PLASTICS Capital plc

Annual Report & Accounts 2013

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 around the world.

Our Highlights

Earnings per share sustained despite the difficult macroeconomic environment;

-

Strong cash conversion – 63% of EBITDA converted to operating cash flow;

-

Net debt reduced by £1.8 million;

-

Dividend in the year doubled to 2p;

-

Continued investment in business development activities;

-

Good new business growth offset by weakness in Continental Europe;

-

11 new key accounts won during the financial year;

-

Expansion in China on track;

-

Investment in R&D and innovation yielding results.

Annual Sales Growth
'09/'13 Cagr

+2.7%

EBITDA Margin
'09/'13 Ave

16.2%

Annual EPS Growth
'09/'13 Cagr

17%

Net Debt as at 31.03.13
Annual Decrease

-18%

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

£3.1m

BNL (UK) Limited
Plastic rotating parts

Revenue

£11.2m

The Benefits of Plastics
Plastics are becoming an increasingly popular alternative to metal in many industries as they offer the following benefits:

- **Increased performance** – lightweight plastic parts can be used in applications where decreased weight can increase performance and speed

- **Improved hygiene** – plastic bearings do not need lubrication, eliminating contamination of other components or processed products by leaching lubricants

- **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

- **Low torque** – plastic bearings have a rotational inertia less than 10% that of metal bearings so need only a little applied torque to operate.

Packaging

C&T Matrix
Packaging consumables

Revenue

£5.6m

Palagan
High strength film packaging

Revenue

£11.5m

- **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

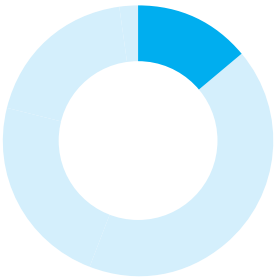
- **Less maintenance** – plastic products will continue to perform without frequent maintenance

- **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

Plastics Capital at a Glance

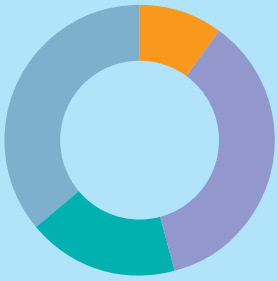
Market share



North America
14%

Share of Revenue by business

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



Share of Revenue by business

- 10% Hydraulic hose consumables
- 36% Plastic rotating parts
- 18% Packaging consumables
- 36% High strength film packaging

Hydraulic hose consumables

Plastic rotating parts

Packaging consumables

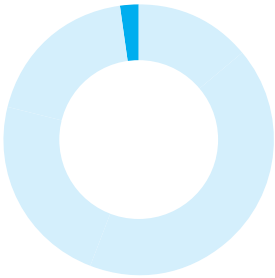
High strength film packaging

North America

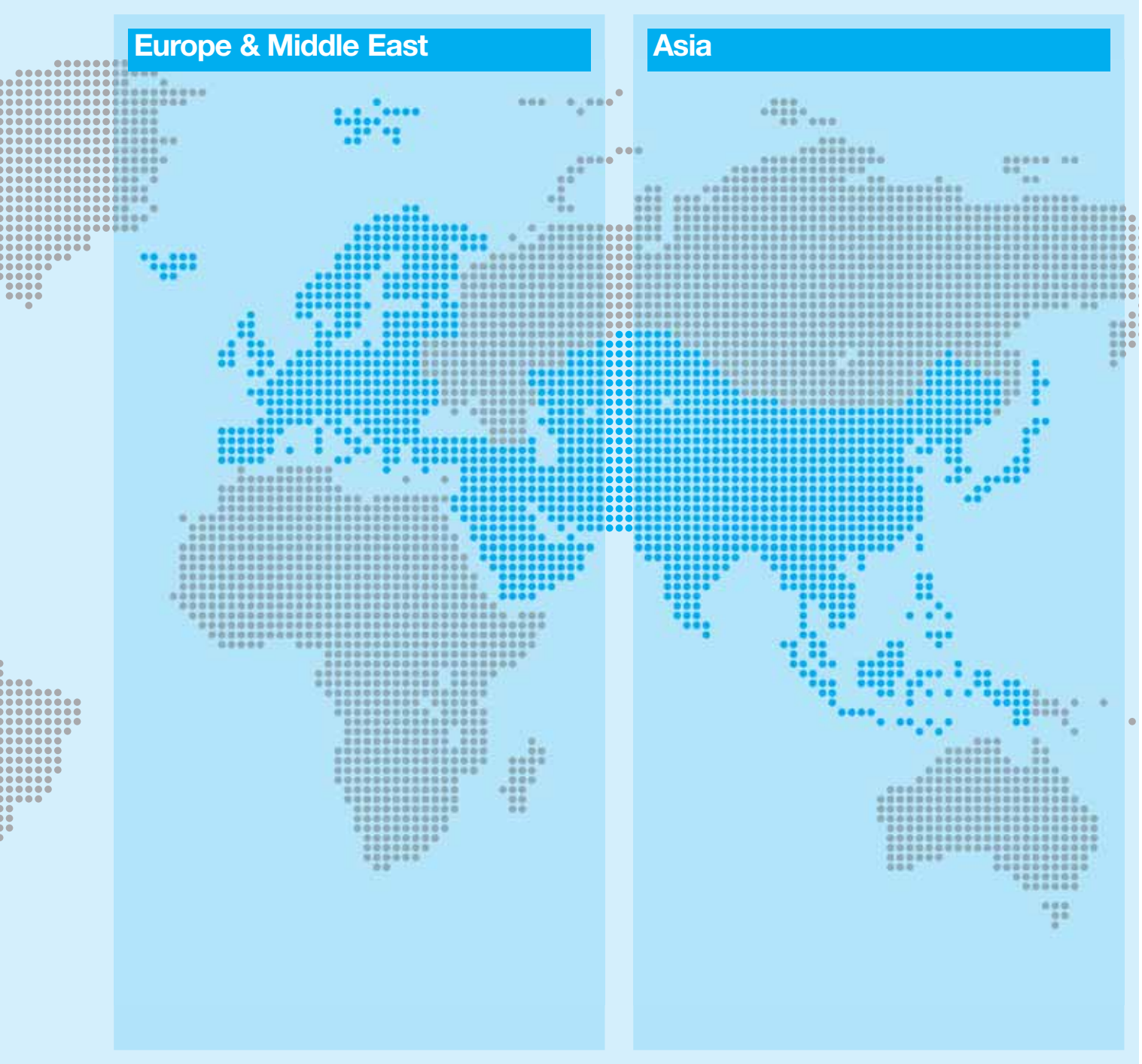
United Kingdom
42%

Europe & Middle East
23%

Asia
19%



Rest of the World
2%



Chairman's Statement

Good new business generation, with lower interest and taxation costs have left revenues and EPS broadly unchanged on the prior year despite depressed sales to Continental Europe as well as adverse exchange rate movements.

Financial Review

Our overall performance for FY2013 has been similar to the prior year:

- Revenue is marginally down at £31.4 million;
- underlying* profit before tax of £3.3 million is 12% down on the prior year;
- net debt has reduced by £1.8 million to £8.4 million; and
- adjusted* earnings per share of 10.0p is broadly the same as the prior year.

* Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses (see page 16).

Revenue reflected macroeconomic issues applying to different parts of the world. Excluding Continental Europe, revenue increased 2% with revenues from Asia Pacific being up by 4.5%. However, revenue from Continental Europe was down by 15.5%, as customers there reduced stocks in response to recessionary conditions. Importantly, net new business (i.e. new business gained less business lost) contributed an additional 3.8% to sales in the year; this was better than the prior year figure of 2.3% and respectable in difficult trading conditions.

Operating profit was lower due to decreased revenue, currency movements and some additional sales overheads compared to the prior year. The operational gearing in our business is such that the shortfall in revenue resulted in a reduction in profit before tax of approximately £0.2 million. As regards currency, FY2013 was hedged at a worse rate than FY2012, resulting in approximately £0.2 million adverse movement between the two years. Finally, additional business development costs reduced profits by £0.1 million in the year. We believe these costs will pay-off over 2-3 years because of the lengthy sales cycles that apply to our businesses.

Despite lower operating profit, earnings per share were broadly flat due to lower interest costs and a lower tax charge. The lower tax charge was due to the benefit of £1 million of R&D tax credits and 24% corporation tax rate applying this year compared to 26% in the prior year.

Capital expenditure of £0.9 million has been at a similar level to prior years although we have started to shift the balance towards expenditure on new capacity and new capabilities, which together accounted for 72% of capital expenditure compared to 29% in the prior year. Working capital was 16.4% of sales and continues to be managed well.

The Group has once again demonstrated very strong cash flows with 63% of the £4.5 million EBITDA converting to operating cash flow. This enabled us to pay debt interest costs, corporation tax and to propose an increase in dividend. Meanwhile debt reduced by £1.8 million over the year.

New Business

Revenue from new business was £1.7 million during the period, reflecting the investment made in business development activities over the last two years. The annual sales 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 £6.1 million. Meanwhile, the pipeline of new business is extremely strong with a number of exciting potential projects under design and development in our Industrial Products division.

We have won 11 new key accounts (customers with potential turnover in excess of £100,000) during the year, so just missing our target of one to two per month. Of greater significance was the fact that some of these wins were potentially very significant customers over coming years; for example, it included two of the world's leading camera manufacturers, the largest rubber hose plant in the world, and one of Europe's largest manufacturers of cardboard packaging. We have a total of 60 customers exceeding £100,000 in sales and a further 31 active customers who we anticipate will get to this level in the coming years.

China

We have continued to advance our activities in China, a key region for future growth. Our Shanghai trading company is being converted into a manufacturing entity and will move from downtown Shanghai to the Songjiang district, which is on the outskirts of the city. There we expect to complete a fit-out of a 1,750 square metre factory/office building to make machined plastic ball bearings, for which we have both domestic demand and export demand. Meanwhile we have already increased our staff in China to six people and this will expand further as we progress with the factory. We have also expanded our distribution network for creasing matrix and started to sell hose mandrels direct to local companies as well as to foreign controlled companies operating there.

Innovation

Innovation has become the critical factor in driving the future growth of the Group. We invest approximately £1 million per year on R&D activities, most of which is on product development rather than pure research. We are also making active use of the government funded KTP ("Knowledge Transfer Partnership") initiative, working with Exeter University's polymer science department.

Innovation has focused on three major initiatives to drive the growth of the Group over the next few years. Each relies on technical advances in material, product and/or processing technology.

- Bespoke Mandrel Materials – we no longer simply 'sell high performance nylon mandrels' to rubber hose plants. We now provide a diagnostic service to analyse what mandrel material will best fit the rubber compound used by each customer for each of their applications - then we sell a bespoke mandrel/lubricant solution. Key variables that matter to each customer include useful life, flexibility, tensile strength and extractability. Interestingly, we have found that the chemistry of customers' rubber compounds vary significantly, and there is generally a poor understanding of the fit between mandrel material and the ease of processing the rubber hose together with its impact on the quality of the end product. As a result, we can add tremendous value by optimising our customers' manufacturing process and at the same time significantly increasing the market available to us by broadening the range of mandrel materials we are able to process and offer. We have seen excellent new business wins over the last 6-9 months from this area of innovation. Further, we have a long list of conversion opportunities that we are busy working on.
- Multi-layer Industrial Films – we are soon to complete the installation of a £0.75 million investment in a new extrusion line that will be able to further improve the strength to cost ratio of the films we produce, particularly once we have applied some innovative material blends; this is a key to differentiation in the industrial film packaging market. This new line will also provide an additional 15-20% capacity and enable us to manufacture narrower bags and sacks than have been possible to date, which will open up new and attractive market segments.
- Ultra-high Volume Bearings – key to growth in our bearings business is increasing the average size of projects that go through the design, prototyping and tooling process. This is a time intensive and highly technical process and needs to deliver more substantial projects into the manufacturing platform of the business to enable significant revenue and profit growth. Over the last 2-3 years we have increased the proportion of major projects in the pipeline substantially; exciting examples include:
  - Sealed toner cartridges – bearings within toner cartridges for photocopiers and printers; a project that has necessitated significant R&D. Prototypes have now passed testing and we are in discussions about production tooling and launch.
  - Automotive control knobs – bearings used in instrument controls in car interiors. Prototyping is largely complete and we are in detailed commercial discussions with a number of tier 1 automotive contractors.
  - CCTV PTZ mechanisms – complete systems based around plastic ball bearings to provide the pan, tilt and zoom ("PTZ") motion for closed circuit television cameras. We have designed a standard system for use by brand owners and are in detailed discussion with a number, particularly in China where the market opportunity is substantial.

Raw Materials

Prices for the engineering grades of plastic that we use have remained flat, whilst commodity grades have been volatile. In particular, polyethylene gyrated 25% up and down during the year finishing the year on an upward trend. Over the year average prices were about 5% above the prior year. We have once again demonstrated our ability to manage pricing effectively and pass through raw material cost movements to our customers during a period of considerable volatility.

Dividend

The proposed final dividend of 1.33p brings the total dividend for the year to 2p per share. This is 1p more than that paid in the prior year. We intend to progressively increase dividends over coming years as the Group's balance sheet continues to strengthen.

The Company intends to pay the final dividend of 1.33p to all shareholders on 2 August 2013 in respect of the year ended 31 March 2013. The record date for the dividend is 5 July 2013 and the associated ex-dividend date is 3 July 2013.

Outlook

Trading for Q1 FY2014 is in line with management's expectations and there are initial indications that trading conditions will improve over the coming months. The pipeline of new business remains strong and we believe that existing business will at least continue at similar levels to last year. The combination of sustained existing business combined with new business should result in top line growth over FY2014. We are also actively pursuing some interesting acquisition opportunities and acquisitive growth remains an important part of our strategy. We are hopeful that this will complement organic trading during the year.

The Board wishes to extend its sincere thanks to the Group's employees, who have responded to new challenges extremely well.

We continue to be highly profitable and cash generative as a Group. We look forward to year of good progress in FY2014.

Faisal Rahmatallah
Executive Chairman

Operational Review
Hydraulic Hose Consumables

Core products
> Hydraulic hose mandrel
> High performance hose film

Applications
> Construction equipment
> Mining equipment
> Automotive

Industrial Products

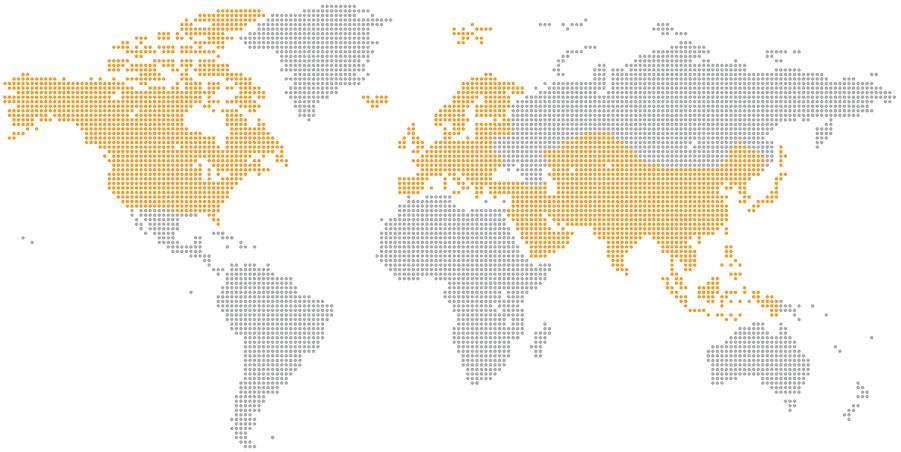
Hose Mandrel

Manufacture

Hose mandrels are long, high-specification rods used by the manufacturers of hydraulic and other industrial hoses in their own manufacturing processes.

Share of Group Revenue

10%



Testing

Bell Plastics ("Bell") which manufactures hydraulic hose mandrels and films, also had a disappointing year with sales down 5% overall; this had the predictable impact on profits for a business with high operational gearing. However, there was a noticeable improvement in orders during Q4, due to customers restocking and to new business wins coming through, despite weak demand conditions overall. As we moved into FY2014, Bell is achieving record sales levels, which is extremely encouraging.

New business contributed 9% to revenue over the year, which was a good result. New key accounts were gained in Mexico, Turkey and Poland – all very significant hose manufacturing plants that are part of industry leading multinational companies. Unfortunately, Bell also suffered one significant customer loss which pulled revenue down somewhat.

Bell is benefitting from the change in its business model from selling a narrow range of products to providing a wide variety of mandrel solutions. Previously we have focused on high pressure rubber hoses specially reinforced with spirally wound wire. However, we can now add value through bespoke mandrel solutions for a wide variety of different types of hose.

The challenge for Bell is now to match its operational capability to its sales and design capability. The new business model means more product variety, more change overs, more difficult materials to process and overall more operational "agility" being required in the business. This has implications for most aspects of the way the factory is operated including staffing, skill needed and process machinery.

Operational Review
Plastic Rotating Parts

Core products
> Plastic Bearings

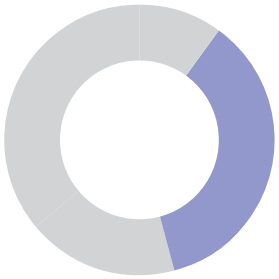
Applications
> Automotive
> Office machines
> ATMs
> Security cameras
> Conveyors

Industrial Products

Plastic Bearing Raceways

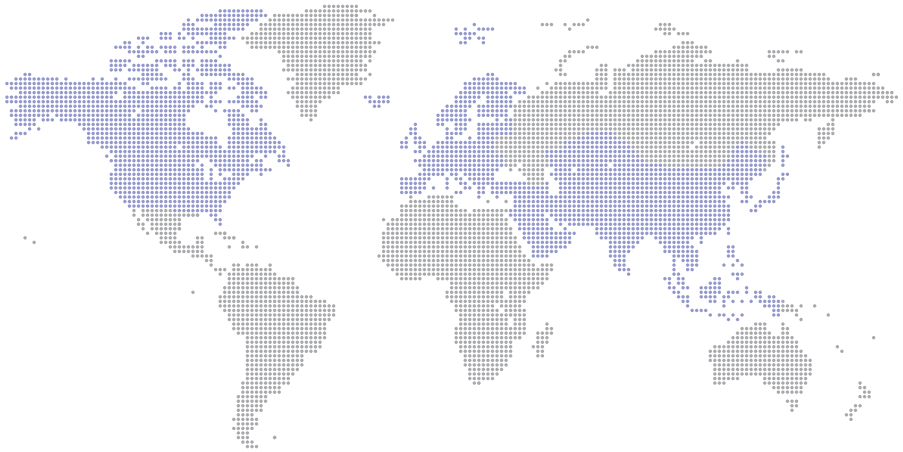
Manufacture

Design and manufacture of plastic bearings and assemblies and technical mouldings that offer many advantages over the traditional heavy and expensive metal products.



Share of Group Revenue

36%



Design and Development

BNL (UK) Limited ("BNL") which manufactures plastic bearings and other rotating parts, had a disappointing year in terms of growth, with revenue down 7% on the prior year. Major clients in Europe were significantly down year-on-year and even Asia based customers complained that their sales were down because of slow sales into European markets. However, profits improved through a combination of good cost containment and good commercial management of engineering projects, where we were able to recover some costs.

New projects worth approximately £2 million in annual sales at maturity were converted into tool orders including first projects for new key accounts in the camera lens market and in South Korea. Furthermore, no key accounts were lost in the year but many substantial projects were delayed.

Some important organisational changes were made in the year. On the operational side of the business, a new Operations Director, Malcolm Ford, was appointed with a very strong injection moulding background, as well as approximately 10 years working with Black & Decker in a senior operational management role. The general manager of our factory in Thailand left at the end of the year and a replacement will be in place at the beginning of July 2013. Other new hires include a tooling manager and a new manager responsible for design engineering. All these changes have a common theme – the need for world class engineering capability at BNL, particularly as it applies to injection moulded bearing design and manufacture.

The priority at BNL is very much on project conversion. There is an exceptionally strong list of projects in various stages of design and prototyping.

Operational Review
Packaging Consumables

Core products
> Creasing matrix
> Rubbers
> Printing accessories

Applications
> Cardboard box manufacture
> Point of sale products

Packaging

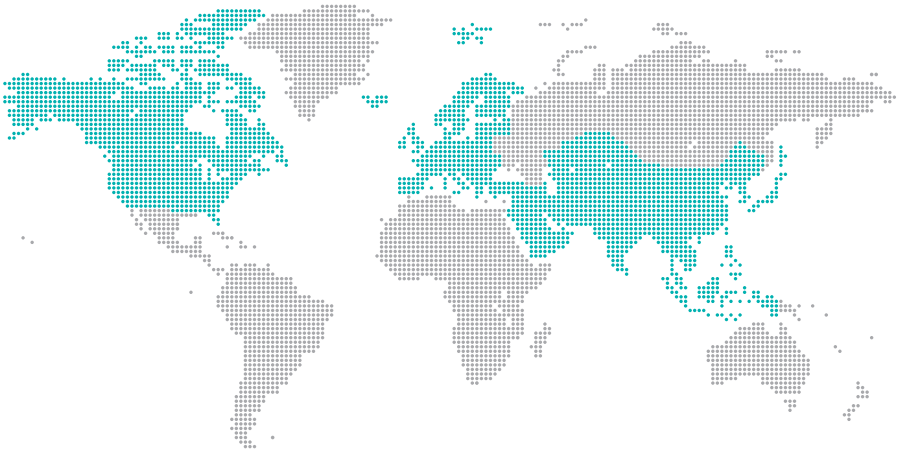
Creasing Matrix Reels

Manufacture

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

Share of Group Revenue

18%



Testing

C&T Matrix ("C&T")
which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, had a flat year in terms of sales with weakness in the first nine months being offset by a strong recovery in the final quarter, which has been sustained as we moved into Q1 2014. Profitability was, however, down on the prior year as investment in business development activity increased with the addition of two salespeople and the associated marketing costs.

Net new business at C&T was disappointing with no significant gains, but also no losses. Analysis of the additional business development activity has indicated that it has taken about nine months to be effective, and we are starting to see some improved growth in certain key markets that we have focused on. On the positive, during the year we made our first sales to a large packaging group in the UK and also signed up an excellent distributor in China for the Channel brand.

The operational performance of C&T has improved slowly but surely over the year; service and quality complaints, which were not high, have reduced, on-time and in-full delivery performance has exceeded 95% and working capital has reduce significantly.

Operational Review
High Strength Film Packaging

Core products
> High strength polyethylene films

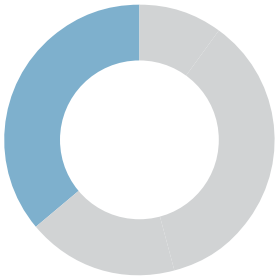
Applications
> Courier bags
> Asbestos bags
> Animal feed bags
> Food packaging

Packaging

Polyethylene Film

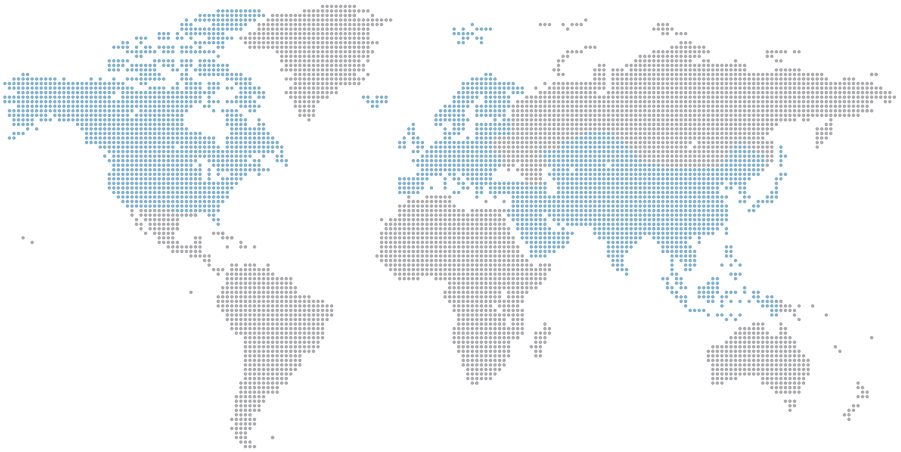
Manufacture

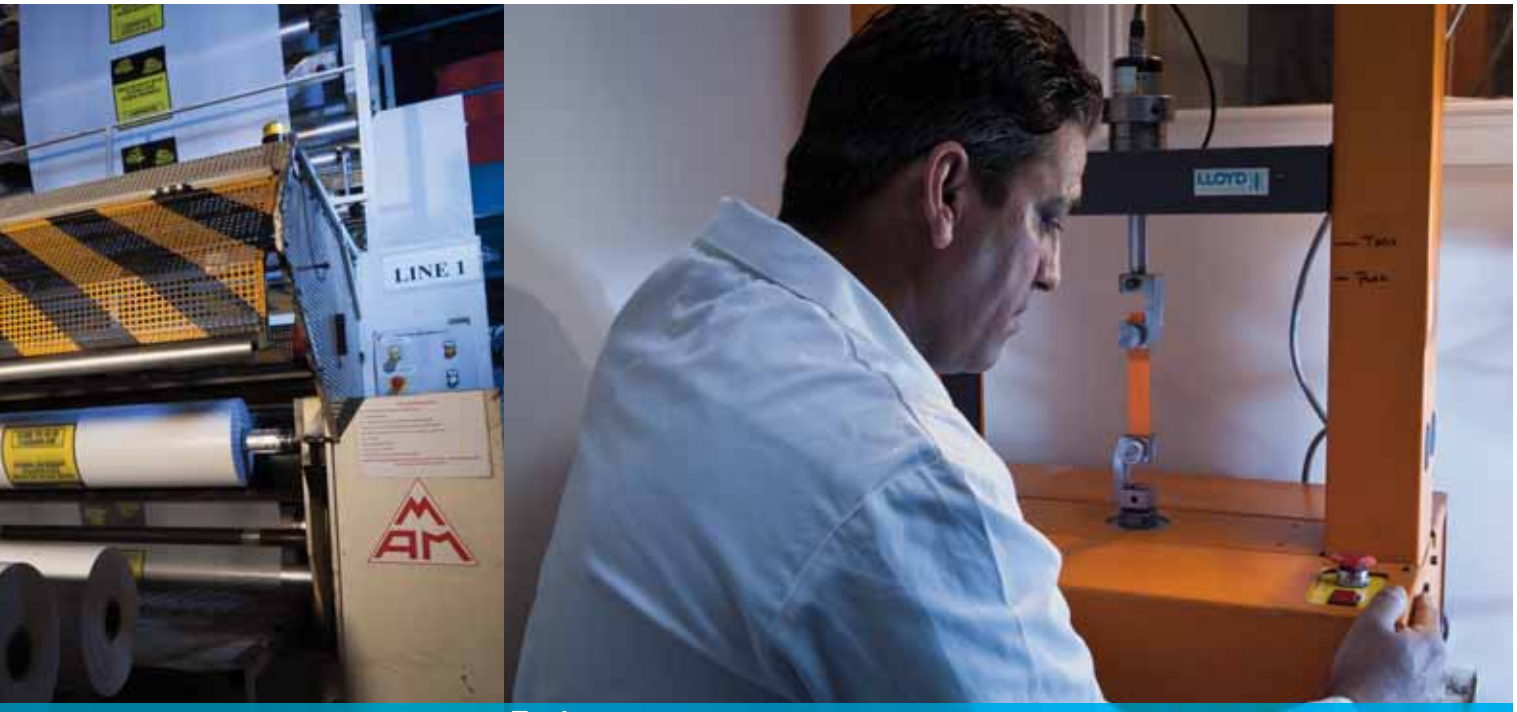
Blown polyethylene films are used in high performance industrial packaging where high strength, tear and puncture resistance are critical requirements.



Share of Group Revenue

36%





Testing

Palagan Limited ("Palagan")
our specialist film packaging business, had a good year in a weak market. Revenues in value terms were up 3% and in volume terms they were up 2%. On a volume basis, Palagan is now trading about 5-10% above the level prevailing before the 08-09 financial crises, which is a creditable achievement. Profitability was up by 5% as margins were broadly held and costs contained well.

Palagan had a good year in terms of new business with over £1 million of additional sales and net new business contributing 7% to revenue. Much of this was attributable to new films introduced during the year and particularly benefitted from the new thin gauge extrusion line installed in the prior year. The Board also approved the purchase of a new multilayer line during the year, which should be installed and running during Q2 FY2014.

Palagan'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. There are opportunities for competitive and innovative companies like Palagan to take share. With the new multi-layer line installed, Palagan has an excellent opportunity to achieve a step change in performance over the next two years.

Financial Review

	2013 £000	2012 £000	Change %
Revenue	**31,407**	32,096	-2.1%
Gross profit	**11,482**	12,201	-5.9%
Operating profit	**2,122**	3,248	-34.7%
Add back: Depreciation	**969**	872	
Add back: Amortisation #	**1,119**	1,119	
Add back: Exceptional costs/(gains)	**274**	(215)	
EBITDA before exceptional costs	**4,484**	5,024	-10.7%
Profit before tax	**1,140**	1,499	
Add back: Amortisation of intangible assets & deal fees #	**1,272**	1,244	
Add back: Exceptional costs	**274**	785	
Add back: Unrealised foreign exchange losses/(gains)	**391**	100	
Add back: Unrealised derivative losses/(gains)	**223**	137	
Profit before tax *	**3,300**	3,765	-12.4%
Tax credit	**163**	154	
Profit after tax *	**3,463**	3,919	-11.6%
Basic adjusted EPS *+	**10.0p**	10.1p	-1.0%
Basic EPS	**4.9p**	6.2p	-21.0%
Capital expenditure	**936**	808	15.8%
Net debt	**8,369**	10,148	-17.5%

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative losses/(gains)
\+ applying an effective tax charge of 16% (2012: standard tax charge of 26%) and based on 27.5 million shares in issue in the year
\# excludes development costs (see note 13)

Revenue
Revenue for the year was £31.4 million which was a decrease of 2.1% from £32.1 million in FY2012. On a like-for-like basis (i.e. adjusting for exchange rates), organic revenue decreased by 1.5%.

Gross profit
Gross profit was £11.5 million (margin: 36.6%) in FY2013 against £12.2 million (margin: 38.0%) in FY2012. The gross profit margin decreased primarily due to a worse foreign exchange rate in the year (we were hedged during FY2013 at a USD rate of $1.58 compared to FY2012 of $1.55). On a constant fx basis with last year the gross profit margin in FY2013 was 37.4%.

An adverse sales mix and an increasing raw material prices within one of our businesses in the packaging division (largely passed on to end customers through increased sales prices) further reduced the gross profit margin.

Exceptional costs
Exceptional costs incurred in the year relate to:
- redundancy and recruitment costs associated with the subsidiaries' management teams, and
- set-up costs relating to the new manufacturing company in China.

Profitability
EBITDA before exceptional costs was £4.5 million which is 10.7% lower than in FY2012. Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative losses/gains of £3.5 million compares with the prior year equivalent of £3.9 million, which is a decrease of 11.6%.

Taxation
The Group's tax credit for the year is £0.2million which compares with FY2012 of a tax credit of £0.2 million. The credit has arisen on the movement of deferred tax during the year.

Earnings per share
Basic earnings per share are 4.9p compared to 6.2p in FY2012. This is based on a weighted average 26.6 million shares (FY2012: 26.6 million shares).

Capital expenditure
Capital expenditure was £0.9 million in FY2013 which compares with £0.8m in FY2012.

Cash flow
In the year, cash generated from operations amounted to £4.0 million (FY2012: £4.8 million). The cash balance at the year end was £2.7 million (FY2012: £2.6 million), which represents cash generated in the year of £0.2 million (FY2012: £0.9 million).

Net debt
Net debt at the year-end of £8.4 million (FY2012: £10.1 million) decreased during the year by £1.7 million.

The principal movement in the year was caused due to the strong cash generation of the business. Also during the year we converted all of our Euro denominated term debt into Sterling, realising a £0.3 million gain. This now eliminates the residual loan 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 FY2013, the EBTIDA margin was 14.3% which is down on FY2012 at 15.7%.
The reduction in EBITDA margin was due to operational gearing as investment in business development activity was maintained and operating costs were not cut despite slightly lower sales volumes.

Board of Directors

Faisal John Rahmatallah, (age 57)
Executive Chairman
Faisal is a founder shareholder of Plastics Capital and Director of the Company. He has worked for and with manufacturing companies for 19 of the last 29 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 42)
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.

Richard Charles Vessey, (age 64)
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 61)
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 and Bioganix plc. He has a degree in Engineering from Cambridge University.

Keith Oliver Butler-Wheelhouse, (age 67)
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 had a number of non-executive roles at, amongst others, General Motors Europe, Delta Motor Corporation, Atlas Copco AB and Sainbury'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 2013.

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 25. The Directors recommend the payment of a final dividend of £366,000 (2012: £182,000).

Business review

The Chairman's statement on pages 6 to 7, the Operational Review and Financial Review on pages 8 to 17, 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 2013.

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 2013.

Shareholders:	No of shares	% of shares
Octopus Asset Management	4,822,073	17.51%
ISIS Equity Partners PLC	2,700,000	9.80%
Faisal Rahmatallah	2,675,895	9.72%
Richard Vessey	2,474,607	8.98%
Arun Nagwaney	2,244,023	8.15%
F&C Asset Management PLC	1,391,443	5.05%
Downing Corporate Finance	1,242,000	4.51%
Hargreave Hale	992,200	3.60%
Maven Capital Partners	949,726	3.45%
Jeremy Clarke	985,750	3.58%
Plastics Capital (Trustee) Limited	892,614	3.24%

Since 24 June 2013, 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 65 (2012: 61).

Political and charitable donations

The Company made no charitable donations during the year (2012: £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 18. 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 2013	Company shares 2012
F Rahmatallah	**2,675,895**	2,675,895
N Ball	**201,801**	201,801
A Nagwaney (resigned 27 June 2012)	**-**	2,072,653
R Vessey	**2,474,607**	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	2013 Total £000	2012 Total £000
F Rahmatallah	**175**	**175**	175
N Ball	**115**	**115**	115
A Nagwaney	**4**	**4**	31
R Vessey	**25**	**25**	25
A Walker	**25**	**25**	25
K Butler-Wheelhouse	**25**	**25**	25
Total	**369**	**369**	396

(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
K Butler-Wheelhouse	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 2013 was 79p (2012: 68p).

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 notified the Company that they are not seeking re-appointment. A resolution to appoint KPMG LLP will be proposed at the Annual General Meeting.

By order of the board

Nicholas Ball
Secretary

25 June 2013

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 22.

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, one Executive Director 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 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.

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.

Financial Statements

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 2013 set out on pages 25 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

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 2013 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.

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

25 June 2013

Consolidated Income Statement

for year ended 31 March 2013

	Note	Before foreign exchange & exceptional items 2013 £000	Foreign exchange impact on derivatives and loans 2013 £000	Exceptional items 2013 £000	Total 2013 £000	Before foreign exchange & exceptional items 2012 £000	Foreign exchange impact on derivatives and loans 2012 £000	Exceptional items 2012 £000	Total 2012 £000
Revenue	8	**31,407**	**-**	**-**	**31,407**	32,096	-	-	32,096
Cost of sales	3	**(19,900)**	**(25)**	**-**	**(19,925)**	(20,179)	284	-	(19,895)
Gross profit		**11,507**	**(25)**	**-**	**11,482**	11,917	284	-	12,201
Distribution expenses		**(1,886)**	**-**	**-**	**(1,886)**	(2,034)	-	-	(2,034)
Administration expenses	3	**(7,219)**	**-**	**(274)**	**(7,493)**	(7,145)	-	215	(6,930)
Other income	4	**19**	**-**	**-**	**19**	11	-	-	11
Operating profit		**2,421**	**(25)**	**(274)**	**2,122**	2,749	284	215	3,248
Financial income	9/10	**2**	**-**	**-**	**2**	169	69	-	238
Finance expense	3, 9/10	**(646)**	**(338)**	**-**	**(984)**	(684)	(303)	(1,000)	(1,987)
Net financing costs		**(644)**	**(338)**	**-**	**(982)**	(515)	(234)	(1,000)	(1,749)
Profit before tax		**1,777**	**(363)**	**(274)**	**1,140**	2,234	50	(785)	1,499
Tax	11	**163**	**-**	**-**	**163**	154	-	-	154
Profit for the year attributable to equity shareholders of the Company		**1,940**	**(363)**	**(274)**	**1,303**	2,388	50	(785)	1,653
Basic earnings per share attributable to equity shareholders of the Company	25				**4.9p**				6.2p
Diluted earnings per share attributable to equity shareholders of the Company	25				**4.9p**				6.2p

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

Consolidated Statement of Comprehensive Income

for year ended 31 March 2013

	Note	2013 £000	2012 £000
Profit for the year		**1,303**	1,653
Other comprehensive income			
Foreign currency translation differences for foreign currency operations	24	**175**	87
Total comprehensive income		**1,478**	1,740
Total recognised income and expense for the year is attributable to:			
Equity holders of the parent		**1,478**	1,740

Consolidated Balance Sheet
at 31 March 2013

	Note	2013 £000	2012 £000
Non-current assets			
Property, plant and equipment	12	**4,114**	4,164
Intangible assets	13	**20,464**	21,370
		24,578	25,534
Current assets			
Inventories	15	**2,775**	3,134
Trade and other receivables	16	**7,143**	6,858
Other financial assets	17	**-**	30
Cash and cash equivalents	18	**2,735**	2,550
		12,653	12,572
Total assets		**37,231**	38,106
Current liabilities			
Interest-bearing loans and borrowings	19	**5,201**	5,137
Trade and other payables	20	**4,578**	4,820
Other financial liabilities	21	**193**	-
Corporation tax liability		**314**	301
		10,286	10,258
Non-current liabilities			
Interest-bearing loans and borrowings	19	**5,903**	7,561
Deferred tax liabilities	14	**469**	840
		6,372	8,401
Total liabilities		**16,658**	18,659
Net assets		**20,573**	19,447
Equity attributable to equity holders of the parent			
Share capital	24	**275**	275
Share premium	24	**14,098**	14,098
Translation reserve	24	**611**	436
Reverse acquisition reserve	24	**2,640**	2,640
Capital redemption reserve	24	**(200)**	(214)
Retained earnings	24	**3,149**	2,212
Total equity		**20,573**	19,447

These financial statements were authorised for issue by the Board of Directors on 25 June 2013 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman

Registered Number 06387173

Consolidated Cash Flow Statement

for year ended 31 March 2013

	2013 £000	2012 £000
Profit after tax for the year	**1,303**	1,653
Adjustments for:		
Income tax credit	**(163)**	(154)
Depreciation and amortisation	**2,124**	1,991
Financial income	**(2)**	(238)
Financial expense	**984**	1,987
Gain on disposal of plant, property and equipment	**(7)**	(301)
Changes in working capital		
(Increase)/decrease in trade and other receivables	**(285)**	523
Decrease in inventories	**359**	60
Decrease in trade and other payables	**(281)**	(688)
Cash generated from operations	**4,032**	4,833
Interest paid	**(480)**	(559)
Income tax paid	**(195)**	(440)
Net cash inflow from operating activities	**3,357**	3,834
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(936)**	(808)
Development expenditure capitalised	**(248)**	(250)
Interest received	**2**	-
Proceeds from disposal of property, plant and equipment	**7**	446
Dividend received	**12**	2
Net cash outflow from investing activities	**(1,163)**	(610)
Cash flows from financing activities		
Net proceed from new loan	**-**	11,000
Repayment of borrowings and fees	**(1,643)**	(12,605)
Payment of deferred consideration	**-**	(625)
Dividends paid	**(366)**	(91)
Net cash outflow from financing activities	**(2,009)**	(2,321)
Increase in cash and cash equivalents	**185**	903
Cash and cash equivalents at 1 April 2012	**2,550**	1,647
Cash and cash equivalents at 31 March 2013	**2,735**	2,550

Consolidated Statement of Changes in Shareholders' Equity

for year ended 31 March 2013

	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

	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 2012	275	14,098	436	2,640	(214)	2,212	19,447
Total recognised income and expense for the year	-	-	175	-	14	1,303	1,492
Dividends paid	-	-	-	-	-	(366)	(366)
Balance at 31 March 2013	**275**	**14,098**	**611**	**2,640**	**(200)**	**3,149**	**20,573**

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 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.

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 (except for derivatives) 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 caps 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.

Notes
to the Consolidated Financial Statements

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

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

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.

Notes
to the Consolidated Financial Statements

1 Significant accounting policies (continued)

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

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

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
to the Consolidated Financial Statements

2 New standards, amendments to standards or interpretations

The following new amendment to a standard was in issue but is not yet effective for the financial year beginning 1 April 2013 and is not currently relevant for the Group:

- IFRS 9 Amendments – Financial instruments (replacement of IAS 39) (effective 01 January 2015 not yet endorsed by EU).

No new standards becoming effective and applied in the current year had a material impact on the financial statements.

3 Exceptional items

Cost of Sales

Included within Cost of Sales are losses of £25,000 in relation to foreign exchange contracts (2012: gains of £284,000).

Administrative expenses

	2013 £000	2012 £000
Restructuring/integration costs	**-**	24
Company set up costs (i)	**64**	53
Redundancy/recruitment costs (ii)	**210**	-
Gain on sale of investment	**-**	(292)
	274	(215)

Exceptional costs incurred and included in administrative expenses in the year relate to:
(i) set-up costs relating to the new manufacturing company in China; and
(ii) redundancy and recruitment costs associated with the subsidiaries management teams

Finance Expense

	2013 £000	2012 £000
Charges associated with the write off of capitalized banking deal fees and breaking old interest rate hedge	**-**	1,000
	-	1,000

4 Other income

	2013 £000	2012 £000
Net gain on disposal of property, plant and equipment	**7**	9
Dividend income	**12**	2
	19	11

Notes
to the Consolidated Financial Statements

5 Expenses and auditor's remuneration

Included in profit before tax are the following:

	2013 £000	2012 £000
Depreciation of owned assets	**969**	872
Amortisation of intangible assets (recognised in administrative expenses)	**1,155**	1,119
Net gain on disposal of property, plant and equipment	**(7)**	(9)
Net gain on disposal of investment	**-**	(292)
Hire of plant and machinery	**20**	24
Other operating lease rentals	**722**	601
Research & development	**896**	840

Auditor's remuneration:

	2013 £000	2012 £000
Audit of these financial statements	**26**	25
Amounts receivable by auditor and associates in respect of:		
Audit of statutory financial statements of subsidiaries pursuant to legislation	**58**	57
Other services relating to taxation	**30**	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.

6 Staff numbers and costs

The average number of full-time persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees 2013	restated 2012
Senior management	**12**	12
Administrative	**20**	17
Business development	**44**	42
Production and distribution	**226**	226
	302	297

The staff categories have been restated in 2012 to reflect the following changes:

- "Senior management" includes executive Directors and those staff whose majority of time is focused on managing other people.
- "Business development" replaces "Sales and design" and now includes certain tooling and application engineers who focus is on product design rather than production.

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	**6,849**	6,734
Social security costs	**884**	780
Other pension costs	**198**	202
	7,931	7,716

Other pension costs relate to defined contribution pension plans.

Notes
to the Consolidated Financial Statements

7 Directors' emoluments

	2013 £000	2012 £000
Salaries and fees	**369**	396
	369	396

The aggregate emoluments of the highest paid Director were £175,000 (2012: £175,000).
Key management remuneration is disclosed in note 28.

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 plastics 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.

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 – includes hydraulic hose consumables and plastic rotating parts

	Industrial products 2013 £000	Packaging 2013 £000	Unallocated and reconciling items 2013 £000	Total 2013 £000
External sales*	14,345	17,062	-	31,407
Profit before tax	762	686	(308)	1,140
Depreciation and amortisation	747	248	1,129	2,124

	Industrial products 2012 £000	Packaging 2012 £000	Unallocated and reconciling items 2012 £000	Total 2012 £000
External sales	15,385	16,711	-	32,096
Profit/(loss) before tax	954	1,095	(550)	1,499
Depreciation and amortisation	619	240	1,132	1,991

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

Notes
to the Consolidated Financial Statements

8 Segment information (continued)

Reconciliation of reportable segment revenue

	2013 £000	Restated 2012 £000
Packaging		
Packaging consumables	**5,596**	5,531
High strength film packaging	**11,466**	11,180
Industrial products		
Plastics rotating parts	**11,243**	12,131
Hydraulic hose consumables	**3,102**	3,254
Turnover per consolidated income statement	**31,407**	32,096

The reportable segment revenue has been restated in 2012 to re-allocate £155,000 of sales from High strength film packaging to Plastics rotating parts. This had been incorrectly allocated in 2012.

Reconciliation of reportable segment profit

	2013 £000	2012 £000
Total profit for reportable segments	**1,448**	2,049
Unallocated amounts:		
Amortisation	**(1,119)**	(1,119)
Unrealised (losses)/gains on derivatives	**(223)**	(137)
Management charge income	**2,950**	2,950
Fx hedge gain/(loss) on forward contracts	**(25)**	283
Costs - Plastics Capital Trading and Plastics Capital plc	**(1,171)**	(882)
Net interest costs	**(447)**	(615)
Deal fee amortisation	**(153)**	(125)
Exceptional costs	**(48)**	(1,000)
Other	**(72)**	95
Consolidated profit before income tax	**1,140**	1,499

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	
	2013 £000	Restated 2012 £000	2013 £000	2012 £000
United Kingdom	**13,099**	12,686	**23,622**	24,393
Europe & Middle East	**7,197**	8,513	**-**	-
North America	**4,494**	4,406	**29**	57
Asia	**6,100**	5,838	**927**	1,084
Rest of the World	**517**	653	**-**	-
	31,407	32,096	**24,578**	25,534

External revenue by location of customer has been restated in 2012 to now show Europe and Middle East (previously just Europe) and North America (previously USA).

Notes
to the Consolidated Financial Statements

9 Finance income and expense (excluding foreign exchange)

	2013 £000	2012 £000
Interest income	**2**	3
Unrealised gains on derivatives used to manage interest rate risk	**-**	166
Financial income	**2**	169
Bank interest	**480**	545
Deferred consideration interest	**-**	14
Amortisation of capitalised deal fees	**153**	125
Unrealised losses on derivatives used to manage interest rate risk	**13**	-
Financial expenses	**646**	684

10 Finance income/costs included within foreign exchange costs

	2013 £000	2012 £000
Net foreign exchange gain	**-**	69
	-	69

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

	2013 £000	2012 £000
Net foreign exchange loss	**128**	-
Unrealised losses on derivatives used to manage foreign exchange risk	**210**	303
	338	303

In the year, £3.0 million of Euro debt was converted into Sterling debt which resulted in a realised gain of £263,000. Offsetting this, in the year, was an unrealised foreign exchange loss of £391,000.

Notes
to the Consolidated Financial Statements

11 Taxation

	2013 £000	2012 £000
Current tax charge		
Current year	**241**	258
Adjustments for prior years	**(33)**	(56)
	208	202
Deferred tax credit (note 14)		
Current year	**(301)**	(291)
Adjustments for prior years	**(92)**	(37)
Foreign deferred tax charge/(credit)	**22**	(28)
	(371)	(356)
Total tax credit in income statement	**(163)**	(154)

Reconciliation of effective tax rate

	%	2013 £000	%	2012 £000
Profit before tax		**1,140**		1,499
Expected tax charge based on the UK corporation tax rate	**24**	**274**	26	390
Non-deductible expenses	**1.3**	**15**	1.5	23
Use of losses not provided	**(1.4)**	**(16)**	(1.1)	(17)
Tax adjustment in respect of prior year	**(2.9)**	**(33)**	(3.8)	(56)
Deferred tax adjustment in respect of prior years	**(8.1)**	**(92)**	(2.5)	(37)
Tax not at UK standard rate	**(8.7)**	**(100)**	(10.9)	(163)
R&D uplift – SME rates	**(18.7)**	**(213)**	(12.9)	(194)
Effect of movements in tax rates	**(1.7)**	**(20)**	(4.9)	(72)
Adjustment for overseas tax	**1.9**	**22**	(1.7)	(28)
Total tax credit in income statement	**(14.3)**	**(163)**	(10.3)	(154)

The 2012 Budget announced that the UK corporation tax rate would reduce from 24% to 22% by 1 April 2014. It was subsequently announced in the 2012 Autumn Statement that the rate would drop instead to 21% by 1 April 2014, and in the 2013 Budget on 20 March 2013, that the rate would drop a further 1% to 20% from 1 April 2015. The reduction in the UK corporation tax rate from 24% to 23% was enacted in July 2012 and was effective from 1 April 2013. This reduces the Company's future current tax charge accordingly and the Group's deferred tax balances at 31 March 2013 are recognised using that rate.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax liabilities accordingly.

Notes
to the Consolidated Financial Statements

12 Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
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
Exchange movement	-	106	27	1	134
Additions	1	848	87	-	936
Disposals	-	(2,034)	(1)	-	(2,035)
Balance at 31 March 2013	**248**	**6,172**	**922**	**40**	**7,382**
Depreciation and impairment					
Balance at 31 March 2011	28	3,072	324	16	3,440
Exchange movement	-	(6)	-	-	(6)
Depreciation charge for the year	15	713	135	9	872
Disposals	-	(124)	1	-	(123)
Balance at 31 March 2012	43	3,655	460	25	4,183
Exchange movement	-	70	7	1	78
Depreciation charge for the year	16	797	153	3	969
Disposals	-	(1,962)	-	-	(1,962)
Balance at 31 March 2013	**59**	**2,560**	**620**	**29**	**3,268**
Net book value					
At 31 March 2013	**189**	**3,612**	**302**	**11**	**4,114**
At 31 March 2012	204	3,597	349	14	4,164

Notes
to the Consolidated Financial Statements

13 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 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
Additions	-	-	-	-	-	248	248
Balance at 31 March 2013	**18,019**	**2,779**	**1,175**	**4,075**	**1,546**	**498**	**28,092**
Amortisation & impairment							
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	1,046	1,708	786	-	6,474
Amortisation for the year	-	176	111	680	150	37	1,155
Balance at 31 March 2013	**313**	**2,779**	**1,175**	**2,388**	**936**	**37**	**7,629**
At 31 March 2013	**17,706**	**-**	**-**	**1,687**	**610**	**461**	**20,464**
At 31 March 2012	17,706	176	111	2,367	760	250	21,370

Goodwill is allocated to the following cash generating units ("CGU"):	%	Discount factor £000	2013 %	Discount factor £000	2012
Bell Plastics		**10.3**	**4,529**	10.3	4,529
BNL (UK)		**10.5**	**1,178**	10.5	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 2013. 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 carrying amounts of goodwill for each CGU 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 2017 - the projections were based on the 13/14 year's budget and an assumption of nil growth thereafter. The budget is prepared using a bottom up approach for each subsidiary with sales and gross margins determined on a product by product basis.
- These cash flow projections have then been extended in perpetuity.
- The above discount factors have been applied in determining the recoverable amounts.
- Management have performed a sensitivity analysis but do not believe that the goodwill valuation is sensitive to either discount factors or falls in trading performance as significant levels of headroom exist.

Notes
to the Consolidated Financial Statements

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities	
	2013	2012
	£000	£000
Intangible assets	**484**	924
Accelerated capital allowances	**(13)**	(56)
Foreign company deferred tax	**(2)**	(28)
Tax liabilities	**469**	840

Movement in deferred tax liabilities during the year

	1 April 2012	**Recognised in income**	**31 March 2013**
	£000	**£000**	**£000**
Intangible assets	**(924)**	**440**	**(484)**
Accelerated capital allowances	**56**	**(43)**	**13**
Foreign company deferred tax	**28**	**(26)**	**2**
	(840)	**371**	**(469)**

Movement in deferred tax liabilities during the prior year

	1 April 2011	Recognised in income	31 March 2012
	£000	£000	£000
Intangible assets	(1,276)	352	(924)
Accelerated capital allowances	80	(24)	56
Other temporary differences	-	28	28
	(1,196)	356	(840)

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.

15 Inventories

	2013	2012
	£000	£000
Raw materials and consumables	**1,325**	1,580
Work in progress	**393**	390
Finished goods	**1,057**	1,164
	2,775	3,134

The cost of inventory recognised within the income statement was £12,732,000 (2012: £12,570,000). Inventories are stated net of provisions amounting to £235,000 (2012: £381,000).

Notes
to the Consolidated Financial Statements

16 Trade and other receivables

	2013 £000	2012 £000
Trade receivables (net of provisions)	**6,204**	6,046
Other receivables and prepayments	**939**	812
	7,143	6,858

The provision for bad and doubtful debts included within the net trade receivables balance above is £109,000 (2012: £170,000).
The trade receivables balance above includes amounts denominated in currencies other than Sterling as follows:

	2013 £000	2012 £000
Euro	**735**	764
US Dollar	**1,888**	1,458
Japanese Yen	**163**	116
Thai Baht	**7**	-
Indian Rupee	**32**	33
Chinese Renminbi	**27**	7

17 Other financial assets

	2013 £000	2012 £000
Derivatives	**-**	30

See note 26 for further information regarding financial instruments.

18 Cash and cash equivalents

	2013 £000	2012 £000
Cash and cash equivalents per balance sheet and cash flow statement	**2,735**	2,550

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

	2013 £000	2012 £000
Euro	**337**	474
US Dollar	**441**	609
Japanese Yen	**53**	55
Thai Baht	**24**	46
Indian Rupee	**96**	10
Chinese Renminbi	**101**	49

Notes
to the Consolidated Financial Statements

19 Interest-bearing loans and borrowings

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

	2013 £000	2012 £000
Non-current liabilities		
Secured bank loans	**5,903**	7,561
	5,903	7,561
Current liabilities		
Current portion of secured bank loans	**5,201**	5,137
	5,201	5,137

Deferred debt issue costs

Included within bank loans are £419,000 (2012: £501,000) of costs capitalised as part of the acquisition loans.

Security

Security can be analysed as follows:

	2013 £000	2012 £000
Property, plant and equipment	**4,114**	4,164
Inventories	**2,775**	3,134
Trade and other receivables	**7,143**	6,858
	14,032	14,156

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

20 Trade and other payables

	2013 £000	2012 £000
Trade payables	**3,403**	3,403
Non-trade payables and accrued expenses	**1,175**	1,417
	4,578	4,820

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

	2013 £000	2012 £000
Euro	**299**	431
US Dollar	**50**	63
Thai Baht	**79**	71
Indian Rupee	**84**	9
Chinese Renminbi	**55**	3

Notes
to the Consolidated Financial Statements

21 Other financial liabilities

	2013 £000	2012 £000
Derivatives	193	-
	193	-

22 Share based payments

At 31 March 2013 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 one Non-Executive Director to purchase shares in Plastics Capital Plc. On 10 January 2011 a further grant on similar terms (except for exercise price) was offered to another 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:

	2013 Weighted average exercise price £	2013 Number of options No.	2012 Weighted average exercise price £	2012 Number of options No.
Outstanding at the beginning of the year	0.79	100,000	0.86	100,000
Exercised during the year	-	-	-	-
Outstanding at the end of the year	**0.79**	**100,000**	0.86	100,000
Exercisable at the end of the year	**0.79**	**83,333**	0.86	66,667

The options outstanding at 31 March 2013 have an exercise price in the range of £0.73 to £1.00 and a weighted average contractual life of 7.3 years. (2012: 8.3 years). There were no share options exercised during the year.

Notes
to the Consolidated Financial Statements

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	892,614	Shares vest over period of five years	1 April 2010 (10 years)
Total share	**892,614**		

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

	2013 Weighted average exercise price £	2013 Number of options No.	2012 Weighted average exercise price £	2012 Number of options No.
Outstanding at the beginning of the year	**0.79**	**900,565**	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
Granted during the year – Bonus shares	-	-	0.76	130,303
Exercised during the year – Award shares	-	-	-	-
Exercised during the year – Bonus shares	**0.72**	**(7,951)**	-	-
Outstanding at the end of the year	**0.79**	**892,614**	0.68	900,565
Exercisable at the end of the year	-	-	-	-

The shares outstanding at 31 March 2013 have an exercise price of £0.79 (2012: £0.68) and a weighted average contractual life of 8 years. (2012: 9 years). 7,951 shares were exercised during the year (2012: nil).

23 Dividends
Interim dividends paid in respect of the half year ended 30 September 2012 were £184,000 (0.67p per share). A final dividend of 1.33p per share, amounting to a total dividend of £366,000 (2012: 182,000) in respect of the full year results has been recommended. These financial statements do not reflect this dividend payable.

Notes
to the Consolidated Financial Statements

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 2012	275	14,098	436	2,640	(214)	2,212	19,447
Total recognised income and expense for the year	-	-	175	-	14	1,303	1,492
Dividends paid	-	-	-	-	-	(366)	(366)
Balance at 31 March 2013	**275**	**14,098**	**611**	**2,640**	**(200)**	**3,149**	**20,573**

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 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

Share capital

In thousands of shares	Ordinary shares of 1p each 2013	2012
On issue at 1 April	**27,542**	27,542
On issue at 31 March – fully paid	**27,542**	27,542

	2013 £000	2012 £000
Allotted, called up and fully paid		
27,542,532 ordinary shares of 1p each	**275**	275
	275	275

Notes
to the Consolidated Financial Statements

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 2013 was 892,614

25 Earnings per share

	2013 £000	2012 £000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year from continuing operations	**1,303**	1,653
Profit for the year	**1,303**	1,653
Denominator		
Weighted average number of shares used in basic EPS *	**26,649,918**	26,620,877
Weighted average number of shares used in diluted EPS *	**26,649,918**	26,620,877

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

Notes
to the Consolidated Financial Statements

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 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% (2012: 65%) of the loans value.

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

During 2013 and 2012, the Group's borrowings were denominated in Euro, US Dollar and Sterling and subject to floating rate charges as follows:

	2013 Floating rate £000
GBP	**9,797**
USD	**1,294**
EUR	**13**
	11,104

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

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 0.5%), the interest rate charge would increase by £280,000 (2012: £191,000). 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 0.5%), the interest rate charge would increase by £358,000 (2012: £191,000). Approximately 65% of the debt is hedged at an interest rate cap of 2.5%.

Notes
to the Consolidated Financial Statements

(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 2013						
	EUR	**USD**	**GBP**	**JPY**	**THB**	**INR**	**RMB**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Trade receivables	**735**	**1,888**	**3,352**	**163**	**7**	**32**	**27**
Secured bank loans	**(13)**	**(1,294)**	**(9,797)**	**-**	**-**	**-**	**-**
Trade payables	**(299)**	**(50)**	**(2,836)**	**-**	**(79)**	**(84)**	**(55)**
Gross exposure	**423**	**544**	**(9,281)**	**163**	**(72)**	**(52)**	**(28)**
Forward exchange contracts	**-**	**-**	**(193)**	**-**	**-**	**-**	**-**
Net exposure	**423**	**544**	**(9,474)**	**163**	**(72)**	**(52)**	**(28)**

	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

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
GBP	**2013**	2012	**2013**	2012
EUR	**1.228**	1.159	**1.182**	1.198
USD	**1.580**	1.596	**1.518**	1.598
JPY	**131.0**	126.1	**142.8**	131.8
THB	**48.7**	48.8	**44.5**	49.3
INR	**85.9**	76.3	**82.4**	81.4
RMB	**9.9**	10.2	**9.4**	10.1

Notes
to the Consolidated Financial Statements

26 Financial instruments (continued)

Sensitivity analysis

A 10% weakening of Sterling against the following currencies at 31 March 2013 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 2012.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2013		
USD	**98**	**677**
EUR	**75**	**182**
JPY	**22**	**(7)**
THB	**(5)**	**(140)**
INR	**14**	**(1)**
RMB	**17**	**(8)**
At 31 March 2012		
USD	110	588
EUR	(239)	172
JPY	17	(16)
THB	(3)	(125)
INR	3	(5)
RMB	5	(8)

A 10% strengthening of Sterling against the following currencies at 31 March 2013 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 2012.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2013		
USD	**(89)**	**(614)**
EUR	**(69)**	**(166)**
JPY	**(20)**	**6**
THB	**4**	**127**
INR	**(13)**	**1**
RMB	**(10)**	**7**
At 31 March 2012		
USD	(100)	(535)
EUR	217	(157)
JPY	(16)	15
THB	2	114
INR	(3)	5
RMB	(5)	7

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

Some of the borrowings of the Group have been taken out in US Dollars 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.

Notes
to the Consolidated Financial Statements

(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.

2013

	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	**4.70%**	**11,523**	**12,317**	**5,619**	**1,762**	**4,936**	**-**	**-**
Trade and other payables		**4,578**	**4,578**	**4,578**	**-**	**-**	**-**	**-**
Total		**16,101**	**16,895**	**10,197**	**1,762**	**4,936**	**-**	**-**

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	-	-	-	-
Total		18,019	18,019	10,104	1,500	1,500	4,915	-

(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 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
2013	**3,754**	**1,541**	**620**	**195**	**94**	**6,204**
2012	2,327	2,622	667	291	139	6,046

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	**2013 £000**	2012 £000
Trade receivables	16	**6,204**	6,046
Foreign exchange contracts used for hedging	17	**-**	30
Cash and cash equivalents	18	**2,735**	2,550
		8,939	8,626

Notes
to the Consolidated Financial Statements

26 Financial instruments (continued)

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

	2013 £000	2012 £000
GBP	**3,352**	3,668
EUR	**735**	764
USD	**1,888**	1,458
JPY	**163**	116
THB	**7**	-
INR	**32**	33
RMB	**27**	7
	6,204	6,046

Impairment losses

The ageing of receivables at the reporting date was:

	Gross 2013 £000	Impairment 2013 £000	Gross 2012 £000	Impairment 2012 £000
Not past due	**3,754**	**-**	2,327	-
Past due 0 – 30 days	**1,541**	**-**	2,622	-
Past due 31 – 60 days	**620**	**-**	667	-
Past due 61 – 90 days	**210**	**15**	322	31
More than 90 days	**188**	**94**	278	139
	6,313	**109**	6,216	170

(e) Maturity of debt

	Currency	Nominal interest rate	Period of maturity	31 Mar 13 £000 Face value	31 Mar 13 £000 Carrying amount	31 Mar 12 £000 Face value	31 Mar 12 £000 Carrying amount
Bank loan & overdraft	GBP	3.50%	2 years	**9,797**	**9,797**	8,593	8,593
	EUR	3.50%	2 years	**-**	**-**	3,040	3,040
	USD	3.50%	2 years	**1,294**	**1,294**	907	907
Asset backed loan	EUR	2.75%	1 years	**13**	**13**	158	158
				11,104	**11,104**	12,698	12,698

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 and a US Dollar loan all of which are repayable in their respective currencies.

Notes
to the Consolidated Financial Statements

(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 2013 and 31 March 2012.

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

	Carrying amount liability 2013 £000	**Fair value liability 2013 £000**	Carrying amount liability 2012 £000	Fair value liability 2012 £000
Forward contracts - foreign exchange	**194**	**194**	(16)	(16)
Interest rate collar	**(1)**	**(1)**	(14)	(14)
	193	**193**	(30)	(30)

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).

31 March 2013

	Level 2 £000	**Total £000**
Forward exchange contracts used for hedging	**194**	**194**
Interest rate collar	**(1)**	**(1)**
	193	**193**

31 March 2012

	Level 2 £000	Total £000
Forward exchange contracts used for hedging	(16)	(16)
Interest rate collar	(14)	(14)
	(30)	(30)

(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 and other reserves 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.

Management maintains a progressive dividend policy designed to reward shareholders and to protect the long-term assets of the business.

Notes
to the Consolidated Financial Statements

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	buildings 2013 £000	**Land & machinery 2013 £000**	**Plant & Total 2013 £000**	buildings 2012 £000	Land & machinery 2012 £000	Plant & Total 2012 £000
Less than one year	**715**	**78**	**793**	778	116	894
Between one and five years	**2,009**	**116**	**2,125**	1,941	89	2,030
More than five years	**2,224**	**-**	**2,224**	2,703	-	2,703
	4,948	**194**	**5,142**	5,422	205	5,627

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 2014	June 2014
Sanders Road	August 2022	August 2022	August 2022
Tavistock Street	October 2025	October 2015	October 2015
Rayong, Thailand	May 2016	May 2014	May 2014

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 £408,000 (2012: £439,000) with company pension contributions of £12,000 (2012: £45,000).

Notes
to the Consolidated Financial Statements

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 and capitalizes certain development costs as incurred. Estimates are made in respect of useful lives affecting the carrying value and amortisation charges in respect of these assets. The valuation of certain 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 Subsidiary undertakings

Details of 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%
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%
Sabreplas Limited	England and Wales	Dormant	100%

* This one company is owned directly by Plastics Capital plc whilst all other companies are owned indirectly through Plastics Capital Trading Limited.

Company Balance Sheet
at 31 March 2013

	Note	2013 £000	2012 £000
Fixed assets			
Investments	2	**10,765**	10,765
		10,765	10,765
Current assets			
Debtors (including £15.2m (2012: £15.5m) due after more than one year)	3	**15,284**	15,575
Current liabilities			
Creditors: amounts falling due within one year		**187**	163
Net current assets		**15,097**	15,412
Total assets less current liabilities		**25,862**	26,177
Net assets		**25,862**	26,177
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	**688**	1,003
Total shareholders' funds		**25,862**	26,177

These financial statements were authorised for issue by the Board of Directors on 25 June 2013 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

	2013 £000	2012 £000
Investments (see note 30 of Group accounts)	**10,765**	10,765
	10,765	10,765

3 Debtors

	2013 £000	2012 £000
Other debtors and prepayments	**70**	30
Amounts owed by Group undertakings	**15,214**	15,545
	15,284	15,575

Included in amounts owed by parent undertakings is £15,214,000 (2012: £15,511,000) 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 2012	275	14,161	10,544	194	1,003	26,177
Profit for the financial year	-	-	-	-	51	51
Dividends paid	-	-	-	-	(366)	(366)
Balance at 31 March 2013	**275**	**14,161**	**10,544**	**194**	**688**	**25,862**

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

	Total £000
Profit for the financial year	51
Dividends paid	(366)
Net addition to shareholders' funds	(315)
Opening shareholders' funds	26,177
Closing shareholders' funds	**25,862**

6 Staff numbers and costs
The only employees of the Company are the statutory Directors as listed on page 18. All remuneration was borne by a subsidiary Group company.

Company Information

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06387173

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Joint Brokers
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