ exchange rates compared to the prior year – our average exchange rate for FY2012 was $1.55 vs $1.64 in the prior year.

We have continued to invest in business development activity during the year and have not cut operating costs as revenues have weakened because the Board believes that organic development of the business will provide good returns for shareholders over the mid-term. However, we were more cautious than anticipated at the beginning of the year with regard to capital expenditure and have held back from approving projects over £0.25 million.

During the year, the Group has incurred some exceptional costs primarily associated with the bank refinancing, and has suffered some relatively small unrealised foreign exchange derivative losses. Meanwhile, there has been an exceptional gain on the sale of a minority interest in a San Marino based company that had traded for many years with C&T Matrix, our creasing matrix subsidiary. Together with amortisation, these factors account for the difference between the reported underlying profit before tax of £3.8 million and the statutory profit before tax of £1.5 million.

Our net debt has reduced by £2.2 million during the year. In addition to the profit performance and restrained capital expenditure discussed above, a key factor in achieving this reduction in debt has been good management of working capital, which as a percentage of sales during the year reduced from 15.8% to 15.3%.

New Business

The contribution of new business to the revenue line was £2.3 million, reflecting the investment made in business development activities over the last two years. The annual value of the pipeline of new business that has been won but has not yet flowed through to revenue, due to engineering lead times, stands at £5.4 million. This pipeline should gradually flow through to revenue over the next three years, without which we would expect revenue to be broadly driven by the level of global economic activity. Meanwhile, the pipeline of new business remains strong with a number of exciting potential projects under design and development in our Industrial Products division.

We won 18 new key accounts during the year so hitting our target of one to two per month. Unfortunately, we have had a worse than normal year for account losses, with six accounts lost during the year. Three of these losses were due to unusual circumstances - one was due to an administration and two were due to strategic choices on our part to exit distribution relationships that had run their course – these were replaced by new distribution relationships which will take time to build, but which we expect will result in superior profitability in the long run. Because of these losses, the net new business contribution to the top line was 2.3% of the prior year's sales, which is disappointing, as we would expect this percentage to be 5-10%.

Volumes

From a strong finish in Q4 2010-11, quarter-on-quarter volumes weakened by 20% through to the end of calendar 2012. Since then volumes have improved, with trading now at about 25% above the level they were in the aftermath of the financial crisis. We believe that pipeline stocks at our distributors and most key accounts are at appropriate levels given trading conditions – one or two key accounts are still settling down after the impact of last year's natural disasters on their supply chains.

Raw Materials

Prices for the engineering grades of plastic that we use have remained flat, whilst commodity grades have been volatile. In particular, polyethylene fell by 15-20% during the first half of the financial year and then recovered and by the end of the year was back to where it started. As we now move into the new financial year, prices are falling again – and quite dramatically. This volatility creates a significant challenge for the management team in our high strength film packaging business, as input price changes have to be translated into sales prices quite rapidly in order to lead to in a neutral impact on margins per tonne, which is the key variable to control. However, we have demonstrated our ability to do this regularly over recent years whilst input prices have been highly volatile.

Chairman's Statement
continued

Currency
During the year, the Group has benefitted from hedging its US dollar trading exposure at favourable rates during FY2011. The effective rate of $1.55/£ achieved for the year is broadly the same as the rate we are hedged at for FY2013, so the movements in the dollar sterling rate will have little impact on progress in the next twelve months.

Our trading exposure to the Euro is limited as sales and purchases largely balance out month-to-month. We have, however, taken advantage of the weakness of the Euro towards the end of 2011-12 to convert some of our Euro debt, a legacy of the pre-crisis environment, into Sterling. In December 2011, we converted £2.6 million of Euro denominated debt into sterling, realising a £0.2 million gain. The now reduced level of Euro debt largely eliminates the residual balance sheet exchange rate exposure that the Group had to the Euro.

Our hedging policy is to ensure that realised gains/losses made in the businesses during the year from foreign exchange movements are broadly neutralised by realised gains/losses on forward contracts entered into 12-18 months prior to the start of the financial 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.

Banking and Debt
In July 2011, we signed an agreement with Barclays Corporate to refinance our debt, extending the maturity to June 2015. The new facilities incorporate an £8 million revolving credit facility and £6 million amortising term loan. The cost of these facilities after all hedging arrangements is about 450bps.

Our net bank debt has decreased to £10.1 million during the year, having repaid £2.2 million. In addition, we settled the £0.6 million deferred consideration outstanding on the acquisition of Palagan completed in 2008. Cash conversion, expressed as the percentage of EBITDA converted into operating cash flow, was 76%. Meanwhile, interest cover at the end of the year was 9.0x and net leverage, based on statutory bank debt, was 2.0x. These figures all indicate the strong cash generation of the Group and healthy state of the Group's balance sheet compared to prior years.

Taxation
Our effective total tax rate based on our statutory profit before tax for FY2012 (excluding for deferred tax movements) was 13%; on an ongoing basis we would expect an effective total tax charge against underlying profits of 16-18%, due to R&D tax credits and the ongoing level of research and development expenditure across the group, as well as the changes to the UK corporation tax rate announced in the March 2012 budget.

Dividend
The proposed final dividend of 0.67p brings the total dividend for the year to 1p per share. We intend to progressively increase dividends in line with our dividend policy over coming years as the Group's balance sheet continues to strengthen.

Outlook
Trading for Q1 FY2013 is in line with management's expectations. There are some signs that demand in the Packaging division is improving, although demand in the Industrial Products division remains inconsistent. Management's expectations are that demand will gradually improve over FY2013, driven largely by new business already won and our initiatives to introduce new products and to win customers.

FY2013 will be a year where we focus on the conversion of business that is already in the pipeline and on full penetration of accounts where we have already created a platform. Specific objectives are as follows:

- Key account conversion – our objective will be to add another 20 potential key accounts over the financial year and to develop our existing key accounts further.
- Geographic expansion – the key focus will be on China where we will add sales and customer service resources for bearings, matrix and mandrels. Other exciting developing markets will be targeted and we have some good opportunities in Brazil, Mexico, Poland and India.
- New products – these will include a value brand of creasing matrix targeted at smaller end-users in developing markets, an improved pressboard matrix for sophisticated end users, thinner and narrower film packaging products, new mandrels materials tailored to customers hose-making requirements and various new plastic ball bearing solutions for new applications such as automotive interiors and camera lens mechanisms.
- Capital investment – to support new product development and to provide for additional production capacity to support growing revenues.

Acquisition opportunities increased during calendar 2012, with a few leading candidates coming to light, which are currently being pursued. Acquisitive growth is an important component of our strategy and we will continue to pursue opportunities that meet our acquisition criteria.

The Board wishes to extend its sincere thanks to the Group's employees. FY2012 has been a difficult and frustrating year for all as demand has been much weaker than envisaged at the start of the year. Despite this our staff have responded positively. The spirit throughout the Group is good with everyone involved looking for ways to make improvements in all aspects of our activity. The culture of continuous improvement that we see in most parts of our organisation will stand the Group in good stead for the future.

We continue to be highly profitable and cash generative as a Group. We very much hope that external market conditions will at least be neutral, if not positive over FY2013. This being the case, we look forward to year of good progress.

Faisal Rahmatallah
Executive Chairman

Operational Review
Industrial Products

Bell Plastics ("Bell"), which manufactures hydraulic hose mandrels and films, after a good start to the year, suffered a reduction in sales from the mid-year as a result of the economic crisis in Europe. This led to a slowdown in end markets for hydraulic rubber hose, which has always been highly cyclical. In addition, Bell lost its third largest customer when this company went into administration midway through the year. There was some recovery in sales by the end of the financial year and this has continued through the first quarter of FY2013 – some of this is due to successes in new business. Sales are now double the level they settled at during the bottom of the post crisis recession.

Bell has modified its business model during the course of the year in response to a better understanding of the technical needs of customers. We have found that the optimum material formulation has varied significantly by customer and by hose type, implying a need from us for a technical diagnostic service before a product can be designed and specified. This technical service capability has been put in place and is producing some extremely valuable results. It also means a significantly wider range of mandrels being made available – not quite a bespoke service, but moving in that direction from the three mandrel types that previously constituted 95% of our sales. The new business model is enabling us to improve both the likelihood and conversion of enquiries from a wide variety of hose makers in different parts of the world. During the last twelve months, we have started to supply new accounts in Mexico, the United States of America, China and Japan.

As with our bearings business, we also believe that Bell has excellent potential for growth, although from a lower base. Trials are on-going for some significant new accounts and there is good potential for a rebound in existing accounts when economic conditions improve.

Bell Plastics Limited

10% of group sales

Hose mandrels are long, high-specification rods 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.

Operational Review
Industrial Products

Operational Review
Industrial Products

Operational Review
Industrial Products

BNL (UK) Limited

38% of group sales

Design and manufacture of rotating devices primarily plastic ball bearings but also plastic gears, shafts and bushes – used to replace traditional heavy and expensive metal products.

BNL (UK) Limited ("BNL"), which manufactures plastic bearings and other rotating parts, had a reasonable year given the difficulties experienced by their Japanese customers following first the Japanese tsunami and then the Thai flooding. Adjusting for this and exchange rates, sales were flat; however, new business wins were strong with five new key accounts and converted new business which will lead to £2.4 million of additional annual sales over the next three years. New business wins in FY2012 included:

- a first project for Kohler, one of the world's leaders in bathroom products, and
- a first project for Konica Minolta in one of our core applications in office machinery

A new CEO was appointed during the year, Derek Mansfield, who joined at the beginning of January 2012. I am pleased to say that Derek has made a good start and is already driving some significant key improvements in BNL's activities. Priorities for the current year are as follows:

- Devolution of responsibility to, and greater accountability in the regional sales offices – to deliver sales and conversion of new projects as projected
- Improvement in design and engineering processes, so that we can achieve faster and better probability of conversion of projects into new sales
- Strengthening of the quality function to meet the increasing requirements of new and existing customers, especially those in the automotive and office machinery industries

We continue to believe that BNL has good potential for long term growth – there are currently 20 high priority projects with a potential annual sales value in excess of £7 million that are in the design process. A significant proportion are for automotive customers for whom applications include steering columns, instrument panel control knobs and adjustable headlights; there are also projects in other core applications like paper pathways for office machinery and ATMs, as well as new applications in textile machinery.

Operational Review
Packaging

C&T Matrix ("C&T"), which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, suffered weak trading until September 2011, since when demand levels have improved slowly. Contributing to the weak first half was overstocking at distributors in the prior financial year, together with some new production planning procedures which we introduced to improve delivery reliability and lower temporary and overtime labour costs, but which had a short term impact on sales. By the end of the year both these factors had turned around.

Also contributing to the sales slowdown in the first half was the restructuring of our distribution relationships in Italy and Brazil. In both countries we replaced one exclusive distributor with two distributors focused on different brands and with somewhat different geographical footprints. We are pleased with the new relationships and the early indications are that we will achieve better results in the mid-term.

The next twelve months will see some important new developments at C&T, as follows:

- Full launch of Traxplus – a pressboard product targeted at the premium end of the creasing matrix market
- Launch of a value range for certain developing markets – targeted at the low end of the market for smaller emerging market customers particularly
- New distribution relationships in Poland, which is a big market for matrix and China
- Development of direct sales activities in the UK, which has been somewhat overlooked in the past, as well as in India, where our import company has had a very successful first full year of trading and China, where a local sales manager has recently been appointed

These new developments together with ongoing slow recovery should enable C&T to make good progress in FY2013.

Operational Review
Packaging

C&T Matrix Limited

17% of 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.

Operational Review
Packaging

Operational Review
Packaging

Palagan Limited

35% of 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.

Palagan Limited ("Palagan"), our specialist film packaging business, had a reasonable year in a weak market. Revenues in value terms were up 2% but in volume terms they were down 3%. This reflects the annual average of movements in raw material prices, which were then passed on to customers. On a volume basis, Palagan is now trading about 5% above the level prevailing before the 08-09 financial crises, which is a creditable achievement.

During the year, a new extrusion line was installed increasing Palagan's ability to supply thin gauge industrial films – down to 10 micron. This product capability has given us scope to supply these films as part of a package, so opening up customers who may have previously not been prepared to buy from multiple suppliers. Unfortunately, we were not able to proceed with installation of second and larger investment, a new 5 layer line, as originally planned at the beginning of the year because we did not consider market conditions to be sufficiently favourable for a significant capacity increase or for a single capital expenditure of over £0.5 million.

Prospects for Palagan are reasonable. The company's business model of making heavy duty films from special blends using in-line production focused on small lot sizes is unusual, difficult to copy and provides a significant cost and service advantage. Whilst the market is not growing overall there are opportunities for competitive and innovative companies like Palagan to take share. We will look again at the 5 layer line investment this year and if we proceed this will lead to opportunities to save costs and widen the product range still further. The first half of FY2013 is likely to see falling polymer prices, so providing some respite for Palagan from the recent continual need to recover input price increases. A period of slightly improving margins is probable in this business.

Financial Review

	2012 £000	2011 £000	Change %
Revenue	32,096	33,509	-4.2%
Gross profit	12,201	12,809	-4.7%
Operating profit	3,248	3,534	-8.1%
Add back: Depreciation	872	856	
Add back: Amortisation	1,119	1,189	
Add back: Exceptional (gain)/costs	(215)	178	
EBITDA before exceptional costs	5,024	5,757	-12.7%
Profit before tax	1,499	3,597	
Add back: Amortisation of intangible assets & deal fees	1,244	1,189	
Add back: Exceptional costs	785	178	
Add back: Unrealised foreign exchange losses/(gains)	100	(79)	
Add back: Unrealised derivative gains	137	(1,019)	
Profit before tax *	3,765	3,866	-2.6%
Tax credit/(charge)	154	(501)	
Profit after tax *	3,919	3,365	16.4%
Basic adjusted EPS * +	10.1p	10.2p	-1.0%
Basic EPS	6.2p	11.4p	-45.6%
Capital expenditure	808	1,044	-22.6%
Net debt	10,148	12,341	-17.8%

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains
\+ applying a standard tax charge of 26% and based on 27.5 million shares in issue in the year

Financial Review
continued

Revenue
Revenue for the year was £32.1 million which was a decrease of 4.2% from £33.5 million in FY2011. On a like-for-like basis (i.e. adjusting for exchange rates), organic revenue decreased by 3.8%.

Gross profit
Gross profit was £12.2 million (margin: 38.0%) in FY2012 against £12.8 million (margin: 38.2%) in FY2011. The gross profit margin was maintained as increasing raw material prices within one of our businesses in the packaging division (largely passed on to end customers through increased sales prices but which have the effect of reducing margin) were offset by a better foreign exchange rate in the year (we were hedged during FY2012 at a USD rate of $1.55 compared to FY2011 of $1.64).

Exceptional costs
Exceptional costs incurred in the year relate to:
- charge associated with the write off of capitalized banking deal fees and breaking the old RBS interest rate hedge;
- set-up costs relating to the sales office in China; and
- a net gain from the proceeds, less legal and professional fees associated with the sale of the investment in SKOR srl.

Profitability
EBITDA before exceptional costs was £5.0 million which is 12.7% lower than in FY2011.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains of £3.9 million compares with the prior year equivalent of £3.4 million, which is an increase of 16.4%.

Taxation
The Group's tax credit for the year is £0.2 million which compares with FY2011 of a tax charge of £0.5 million. The credit has arisen on the movement of deferred tax during the year.

Earnings per share
Basic earnings per share are 6.2p compared to 11.4p in FY2011. This is based on a weighted average 26.6 million shares (FY2011: 27.2 million shares).

Capital expenditure
Capital expenditure was £0.8 million in FY2012 which compares with £1.0m in FY2011.

Cash flow
In the year, cash generated from operations amounted to £4.8 million (FY2011: £5.4 million). The cash balance at the year end was £2.6 million (FY2010: £1.6 million), which represents cash generated in the year of £1.0 million (FY2011: £1.0 million).

Net debt
Net debt at the year end of £10.1 million (FY2011: £12.3 million) decreased during the year by £2.2 million.

The principal movement in the year was caused due to the strong cash generation of the business. There was a minor effect from the foreign exchange debt, denominated in Euros and US Dollars which when translated at the year end rate accounted for an unrealised foreign exchange gain of £0.1million.

In the year, the bank facility was refinanced with Barclays Corporate with the debt structured into a 4 year senior loan of £6 million and a 4 year revolving credit facility of £8 million. In December 2011 we converted £2.6 million of Euro denominated debt into Sterling, realising a £0.2 million gain. The now reduced level of Euro debt largely eliminates the residual balance sheet exchange rate exposure that the group had to the Euro.

KPIs
The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptional items. In FY2012, the EBTIDA margin was 15.7% which is down on FY2011 at 17.2%. The reduction in EBITDA margin was due to operational gearing as the investment in business development was maintained and operating costs were not cut despite slightly lower sales volumes.

Board of Directors

Faisal John Rahmatallah, (age 56)
Executive Chairman
Faisal is a founder shareholder of Plastics Capital and Director of the Company. He has worked for and with manufacturing companies for 18 of the last 28 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 41)
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 41)
Development Director
Arun is a founder shareholder of Plastics Capital and Director of the Company. He has worked for major manufacturing companies for the last 13 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 63)
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 60)
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 and he 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.

Keith Oliver Butler-Wheelhouse, (age 66)
Non-Executive Director
Keith joined the Company as a non-executive Director in January 2011. Keith has extensive experience of executive roles in a number of large multinational businesses. He was Group Chief Executive of Smiths Group plc for twelve years until 2008 and prior to that he was the CEO of Saab Automobile (Sweden) for four years to 1996 and CEO of Delta Motor Corporation (South Africa) for six years to 1992. Since 1992, Keith has also has a number of non-executive roles at, amongst others, General Motors Europe, Delta Motor Corporation, Atlas Copco AB and Sainsbury's plc. He is currently the Non-Executive Chairman of Niu Solutions plc, an IT and telecommunication company and Chamberlin plc, a specialist castings and engineering group.

Directors' Report

The Directors present their annual report and the financial statements for the year ended 31 March 2012.

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, Japan, China and India.

Results and dividends

The results of trading of the Group for the year are set out in the consolidated income statement on page 23. The Directors recommend the payment of a final dividend of £182,000 (2011: £nil).

Business review

The Chairman's statement on pages 4 to 5, the Operational Review and Financial Review on pages 6 to 15, 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 2012.

Assessment of principal risks and uncertainties

The principal risks that the Group faces are:

- 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 appropriate for the sale volume levels; (ii) continual monitoring of order intake and invoice levels so that trends can be identified and actions taken accordingly; and (iii) a continued effort in winning new business.
- Adverse currency movements impacting profitability - the Group invoices customers in a number of different currencies, including US Dollars, Euro and Japanese Yen. 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 some of the Group's sales are matched in terms of currencies by costs. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and foreign currency borrowings.
- Intellectual property protection - the Group's success depends in part on protecting its intellectual property. The Group relies on its technological know-how, established over many years, to maintain its leading position. This intellectual property is closely guarded through trade secrets and contractual provisions. 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 80 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.
- Raw material prices – the Group is exposed to raw material price increases. The Group has only one business which has been exposed to significant prices fluctuations over the year and here management are able to pass the increases directly on to the end customers. In the other businesses, where engineering grades of plastics are used more, there has however been no discernible price increase over the course of the year. To mitigate the risk, management are always looking at ways to reduce raw material costs by either using alternative materials or by trying to reduce the raw material component. Management will continue to remain vigilant and responsive to market developments.

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 committed to identifying and assessing the risks of pollution and other forms of environmental impairment actively seeking to reduce the impact on the environment to the lowest practical level.

Minimisation of manufacturing waste and the maximisation of energy efficiency are both recognised as beneficial to the Group from an environmental as well as a commercial viewpoint.

Waste minimisation is driven and managed at the business unit level. All manufacturing operations monitor their waste and all business units comply with local environment legislation. General waste management programmes and initiatives are encouraged and the recycling of materials takes place where practical, either internally or through external programmes with suppliers or other third parties.

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. New business activity has continued to progress well and the Group is confident that this will continue to drive growth over the medium term. In addition profit margins have remained satisfactory, cash flow generation has been strong and debt has continued to reduce in line with our expectations.

Substantial shareholdings

The Company has been notified that the following investors held interests in 3% or more of the Company's issued share capital as at 31 March 2012.

Shareholders	No of shares	% of shares
Octopus Asset Management	4,927,081	17.89
ISIS Equity Partners plc	2,700,000	9.80
Faisal Rahmatallah	2,675,895	9.72
Richard Vessey	2,617,416	9.50
Arun Nagwaney	2,072,653	7.53
Downing Corporate Finance	1,412,000	5.13
F&C Asset Management plc	1,358,069	4.93
Jeremy Clarke	1,097,287	3.98
Maven Capital Partners	985,750	3.58
Plastics Capital (Trustee) Limited	921,655	3.35

Since 25 June 2012, 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 61 (2011: 63).

Political and charitable donations

The Company made no charitable donations during the year (2011: £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.

Directors' Report
continued

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 26 of the financial statements.

Directors
The names of the current Directors together with brief biographical details are shown on page 16. None of the Directors hold an interest in any material contract with the Company save for their Service Contracts or Letters of Appointment.

Directors' interests
The Directors interests, including their connected parties were:

Directors	Company Shares 2012	Company Shares 2011
F Rahmatallah	**2,675,895**	2,675,895
N Ball	**201,801**	201,801
A Nagwaney	**2,072,653**	2,072,653
R Vessey	**2,617,416**	2,617,416
A Walker	**91,875**	91,875
K Butler-Wheelhouse	**100,000**	100,000

Information forming part of the financial statements
The information below forms part of the Financial Statements.

(a) Directors' emoluments
The various elements of remuneration received by each Director were as follows:

	Salary /fees £000	Bonus £000	Share based payments £000	2012 Total £000	2011 Total £000
F Rahmatallah	175	-	-	**175**	224
N Ball	115	-	-	**115**	141
A Nagwaney	31	-	-	**31**	32
R Vessey	25	-	-	**25**	35
A Walker	25	-	-	**25**	35
K Butler-Wheelhouse	25	-	-	**25**	5
Total	396	-	-	**396**	472

(b) Directors' share options
The following Directors hold share options over the ordinary shares of the Company.

	Share option scheme	Number of share options	Exercise price	Grant date
A Walker	Share Option Scheme	50,000	£1.00	06.12.07
K Butler-Wheelhouse	Share Option Scheme	50,000	£0.73	19.01.11

The share option scheme has a contractual 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.

In 2011, the company implemented an Equity based Long Term Incentive Plan ("LTIP"). The Directors listed above also hold shares of the Company through the LTIP. The LTIP share scheme has a contractual life of 10 years and vest over a period of 7 years from the grant date.

The following Directors have shares of the Company held by Plastics Capital (Trustee) Limited:

	Share option scheme	Number of award shares held	Number of bonus shares held	Exercise price	Grant date
N Ball	LTIP Scheme	23,456	60,792	£0.39	01.04.10
F Rahmatallah	LTIP Scheme	71,008	85,108	£0.39	01.04.10
R Vessey	LTIP Scheme	13,109	15,709	£0.39	01.04.10
A Walker	LTIP Scheme	13,109	15,709	£0.39	01.04.10

The award shares and bonus shares will vest only on the meeting of certain criteria which include profit targets and will be payable (if due) in 2015 and 2016.

The mid-market price of the Company's shares at 31 March 2012 was 68p (2011: 86p).

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 auditor
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 auditor is 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 auditor is aware of that information.

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

By order of the board

Nicholas Ball
Secretary

27 June 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' 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.

Corporate Governance Statement

The Board intends to comply with the principles of good governance and the recommendations of best practice as set out in the Combined Code so far as is practicable and appropriate for an AIM company of its size and, in this connection, the Board shall take into account the guidance issued by the Quoted Companies Alliance. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 19.

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 three Non-Executive Directors. Two of the Non-Executive Directors are independent of the executive management.

Board Committees

The principal committees established by the Directors are:

- **Audit Committee** – this committee comprises Faisal Rahmatallah, Richard Vessey, Andrew Walker (chairman) and Keith Butler-Wheelhouse. 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 auditor 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, Richard Vessey and Keith Butler-Wheelhouse (chairman). 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, Richard Vessey and Keith Butler-Wheelhouse.

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.

Financial Statements
for year ended 31 March 2012

Independent Auditor's Report
to the members of Plastics Capital plc

We have audited the financial statements of Plastics Capital plc for the year ended 31 March 2012 set out on pages 23 to 60. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, 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, and express an opinion on, 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/private.cfm.

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 2012 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.

AJ Sills (Senior Statutory Auditor)
for and on behalf of KPMG Audit plc,
Statutory Auditor Chartered Accountants
1 The Embankment, Neville Street
Leeds, LS1 4DW

27 June 2012

Consolidated Income Statement
for year ended 31 March 2012

	Note	**Before foreign exchange & exceptional items 2012**	**Foreign exchange impact on derivatives and loans 2012**	**Exceptional items 2012**	**Total 2012**	Before foreign exchange & exceptional items 2011	Foreign exchange impact on derivatives and loans 2011	Exceptional items 2011	Total 2011
Revenue	8	**32,096**	**-**	**-**	**32,096**	33,509	-	-	33,509
Cost of sales	3	**(20,179)**	**284**	**-**	**(19,895)**	(20,303)	(294)	(103)	(20,700)
Gross profit		**11,917**	**284**	**-**	**12,201**	13,206	(294)	(103)	12,809
Distribution expenses		**(2,034)**	**-**	**-**	**(2,034)**	(1,934)	-	-	(1,934)
Administration expenses	3	**(7,145)**	**-**	**215**	**(6,930)**	(7,266)	-	(75)	(7,341)
Other income	4	**11**	**-**	**-**	**11**	-	-	-	-
Operating profit		**2,749**	**284**	**215**	**3,248**	4,006	(294)	(178)	3,534
Financial income	9/10	**169**	**69**	**-**	**238**	250	849	-	1,099
Finance expense	3/9/10	**(684)**	**(303)**	**(1,000)**	**(1,987)**	(1,036)	-	-	(1,036)
Net financing (costs)/ income		**(515)**	**(234)**	**(1,000)**	**(1,749)**	(786)	849	-	63
Profit before tax		**2,234**	**50**	**(785)**	**1,499**	3,220	555	(178)	3,597
Tax	11	**154**	**-**	**-**	**154**	(501)	-	-	(501)
Profit for the year attributable to equity shareholders of the Company		**2,388**	**50**	**(785)**	**1,653**	2,719	555	(178)	3,096
Basic earnings per share attributable to equity shareholders of the Company	25				**6.2p**				11.4p
Diluted earnings per share attributable to equity shareholders of the Company	25				**6.2p**				11.3p

All of the activities of the Group are classed as continuing.

Consolidated Statement of Comprehensive Income
for year ended 31 March 2012

	Note	2012 £000	2011 £000
Profit for the year		**1,653**	3,096
Other comprehensive income			
Foreign currency translation differences for foreign currency operations	24	**87**	(264)
Total comprehensive income		**1,740**	2,832
Total recognised income and expense for the year is attributable to:			
Equity holders of the parent		**1,740**	2,832

Consolidated Balance Sheet
at 31 March 2012

	Note	2012 £000	2011 £000
Non-current assets			
Property, plant and equipment	12	**4,164**	4,362
Investments	13	**-**	38
Intangible assets	14	**21,370**	22,239
		25,534	26,639
Current assets			
Inventories	16	**3,134**	3,194
Trade and other receivables	17	**6,858**	7,381
Other financial assets	18	**30**	167
Cash and cash equivalents	19	**2,550**	1,647
		12,572	12,389
Total assets		**38,106**	39,028
Current liabilities			
Interest-bearing loans and borrowings	20	**5,137**	2,901
Trade and other payables	21	**4,820**	5,505
Corporation tax liability		**301**	540
		10,258	8,946
Non-current liabilities			
Interest-bearing loans and borrowings	20	**7,561**	11,088
Deferred tax liabilities	15	**840**	1,196
		8,401	12,284
Total liabilities		**18,659**	21,230
Net assets		**19,447**	17,798
Equity attributable to equity holders of the parent			
Share capital	24	**275**	275
Share premium	24	**14,098**	14,098
Translation reserve	24	**436**	349
Reverse acquisition reserve	24	**2,640**	2,640
Capital redemption reserve	24	**(214)**	(214)
Retained earnings	24	**2,212**	650
Total equity		**19,447**	17,798

These financial statements were authorised for issue by the Board of Directors on 27 June 2012 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman

Registered Number 06387173

Consolidated Cash Flow Statement
for year ended 31 March 2012

	2012 £000	2011 £000
Profit after tax for the year	**1,653**	3,096
Adjustments for:		
Income tax (credit)/charge	**(154)**	501
Depreciation and amortisation	**1,991**	2,045
Financial income	**(238)**	(1,099)
Financial expense	**1,987**	1,036
Gain on disposal of plant, property and equipment and investments	**(301)**	(249)
Equity settled share based payment expenses	**-**	289
Changes in working capital		
Decrease/(increase) in trade and other receivables	**523**	(777)
Decrease/(increase) in inventories	**60**	(577)
(Decrease)/increase in trade and other payables	**(688)**	1,110
Cash generated from operations	**4,833**	5,375
Interest paid	**(559)**	(884)
Income tax paid	**(440)**	(12)
Net cash inflow from operating activities	**3,834**	4,479
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(808)**	(1,044)
Interest received	**-**	2
Acquisition of investments	**-**	(5)
Development expenditure capitalized	**(250)**	-
Proceeds from disposal of property, plant and equipment	**446**	1,300
Dividend received	**2**	-
Net cash (outflow)/inflow from investing activities	**(610)**	253
Cash flows from financing activities		
Net proceeds from the issue of share capital	**-**	36
Net proceed from new loan	**11,000**	-
Repayment of borrowings and fees	**(12,605)**	(3,727)
Payment of deferred consideration	**(625)**	-
Dividends paid	**(91)**	-
Net cash outflow from financing activities	**(2,321)**	(3,691)
Increase in cash and cash equivalents	**903**	1,041
Cash and cash equivalents at 1 April 2011	**1,647**	606
Cash and cash equivalents at 31 March 2012	**2,550**	1,647

Consolidated Statement of Changes in Shareholders' Equity
for year ended 31 March 2012

	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 2010	270	13,854	613	2,640	15	(2,735)	14,657
Total recognised income and expense for the year	-	-	(264)	-	-	3,096	2,832
Issue of new shares	5	244	-	-	-	-	249
Purchase of shares by EBT	-	-	-	-	(229)	-	(229)
Equity-settled share based payment transactions	-	-	-	-	-	289	289
Balance at 31 March 2011	275	14,098	349	2,640	(214)	650	17,798

	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 2011	275	14,098	349	2,640	(214)	650	17,798
Total recognised income and expense for the year	-	-	87	-	-	1,653	1,740
Dividends paid	-	-	-	-	-	(91)	(91)
Balance at 31 March 2012	**275**	**14,098**	**436**	**2,640**	**(214)**	**2,212**	**19,447**

Notes
to the Consolidated Financial Statements

1 Significant Accounting policies

Plastics Capital plc (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Japan, Thailand, India, China 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 58 to 60.

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 as 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 21 June 2011 the Company entered into new facilities agreements with Barclays Corporate. The Company forecasts it can meet financial covenants attaching to the facilities over the period to at least 30 June 2013.
- 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.

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. Plastics Capital Trading Limited has subsidiaries in India and China which consider their functional currency to be Indian Rupees and Renminbi, 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.

Notes
to the Consolidated Financial Statements

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 less any impairments.

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 re-measurement 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.

Dividend Distribution
Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the year in which the dividends are approved by the Company's shareholders.

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.

Notes
to the Consolidated Financial Statements

1 Significant Accounting policies (continued)

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. 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 capitalized and amortised over their useful economic lives from product launch. The product life has been estimated at 7 years which reflects a reasonable estimate of the average life with products going into a diverse range of goods from cars, photocopiers, security cameras to ATMs.

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.

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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 though 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 the shares 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 shares. The fair value of the options granted is measured using a share valuation model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of share 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.

Notes
to the Consolidated Financial Statements

1 Significant Accounting policies (continued)

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.

Dividend income

Dividend income is recognised when the right to receive payment is established.

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.

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.

Notes
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2 New standards, amendments to standards or interpretations

The following new standards, amendments to standards or interpretations were in issue but not yet effective for the first time for the financial year beginning 1 April 2011 and are not currently relevant for the Group:

- IAS 27 Consolidated and separate financial statements
  (effective 01 January 2013 not yet endorsed by EU).
- IFRS 10 Consolidated financial statements
  (effective 01 January 2013 not yet endorsed by EU).
- IFRS 11 Joint Arrangements
  (effective 01 January 2013 not yet endorsed by EU).
- IFRS 12 Disclosures of Interests in other entities
  (effective 01 January 2013 not yet endorsed by EU).
- IFRS 13 Fair Value Measurement
  (effective 01 January 2013 not yet endorsed by EU).
- IAS 28 Investments in Associates and Joint Ventures
  (effective 01 January 2013 not yet endorsed by EU).
- IAS 24 Related Party Disclosure
  (effective 01 January 2011 not yet endorsed by EU).
- IAS 1 Presentation of Items of Other Comprehensive Income
  (effective 01 July 2012 – not yet endorsed by EU).
- IFRS 9 Amendments – Financial instruments
  (replacement of IAS 39) (effective 01 January 2015 not yet endorsed by EU).
- IFRS 7 Amendment – Financial instrument disclosures – offsetting financial assets and financial liabilities
  (effective 01 January 2013 – not yet endorsed by EU).
- IAS 32 – Amendment to offsetting financial assets and financial liabilities
  (effective 01 January 2014 – not yet endorsed by EU).
- IAS 12 Deferred tax recovery of underlying assets
  (effective 01 January 2012 – not yet endorsed by EU).
- IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for first time adopters
  (effective 01 July 2011 not yet endorsed by EU).
- IAS 19 Amendments to Employee Benefits
  (effective 01 January 2013 not yet endorsed by EU).
- IFRIC 14 – Amendment to Prepayments of a minimum funding requirement
  (effective 01 January 2011 – not yet endorsed by EU).

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.

Notes
to the Consolidated Financial Statements

3 Exceptional items

Cost of Sales

	2012 £000	2011 £000
Restructuring/integration costs	-	30
Costs associated with sale & leaseback	-	50
Stock provisions and write-off on integration of businesses	-	23
	-	103

Also included within Cost of Sales is £284,000 in relation to gains on foreign exchange contracts (2011: losses of £294,000).

Administrative expenses

	2012 £000	2011 £000
Restructuring/integration costs (i)	24	-
Company set up costs (ii)	53	31
Recruitment costs	-	30
LTIP charge and EBT scheme cancellation charge	-	289
Gain on sale of investment (iii)	(292)	-
Gain on sale of property	-	(275)
	(215)	75

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

(i) specific restructuring costs,
(ii) set-up costs relating to the sales offices in China, and
(iii) a net gain from the proceeds, less legal and professional fees associated with the sale of the investment in SKOR srl.

Finance Expense

	2012 £000	2011 £000
Charges associated with the write off of capitalized banking deal fees and breaking the previous interest rate hedge	1,000	-
	1,000	-

Notes
to the Consolidated Financial Statements

4 Other income

	2012 £000	2011 £000
Net gain on disposal of property, plant and equipment	**9**	-
Dividend income	**2**	-
	11	-

5 Expenses and auditor's remuneration

Included in profit before tax are the following:

	2012 £000	2011 £000
Depreciation of owned assets	**872**	856
Amortisation of intangible assets (recognised in administrative expenses)	**1,119**	1,189
Net gain on disposal of property, plant and equipment	**(9)**	(275)
Net gain on disposal of investment	**(292)**	-
Hire of plant and machinery	**24**	24
Other operating lease rentals	**601**	606
Equity settled share based payments	**-**	289
Research & development	**841**	992

Auditors' remuneration:

	2012 £000	2011 £000
Audit of these financial statements	**25**	25
Amounts receivable by auditor and their associates in respect of:		
Audit of statutory financial statements of subsidiaries pursuant to legislation	**57**	58
Other services relating to taxation	**29**	29

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.

Notes
to the Consolidated Financial Statements

6 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	
	2012	2011
Directors and management	**22**	21
Administrative	**17**	15
Sales and design	**31**	28
Production and distribution	**236**	239
	306	303

The aggregate payroll costs of these persons were as follows:

	2012	2011
	£000	£000
Wages and salaries	**6,734**	6,784
Share based payments	**-**	289
Social security costs	**780**	756
Other pension costs	**202**	185
	7,716	8,014

Other pension costs relate to defined contribution pension plans.

7 Directors' emoluments

	2012	2011
	£000	£000
Salaries and fees	**396**	319
Bonuses	**-**	39
Share based payment charges	**-**	114
	396	472

The aggregate emoluments of the highest paid Director were £175,000 (2011: £224,000).
Key management remuneration is disclosed in note 28.

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8 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 plastic rotating parts, Palagan Limited which makes high strength film packaging, C&T Matrix Limited which makes packaging consumables and Bell Plastics Limited which makes hydraulic hose consumables.

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.

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 interest-bearing loans and borrowings, trade and other payables and other financial liabilities.

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

- Packaging – includes packaging consumables and high strength film packaging; and
- Industrial Products – hydraulic hose consumables and plastic rotating parts.

	Industrial products 2012 £000	**Packaging 2012 £000**	**Unallocated and reconciling items 2012 £000**	**Total 2012 £000**
External sales*	**15,230**	**16,866**	**-**	**32,096**
Profit before tax	**954**	**1,095**	**(550)**	**1,499**
Depreciation and amortisation	**619**	**240**	**1,132**	**1,991**
Segment assets	**10,197**	**10,786**	**17,123**	**38,106**
Segment liabilities	**(2,634)**	**(3,895)**	**(12,130)**	**18,659**

	Industrial products 2011 £000	Packaging 2011 £000	Unallocated and reconciling items 2011 £000	Total 2011 £000
External sales*	16,066	17,443	-	33,509
Profit/(loss) before tax	1,899	1,493	205	3,597
Depreciation and amortisation	559	258	1,228	2,045
Segment assets	10,308	10,912	17,808	39,028
Segment liabilities	(3,664)	(3,935)	(13,631)	(21,230)

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

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to the Consolidated Financial Statements

8 Segment information (continued)

Reconciliation of reportable segment revenue

	2012 £000	2011 £000
Packaging		
Packaging consumables	**5,531**	6,502
High strength film packaging	**11,335**	10,941
Industrial Products		
Plastic rotating parts	**11,976**	12,409
Hydraulic hose consumables	**3,254**	3,657
Turnover per consolidated income statement	**32,096**	33,509

Reconciliation of reportable segment profit

	2012 £000	2011 £000
Total profit for reportable segments	**2,049**	3,392
Unallocated amounts:		
Amortisation	**(1,119)**	(1,189)
Unrealised (losses)/gains on derivatives	**(137)**	1,019
Management charge income	**2,950**	2,950
FX hedge gain/(loss) on forward contracts	**283**	(293)
Plastics Capital Trading and Plastics Capital plc costs	**(882)**	(1,285)
Net interest costs	**(615)**	(1,036)
Exceptional costs	**(1,000)**	-
Other	**(30)**	39
Consolidated profit before income tax	**1,499**	3,597

Reconciliation of reportable segment assets

	2012 £000	2011 £000
Total assets for reportable segments	**20,983**	21,220
Unallocated amounts:		
Goodwill & intangible assets	**21,370**	22,239
Consolidation and intercompany eliminations	**(4,247)**	(4,431)
Total assets per consolidated balance sheet	**38,106**	39,028

Reconciliation of reportable segment liabilities

	2012 £000	2011 £000
Total liabilities for reportable segments	**(6,529)**	(7,599)
Unallocated amounts:		
Bank loans	**(12,698)**	(13,989)
Deferred tax	**(840)**	(1,196)
Intercompany eliminations	**1,408**	1,554
Total liabilities per consolidated balance sheet	**(18,659)**	(21,230)

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The Group's external revenue and non-current assets are split between the following geographical regions. The Group 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	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
United Kingdom	**12,686**	12,774	**24,393**	25,317
Europe	**6,686**	6,825	**-**	32
USA	**4,237**	4,218	**57**	54
Asia	**7,008**	7,878	**1,084**	1,236
Rest of the World	**1,479**	1,814	**-**	-
	32,096	33,509	**25,534**	26,639

9 Finance income and expense (excluding foreign exchange)

	2012	2011
	£000	£000
Interest income	**3**	1
Unrealised gains on derivatives used to manage interest rate risk	**166**	249
Financial income	**169**	250
Bank interest	**545**	962
Deferred consideration interest	**14**	74
Amortisation of capitalized deal fees	**125**	-
Financial expenses	**684**	1,036

10 Finance income/costs included within foreign exchange costs

	2012	2011
	£000	£000
Net foreign exchange gain	**69**	79
Unrealised gains on derivatives used to manage foreign exchange risk	**-**	770
	69	849

The net foreign exchange gains represent unrealised gains arising on the translation of foreign currency liabilities.

In the year, £2.6 million of Euro debt was converted into Sterling debt which resulted in a realised gain of £169,000. Offsetting this, in the year, was an unrealised foreign exchange loss of £100,000.

	2012	2011
	£000	£000
Unrealised losses on derivatives used to manage foreign exchange risk	**(303)**	-
	(303)	-

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11 Taxation

	2012 £000	2011 £000
Current tax charge		
Current year	**258**	444
Adjustments for prior years	**(56)**	-
Foreign tax charge	**-**	12
	202	456
Deferred tax (credit)/charge (note 15)		
Current year	**(291)**	22
Adjustments for prior years	**(37)**	23
Foreign deferred tax (credit)/charge	**(28)**	-
	(356)	45
Total tax (credit)/charge in income statement	**(154)**	501

Reconciliation of effective tax rate

	%	2012 £000	%	2011 £000
Profit/ (loss) before tax		**1,499**		3,597
Expected tax charge/(credit) based on the UK corporation tax rate	**26%**	**390**	28%	1,007
Non-deductible expenses	**1.5%**	**23**	2.6%	91
Use of losses not provided	**(1.1%)**	**(17)**	(13.3%)	(477)
Tax adjustment in respect of prior year	**(3.8%)**	**(56)**	-	-
Deferred tax adjustment in respect of prior years	**(2.5%)**	**(37)**	-	-
R&D uplift – SME rates	**(12.9%)**	**(194)**	(1.8%)	(63)
Tax not at UK standard rate	**(10.9%)**	**(163)**	-	-
Effect of movements in tax rates	**(4.9%)**	**(72)**	(1.9%)	(69)
Adjustment for overseas tax rates	**(1.7%)**	**(28)**	0.3%	12
Total tax (credit)/charge in income statement	**(10.3%)**	**(154)**	13.9%	501

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12 Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 31 March 2010	1,786	6,167	357	29	8,339
Exchange movement	-	14	4	-	18
Additions	2	768	274	-	1,044
Disposals	(1,565)	(28)	-	(6)	(1,599)
Balance at 31 March 2011	**223**	**6,921**	**635**	**23**	**7,802**
Exchange movement	-	(23)	(1)	-	(24)
Additions	24	590	175	19	808
Disposals	-	(236)	-	(3)	(239)
Balance at 31 March 2012	**247**	**7,252**	**809**	**39**	**8,347**
Depreciation and impairment					
Balance at 31 March 2010	527	2,341	244	17	3,129
Depreciation charge for the year	41	733	78	4	856
Exchange movement	-	1	2	-	
Disposals	(540)	(3)	-	(5)	(548)
Balance at 31 March 2011	28	3,072	324	16	3,440
Depreciation charge for the year	15	713	135	9	872
Exchange movement	-	(6)	-	-	(6)
Disposals	-	(124)	1	-	(123)
Balance at 31 March 2012	**43**	**3,655**	**460**	**25**	**4,183**
Net book value					
At 31 March 2012	**204**	**3,597**	**349**	**14**	**4,164**
At 31 March 2011	195	3,849	311	7	4,362

13 Investments

	£000
Investments	
Balance as at 31 March 2011	38
Disposal	(38)
Balance as at 31 March 2012	**-**

The investment was in respect of a 40% ownership of the ordinary shares and voting rights in SKOR srl which were disposed of during the year.

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14 Intangible assets

	Goodwill £000	Technology £000	Intellectual Property Rights £000	Distributor & Customer Relationships £000	Trademarks £000	Development Costs £000	Total £000
Cost							
Balance at 31 March 2010	17,977	2,779	1,175	4,075	1,546	-	27,552
Fair value adjustment	42	-	-	-	-	-	42
Balance at 31 March 2011	**18,019**	**2,779**	**1,175**	**4,075**	**1,546**	**-**	**27,594**
Additions	-	-	-	-	-	250	250
Balance at 31 March 2012	**18,019**	**2,779**	**1,175**	**4,075**	**1,546**	**250**	**27,844**
Amortisation and impairment							
Balance at 31 March 2010	313	1,661	728	978	486	-	4,166
Amortisation for the year	-	471	168	330	150	-	1,119
Impairment	-	-	-	70	-	-	70
Balance at 31 March 2011	**313**	**2,132**	**896**	**1,378**	**636**	**-**	**5,355**
Amortisation for the year	-	471	168	330	150	-	1,119
Balance at 31 March 2012	**313**	**2,603**	**1,064**	**1,708**	**786**	**-**	**6,474**
At 31 March 2012	**17,706**	**176**	**111**	**2,367**	**760**	**250**	**21,370**
At 31 March 2011	17,706	647	279	2,697	910	-	22,239

Goodwill is allocated to the following cash generating units ("CGUs"):	%	Discount factor £000	2012 %	Discount factor £000	2011
Bell Plastics		**10.3**	**4,529**	10.3	4,529
BNL (UK)		**10.5**	**1,178**	18.0	1,178
C&T Matrix		**11.3**	**8,436**	11.3	8,436
Palagan		**11.6**	**3,563**	11.6	3,563
			17,706		17,706

Management have performed impairment reviews on the carrying value of goodwill as at 31 March 2012. For the purpose of impairment testing goodwill is allocated to each CGU 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.
The calculation of the value in use was based on the following key assumptions:

- Cash flow projections covering a four year period to 31 March 2016 - the projections were based on the 12/13 year's budget and an assumption of nil growth thereafter.
- These cash flow projections have then been extended in perpetuity.
- The above discount factors have been applied in determining the recoverable amount of units.

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15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities	
	2012	2011
	£000	£000
Intangible assets	**924**	1,276
Accelerated capital allowances	**(56)**	(80)
Foreign company deferred tax	**(28)**	-
Tax liabilities	**840**	1,196

Movement in deferred tax liabilities during the year

	1 April 2011 £000	Recognised in income £000	Transfer £000	31 March 2012 £000
Intangible assets	(1,276)	352	-	(924)
Accelerated capital allowances	80	(24)	-	56
Foreign company deferred tax	-	28	-	28
	(1,196)	356	-	(840)

Movement in deferred tax liabilities during the prior year

	1 April 2010 £000	Recognised in income £000	Transfer £000	31 March 2011 £000
Intangible assets	(1,367)	91	-	(1,276)
Accelerated capital allowances	214	(134)	-	80
Other temporary differences	2	(2)	-	-
	(1,151)	(45)	-	(1,196)

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.

16 Inventories

	2012	2011
	£000	£000
Raw materials and consumables	**1,580**	1,541
Work in progress	**390**	360
Finished goods	**1,164**	1,293
	3,134	3,194

The cost of inventory recognised within the income statement was £12,570,000 (2011: £12,599,000)
Inventories are stated net of provisions amounting to £381,000 (2011: £457,000).

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17 Trade and other receivables

	2012 £000	2011 £000
Trade receivables (net of provisions)	**6,046**	6,796
Other receivables and prepayments	**812**	585
	6,858	7,381

The provision for bad and doubtful debts included within the net trade receivables balance above is £170,000 (2011: £126,000).
The trade receivables balance above includes amounts denominated in currencies other than Sterling as follows:

	2012 £000	2011 £000
Euro	**764**	957
US Dollar	**1,458**	1,453
Japanese Yen	**116**	174
Thai Baht	**-**	22
Indian Rupee	**33**	5
Chinese Renminbi	**7**	-

18 Other financial assets

	2012 £000	2011 £000
Derivatives	**30**	167

See note 26 for further information regarding financial instruments.

19 Cash and cash equivalents

	2012 £000	2011 £000
Cash and cash equivalents per balance sheet and cash flow statement	**2,550**	1,647

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

	2012 £000	2011 £000
Euro	**474**	294
US Dollar	**609**	290
Japanese Yen	**55**	(31)
Thai Baht	**46**	23
Indian Rupee	**10**	21
Chinese Renminbi	**49**	-

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20 Interest-bearing loans and borrowings

See note 26 for more information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2012 £000	2011 £000
Non-current liabilities		
Secured bank loans	**7,561**	11,088
	7,561	11,088
Current liabilities		
Current portion of secured bank loans	**5,137**	2,276
Deferred consideration	**-**	625
	5,137	2,901

Loan repayment
The PLA4 Limited deferred consideration of £643,008 was repaid on 20 July 2011.

In March 2008, Plastics Capital acquired Palagan Limited for a total consideration of £6.4 million, of which £0.5 million was deferred for two years. Certain Directors of Plastics Capital plc established a specially formed company, PLA4 Limited ("NewCo"), 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 NewCo this amount plus further accumulated interest before March 2013.

Deferred debt issue costs
Included within bank loans are £501,000 (2011: £884,100) of costs capitalized as part of the refinancing.

Security
Security can be analysed as follows:

	2012 £000	2011 £000
Property, plant and equipment	**4,164**	4,362
Inventories	**3,134**	3,194
Trade and other receivables	**6,858**	7,381
	14,156	14,937

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

21 Trade and other payables

	2012 £000	2011 £000
Trade payables	**3,403**	3,626
Non-trade payables and accrued expenses	**1,417**	1,879
	4,820	5,505

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

	2012 £000	2011 £000
Euro	**431**	416
US Dollar	**63**	25
Thai Baht	**71**	160
Indian Rupee	**9**	17
Chinese Renminbi	**3**	-

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22 Share based payments

At 31 March 2012 the Group has the following share-based payment arrangements:

(i) Share option scheme (equity settled). On 6 December 2007 the Group established a share option scheme that entitles Non-Executive Directors to purchase shares in Plastics Capital plc. On 10 January 2011 a further grant on similar terms (except for exercise price) was offered to a Non-Executive Director. Holders of vested options are entitled to purchase shares at the market price of shares at the grant date.

(ii) Long Term Incentive Plan ("LTIP") (equity settled). On 1 April 2010 the Group offered 21 of its employees the opportunity to participate in an LTIP. The discretionary LTIP 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 five years after the original grant date providing the relevant performance criteria have been met.

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.

Terms and conditions of share option scheme

The terms and conditions related to the grants of the share option scheme are as follows; all options are to be settled by physical delivery of shares.

Grant date/Employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
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 (10 years)
Equity settled award to Plastics Capital plc non-executive director by Plastics Capital plc on 19 January 2011	50,000	Options vest over period of three years	19 January 2021 (10 years)
Total share options	**100,000**		

Disclosure of share option scheme

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

	2012 Weighted average exercise price £	**2012 Number of options No.**	2011 Weighted average exercise price £	2011 Number of options No.
Outstanding at the beginning of the year	**0.86**	**100,000**	1.00	50,000
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**-**	**-**	-	-
Granted during the year	**-**	**-**	0.73	50,000
Outstanding at the end of the year	**0.86**	**100,000**	0.86	100,000
Exercisable at the end of the year	**0.86**	**66,667**	0.86	50,000

The options outstanding at 31 March 2012 have an exercise price in the range of £0.73 to £1.00 (2011: £0.73 to £1.00) and a weighted average contractual life of 8.3 years. (2011: 8.3 years). There were no share options exercised during the year.

Inputs for measurement of grant-date fair values

The grant date fair value of the rights granted through the share option scheme was measured based on The Black-Scholes model.
Expected volatility was estimated by reference to historical share price movements in both the Group and comparable quoted companies.
The inputs used in the measurement of the fair values at grant date of the share option scheme were as follows:

	Share Option Scheme **2012**	2011
Weighted average share price	**72.5p/100p**	72.5p/100p
Exercise price	**72.5p/100p**	72.5p/100p
Expected volatility	**40%**	40%
Option life	**5 years**	5 years
Risk free interest rate	**4.8%**	4.8%
Fair value per option	**68p**	37.3p

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Terms and conditions of LTIP
The terms and conditions related to the grants of the LTIP are as follows; all payments are to be settled by physical delivery of shares.

Grant date/Employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award to directors and senior management by Plastics Capital plc on 30 September 2010	900,565	Shares vest over period of five years	1 April 2010 (10 years)
Total share	**900,565**		

Disclosure of LTIP
The number and weighted average exercise prices of shares in the LTIP are as follows:

	2012 Weighted average exercise price £	**2012 Number of options No.**	2011 Weighted average exercise price £	2011 Number of options No.
Outstanding at the beginning of the year	**0.39**	**900,565**	-	-
Lapsed during the year – Award shares	**0.66**	**(62,126)**	-	-
Lapsed during the year – Bonus shares	**0.66**	**(91,811)**	-	-
Granted during the year – Award shares	**0.76**	**23,634**	0.39	349,792
Granted during the year – Bonus shares	**0.76**	**130,303**	0.39	550,864
Outstanding at the end of the year	**0.68**	**900,565**	0.39	900,565
Exercisable at the end of the year	**-**	**-**	-	-

The shares outstanding at 31 March 2012 have an exercise price of £0.68 (2011: £0.39) and a weighted average contractual life of 9 years. (2011: 9 years). There were no shares exercised during the year.

Inputs for measurement of grant-date fair values
The grant date fair value of the rights granted through the LTIP was measured based on The Black-Scholes model. Expected volatility was estimated by reference to historical share price movements in both the Group and comparable quoted companies. Awards vest five years after the original grant date providing the relevant performance criteria have been met. The inputs used in the measurement of the fair values at grant date of the share scheme were as follows:

	Plastics Capital plc scheme **2012**	2011
Grant date	**6 & 20 Sept, 20 Jan**	1 Apr
Share price at date of grant	**69p to 83p**	38.5p
Assumed leavers	**0%**	0%
Performance criteria achieved	**100%**	100%
Exercise price	**Nil**	Nil
Fair value of contingent share award granted	**-**	£207,542

Employee Expense

	Note	**2012 £000**	2011 £000
Expense arising from LTIP grant in 2010	5	**-**	208
Expense arising from cancellation of EMI	5	**-**	81
Total expense recognised as employee costs		**-**	289

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23 Dividends

Interim dividends paid in respect of the half year ended 30 September 2011 were £91,000 (0.33p per share). A final dividend of 0.67p per share, amounting to a total dividend of £182,000 (2011: nil) in respect of the full year results has been recommended. These financial statements do not reflect this dividend payable.

24 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 2011	275	14,098	349	2,640	(214)	650	17,798
Total recognised income and expense for the year	-	-	87	-	-	1,653	1,740
Dividends paid	-	-	-	-	-	(91)	(91)
Balance at 31 March 2012	**275**	**14,098**	**436**	**2,640**	**(214)**	**2,212**	**19,447**

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 2010	270	13,854	613	2,640	15	(2,735)	14,657
Total recognised income and expense for the year	-	-	(264)	-	-	3,096	2,832
Issue of new shares	5	244	-	-	-	-	249
Purchase of shares by EBT	-	-	-	-	(229)	-	(229)
Equity-settled share based payment transactions	-	-	-	-	-	289	289
Balance at 31 March 2011	275	14,098	349	2,640	(214)	650	17,798

Share capital

	Ordinary shares of 1p each	
In thousands of shares	**2012**	2011
On issue at 1 April	**27,542**	26,953
Issued for cash	**-**	589
On issue at 31 March – fully paid	**27,542**	27,542

	2012 £000	2011 £000
Allotted, called up and fully paid		
27,542,532 ordinary shares of 1p each	**275**	275
	275	275

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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 2012 was 921,655

25 Earnings per share

	2012	2011
	£000	£000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year from continuing operations	**1,653**	3,096
Profit for the year	**1,653**	3,096
Denominator		
Weighted average number of shares used in basic EPS*	**26,620,877**	27,233,414
Weighted average number of shares used in diluted EPS*	**26,620,877**	27,308,414

* excludes shares held by Plastics Capital (Trustee) Limited for the LTIP. Treasury shares are not counted under IAS33.

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26 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.

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. The interest rate hedges are for the life of the loan and cover approximately 65% (2011: 20%) 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 2012 and 2011, the Group's borrowings were denominated in Euro, US Dollar, Japanese Yen and Sterling and subject to floating rate charges as follows:

	2012 Floating rate £000
GBP	**8,593**
USD	**907**
EUR	**3,198**
	12,698

	2011 Floating rate £000
GBP	5,178
USD	1,248
EUR	6,913
JPY	650
	13,989

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.

If interest rates were to increase to 4% (up from the current rate of 1%), the interest rate charge would increase by £191,000 (2011: £282,000). Approximately 65% of the debt is hedged at an interest rate cap of 2.5%.

If interest rates were to increase to 6% (up from the current rate of 1%), the interest rate charge would increase by £191,000 (2011: £461,000). Approximately 65% of the debt is hedged at an interest rate cap of 2.5%.

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(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 operations located in the USA, China, India, Thailand 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 exceptions are US Dollars and Euros where the remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and borrowings in foreign currencies, respectively.

The Group's policy is to hedge 100% of its anticipated net cash flows in US Dollar for the subsequent 12 – 18 months.

Group treasury will enter into matching forward contracts with Barclays Corporate to cover the foreign currency risk.

Exposure to currency risk
The Group's exposure to foreign currency risk was as follows based on notional amounts:

	31 March 2012						
	EUR	**USD**	**GBP**	**JPY**	**THB**	**INR**	**RMB**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Trade receivables	**764**	**1,458**	**3,668**	**116**	**-**	**33**	**7**
Secured bank loans	**(3,198)**	**(907)**	**(8,593)**	**-**	**-**	**-**	**-**
Trade payables	**(431)**	**(63)**	**(2,826)**	**-**	**(71)**	**(9)**	**(3)**
Gross exposure	**(2,865)**	**488**	**(7,751)**	**116**	**(71)**	**24**	**4**
Forward exchange contracts	**-**	**-**	**16**	**-**	**-**	**-**	**-**
Net exposure	**(2,865)**	**488**	**(7,735)**	**116**	**(71)**	**24**	**4**

	31 March 2011					
	EUR	USD	GBP	JPY	THB	INR
	£000	£000	£000	£000	£000	£000
Trade receivables	957	1,453	4,185	174	22	5
Secured bank loans	(6,913)	(1,248)	(5,178)	(650)	-	-
Trade payables	(416)	(25)	(3,009)	-	(160)	(16)
Gross exposure	(6,372)	180	(4,002)	(476)	(138)	(11)
Forward exchange contracts	-	-	319	-	-	-
Net exposure	(6,372)	180	(3,683)	(476)	(138)	(11)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
GBP	**2012**	2011	**2012**	2011
EUR	**1.159**	1.177	**1.198**	1.131
USD	**1.596**	1.557	**1.598**	1.605
JPY	**126.1**	133.2	**131.8**	132.8
THB	**48.8**	48.4	**49.3**	48.6
INR	**76.3**	70.8	**81.4**	71.5
RMB	**10.2**	-	**10.1**	-

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26 Financial instruments (continued)

Sensitivity analysis

A 10% weakening of Sterling against the following currencies at 31 March 2012 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 2011.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2012		
USD	**110**	**588**
EUR	**(239)**	**172**
JPY	**17**	**(16)**
THB	**(3)**	**(125)**
INR	**3**	**(5)**
RMB	**5**	**(8)**
At 31 March 2011		
USD	47	659
EUR	(696)	218
JPY	(51)	25
THB	(11)	(73)
INR	-	(2)

A 10% strengthening of Sterling against the following currencies at 31 March 2012 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 2011.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2012		
USD	**(100)**	**(535)**
EUR	**217**	**(157)**
JPY	**(16)**	**15**
THB	**2**	**114**
INR	**(3)**	**5**
RMB	**(5)**	**7**
At 31 March 2011		
USD	(43)	(599)
EUR	633	(198)
JPY	46	(23)
THB	10	66
INR	-	2

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

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

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(c) Liquidity risk
The liquidity risk of each Group entity is managed centrally by the Group treasury function.

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

2012	**Effective Interest Rate %**	**Carrying amount £000**	**Contractual cash flows £000**	**Within one year £000**	**1-2 years £000**	**2-3 years £000**	**3-5 years £000**	**5-10 years £000**
Floating rate	**4.79%**	**13,199**	**13,199**	**5,284**	**1,500**	**1,500**	**4,915**	**-**
Trade and other payables		**4,820**	**4,820**	**4,820**	**-**	**-**	**-**	**-**
Deferred debt issue costs		**(501)**	**-**	**(147)**	**(147)**	**(147)**	**(60)**	**-**
Total		**17,518**	**18,019**	**9,957**	**1,353**	**1,353**	**4,855**	**-**

2011	Effective Interest Rate %	Carrying amount £000	Contractual cash flows £000	Within one year £000	1-2 years £000	2-3 years £000	3-5 years £000	5-10 years £000
Floating rate	5.70%	14,873	15,849	3,553	12,255	41	-	-
Trade and other payables		5,505	5,505	5,505	-	-	-	-
Deferred debt issue costs		(884)	-	(114)	(770)	-	-	-
Total		19,494	21,354	8,944	11,485	41	-	-

(d) Credit risk
The Group is mainly exposed to credit risk from 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 terms which may be extended to customers.

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**
2012	**2,327**	**2,622**	**667**	**291**	**139**	**6,046**
2011	3,270	2,284	912	305	25	6,796

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 exposure has been low. 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.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**2012 £000**	2011 £000
Trade receivables	17	**6,046**	6,796
Foreign exchange contracts used for hedging	18	**30**	167
Cash and cash equivalents	19	**2,550**	1,647
		8,626	8,610

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26 Financial instruments (continued)

The maximum exposure to credit risk for receivables at the reporting date by geographic region was:

	2012 £000	2011 £000
GBP	**3,668**	4,185
EUR	**764**	957
USD	**1,458**	1,453
JPY	**116**	174
THB	**-**	22
INR	**33**	5
RMB	**7**	-
	6,046	6,796

Impairment losses

The ageing of receivables at the reporting date was:

	Gross 2012 £000	Impairment 2012 £000	Gross 2011 £000	Impairment 2011 £000
Not past due	**2,327**	**-**	3,270	-
Past due 0 – 30 days	**2,622**	**-**	2,284	-
Past due 31 – 60 days	**667**	**-**	912	-
Past due 61 – 90 days	**322**	**31**	305	-
More than 90 days	**278**	**139**	151	126
	6,216	**170**	6,922	126

(e) Maturity of debt

	Currency	Nominal interest rate	Period of maturity	31 Mar 12 £000 Face value	31 Mar 12 £000 Carrying amount	31 Mar 11 £000 Face value	31 Mar 11 £000 Carrying amount
Bank loan & overdraft	GBP	3.50%	3 years	**8,593**	**8,593**	4,552	4,552
	EUR	3.50%	3 years	**3,040**	**3,040**	6,605	6,605
	USD	3.50%	3 years	**907**	**907**	1,248	1,248
	JPY	-	-	**-**	**-**	650	650
Asset backed loan	EUR	2.75%	2 years	**158**	**158**	308	308
Deferred consideration	GBP	-	-	**-**	**-**	626	626
				12,698	**12,698**	13,989	13,989

The interest margin on the bank loans will step down as the net debt to EBITDA leverage reduces to a margin of 3.0% if leverage is less than 2x EBITDA.

Barclays Corporate has provided a four year banking facility consisting of a senior loan which amortises on a straight line basis and a revolving credit facility repayable as a bullet in June 2015.

The senior loan is split into a Sterling loan, Euro loan and US Dollar loan all of which are repayable in their respective currencies.

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(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 2012 and 31 March 2011.

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

	Carrying amount liability 2012 £000	**Fair value liability 2012 £000**	Carrying amount liability 2011 £000	Fair value liability 2011 £000
Forward contracts - foreign exchange	**(16)**	**(16)**	(319)	(319)
Interest rate cap/collar	**(14)**	**(14)**	152	152
	(30)	**(30)**	(167)	(167)

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.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Level 1: quoted prices (unadjusted) inactive markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets of liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

	Level 2 £000	**Total £000**
31 March 2012		
Forward exchange contracts used for hedging	**(16)**	**(16)**
Interest rate cap	**(14)**	**(14)**
	(30)	**(30)**

	Level 2 £000	Total £000
31 March 2011		
Forward exchange contracts used for hedging	(319)	(319)
Interest rate collar	152	152
	(167)	(167)

(g) Capital management
In line with the disclosure requirements of IAS 1, 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 24 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.

There have been no changes to the Group's capital management approach in the period. The treasury functions of the Group are responsible for managing fund requirements and investments which includes banking and cash flow management. The main risk arising from the Group's capital management is non-compliance with covenants attached to banking facilities.

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27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land & buildings 2012 £000	Plant & machinery 2012 £000	Total 2012 £000	Land & buildings 2011 £000	Plant & machinery 2011 £000	Total 2011 £000
Less than one year	**778**	**116**	**894**	539	44	583
Between one and five years	**1,941**	**89**	**2,030**	1,952	35	1,987
More than five years	**2,703**	**-**	**2,703**	3,152	-	3,152
	5,422	**205**	**5,627**	5,643	79	5,722

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	Sept 2016
Blandford Road	June 2024	June 2015	June 2015
Sanders Road	August 2022	August 2022	August 2022
Tavistock Street	October 2025	October 2015	October 2015

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.

28 Related parties

In addition to Directors emoluments disclosed in Note 7, key management remuneration during the year was £439,000 (2011: £447,000) with company pension contributions of £45,000 (2011: £27,000).

During the year sales were made to and goods purchased from SKOR srl by C&T Matrix Limited of £82,000 and £18,000, respectively (2011: £338,000 and £138,000, respectively). SKOR srl was an associated undertaking of Plastics Capital plc but was disposed of in the year (see note 13).

The PLA4 Limited deferred consideration of £643,008 was repaid on 20 July 2011. In March 2008, Plastics Capital acquired Palagan Limited for a total consideration of £6.4 million, of which £0.5 million was deferred for two years. Certain Directors of Plastics Capital plc established a specially formed company, PLA4 Limited ("NewCo"), 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 NewCo this amount plus further accumulated interest before March 2013.

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29 Accounting estimates and judgements

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

Intangible assets

The Group recognises intangible assets (other than goodwill) on acquisition. 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.

30 Principal subsidiary undertakings

Details of principal subsidiary undertakings are given below:

	County of incorporation	Nature of business	Percentage of ordinary Shares held
Plastics Capital Trading Limited	England and Wales	Holding company	100%
Bell Plastics Limited	England and Wales	Plastics products	100%
BNL (UK) Limited	England and Wales	Plastics products	100%
BNL (Japan) Inc	Japan	Plastics products	100%
BNL (US) Inc	USA	Plastics products	100%
BNL (Thailand) Limited	Thailand	Plastics products	100%
C&T Matrix Limited	England and Wales	Plastics products	100%
Palagan Limited	England and Wales	Plastics products	100%
Plastics Capital India Private Limited	India	Plastics products	100%
Shanghai Plastics Capital Trading Limited	China	Plastics products	100%
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

Company Balance Sheet
at 31 March 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	2	**10,765**	10,765
		10,765	10,765
Current assets			
Debtors (including £15.5m due after more than one year)	3	**15,575**	15,528
Current liabilities			
Creditors: amounts falling due within one year		**(163)**	(127)
Net current assets		**15,412**	15,401
Total assets less current liabilities		**26,177**	26,166
Net assets		**26,177**	26,166
Capital and reserves			
Share capital	4	**275**	275
Share premium	4	**14,161**	14,161
Merger reserve	4	**10,544**	10,544
Capital redemption reserve	4	**194**	194
Retained earnings	4	**1,003**	992
Total shareholders' funds		**26,177**	26,166

These financial statements were authorised for issue by the Board of Directors on 27 June 2012 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman

Registered number 06387173

Notes
to the Company's Financial Statements

1 Accounting policies

Plastics Capital (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Japan, India, China 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

	2012	2011
	£000	£000
Investments (see note 30 of the Group accounts)	**10,765**	10,765
	10,765	10,765

3 Debtors

	2012	2011
	£000	£000
Other debtors and prepayments	**30**	67
Amounts owed by Group undertakings	**15,545**	15,461
	15,575	15,528

Included in amounts owed by parent undertakings is £15,511,000 (2011: £15,461,000) in respect of amounts due after more than one year. Interest is accrued on this balance at 1% over the base rate.

Notes
to the Company's Financial Statements

4 Capital and reserves
Statement of change in equity

	Share capital £000	Share premium £000	Merger reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2010	270	13,923	10,544	-	1,079	25,816
Issue of new shares	5	238	-	194	-	194
Profit for the financial year	-	-	-	-	(87)	(87)
Balance at 31 March 2011	275	14,161	10,544	194	992	26,166
Profit for the financial year	-	-	-	-	11	11
Balance at 31 March 2012	**275**	**14,161**	**10,544**	**194**	**1,003**	**26,177**

5 Reconciliation of movements in shareholders' funds
Statement of change in equity

	Total £000
Profit for the financial year	11
Net addition to shareholders' funds	11
Opening shareholders' funds	26,166
Closing shareholders' funds	**26,177**

6 Staff numbers and costs
The only employees of the Company are the statutory Directors as listed on page 16. 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

Bank
Barclays Corporate
1 Churchill Place
Canary Wharf
London E14 5HP

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
Walbrook PR
4 Lombard Street
London EC3V 9HD

Designed and produced by effektiv
+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