Annual Report & Accounts 2014

PLASTICS Capital plc

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

Strong revenue growth in mandrels and high strength industrial films

Margins improved - EBITDA margin up from 14.3% to 15.1%

Significant capacity added for high strength industrial films and mandrels

Activities in China transformed through acquisition, new management and new factory

11 key accounts won during the financial year

Bank debt refinanced attractively at the year end

Dividend for the year increased by 50% to 3p

Annual Sales Growth

+3.3%

EBITDA Margin

15.1%

Annual EPS Growth

11%

Net Debt at 31.03.14

-14%

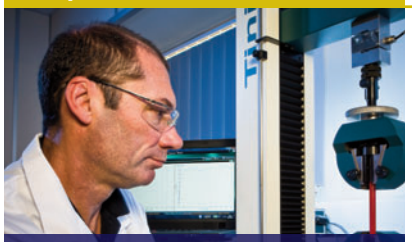
Our Market Share

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

The Group has four factories in the UK, one in Thailand, two in China 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.

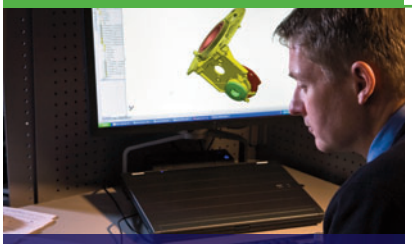
Europe & Middle East



Market Share

26%

North America



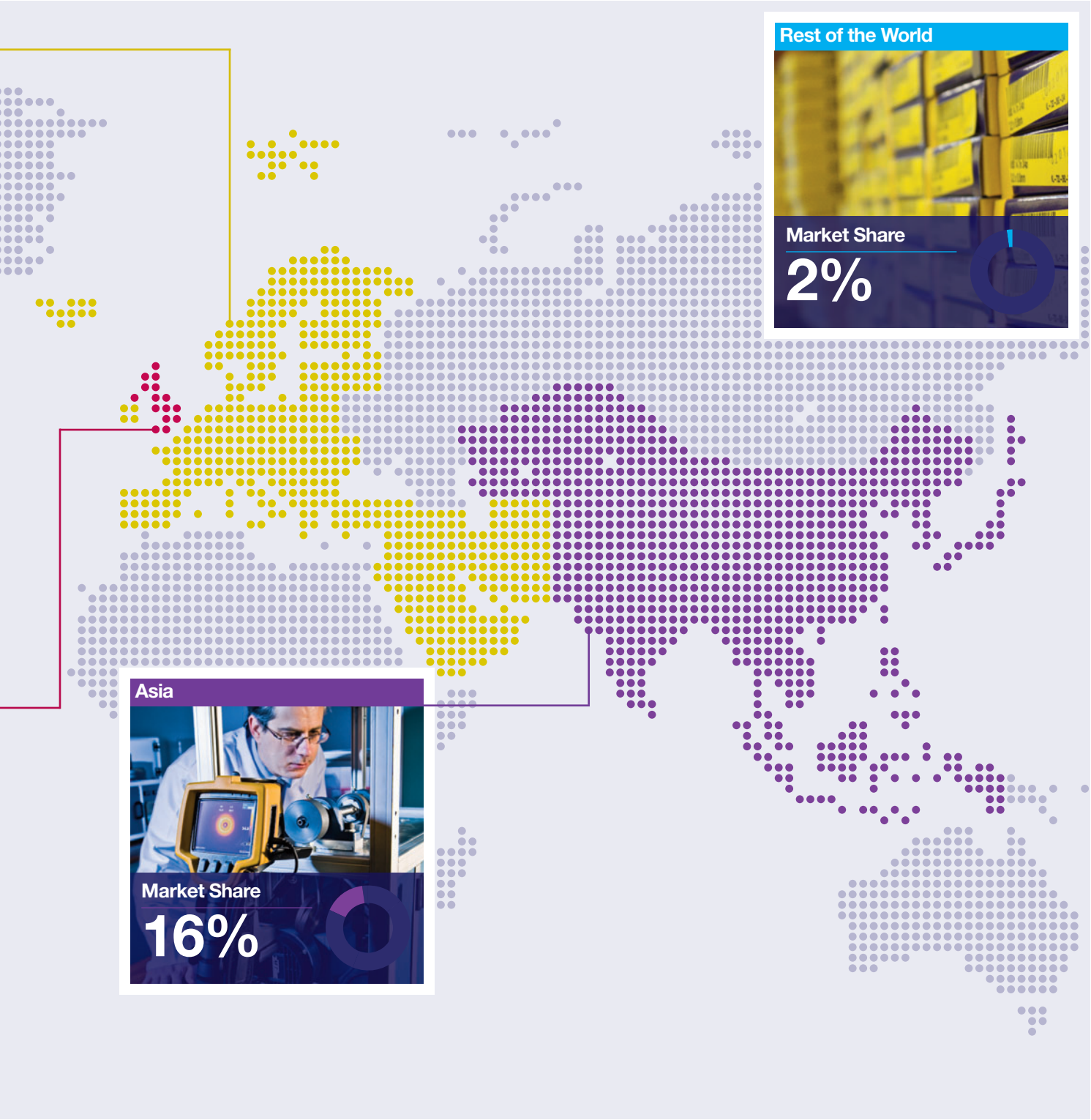
Market Share

14%

UK

Market Share

42%


Rest of the World
Market Share
2%
Asia
Market Share
16%

Chairman's Statement

The 12 month period to 31 March 2014 represents a period of solid progress and significant investment for future growth. Pleasingly, sales have advanced, margins have improved and profits have increased. Furthermore, new capacity has been added in the UK, our Chinese operations have expanded and several exciting new product ranges have been developed for launch during the current financial year.

Financial Review

FY2014 has been a year of progress:

- Revenue increased 3% to £32.5 million;
- Adjusted* profit before tax increased 9% to £3.6 million from £3.3 million in the prior year;
- Adjusted* earnings per share increased 11% to 11.1p from 10.0p in the prior year.

* Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses (see page 18).

The reported increase in revenue reflected a mixed trading performance across our four business areas. Our mandrel business enjoyed buoyant conditions as European demand recovered and new business won during the previous period came fully on stream. Demand was also strong in industrial films, where we expanded capacity during the year. However, creasing matrix demand was flat and bearings suffered from delays in the introduction of new programmes and in converting new business opportunities into orders.

Operating profit was higher primarily due to increased revenue, offset by additional people costs compared to the prior year. FY2014 was not materially impacted by currency movements compared to FY2013 as our hedging policy insulated us from a somewhat stronger pound. Finally, additional business development costs reduced profits by £0.1 million in the year. We believe this investment will pay-off over the next two to three years because of the lengthy sales cycles that apply to our businesses. Earnings per share further benefitted by £0.1 million of lower interest costs compared to the prior year.

We experienced a high level of exceptional costs during the year as we successfully transformed our activities in China with the acquisition of Shengli and the establishment of a machined bearings factory in Shanghai. Other exceptional costs resulted from a successful refinancing with Barclays Bank.

Capital expenditure of £1.9 million was approximately £1 million higher than prior years as we made significant investments for future growth. Approximately 20% of additional capacity was added to our industrial films business through the installation of a new extrusion line and the equipment in our bearings toolroom in Knaresborough was completely upgraded during the year as part of an initiative to improve conversion speed. Working capital was 14.6% of sales, down from 16.4% at the end of the prior year, which is a commendable achievement by all involved.

Cash conversion was adversely impacted in the year due to the high level of capital expenditure and exceptional items mentioned above. However notwithstanding these two items, cash conversion was strong at 50% of EBITDA. Debt has reduced predominantly due to the £2.7 million of equity funding to complete the acquisition of Shengli. At year end only £1.6 million had been expensed, which was to make the initial consideration payment. Subsequent payments relating to the acquisition of Shengli depend on the finalisation of Shengli's completion balance sheet, which remains outstanding.

New Business

Revenue from new business was £1.6 million during the period, which was below expectations. We had anticipated that programmes won in prior years would contribute significantly to sales during the period and whilst this did happen in some areas of our business, it was not the case throughout. In particular, conversion of new projects into sales in our plastic bearings division was slower than expected. This slow conversion was in part due to internal issues that have now been rectified or are currently being rectified. However, the main reason was that our business development activity has been shifted over recent years towards larger and more complex projects with highly sophisticated customers. These projects are by definition subject to frequent delays for reasons outside of our control. Some patience is therefore needed when anticipating when these very large projects deliver the results that have been anticipated.

We have commissioned independent research to assess the market opportunity for plastic ball bearings to be sure that we have correctly judged the potential for growth in this business area. The findings from this research have confirmed that we have only penetrated 5-10% of the available market, and that much of the available market can be accessed with proven or known technical solutions. The scope for development of new business is therefore substantial.

The annual sales value of the pipeline of new business that has been won but has not yet flowed through to revenue due to extended engineering lead times, remains very good at £4.4 million. Furthermore the pipeline of new projects/customers is extremely strong. Key applications where we anticipate conversion success in the near future include bearings for steering columns, instrument control knobs and sealed toner cartridges.

China

We have transformed our business in China during the financial period under review. Just prior to the end of the financial year we completed the acquisition of Shengli, which was our only significant local competitor in China for our creasing matrix products. The acquisition brings with it approximately £2 million of annual revenue with good profitability, an efficient factory with 42 employees in Beijing and a very good distribution network for creasing matrix in China. The critical mass this acquisition has delivered has also enabled us to employ, at group level, a Chinese national CEO and Finance Manager, who can now manage Shengli in addition to the distribution of UK manufactured creasing matrix and hose mandrels across the region and the expansion of our bearings activities in China. In bearings we are seeking to develop sales of machined bearings made in our factory in Shanghai as well as bearings for security cameras, which is a big application opportunity in China.

Our new senior management in China have made an excellent start and we can already see the benefit of having very capable local management running our activities there on the ground, and implementing the strategies that make sense across each of our three international business areas.

Innovation and Investment

Innovation continues to be the critical factor in driving the future growth of the Group. Considerable progress in product and process innovation has been made this year, some of which has involved significant investment. The benefits of this will be in years to come.
Key highlights include:

- **Creasing matrix - New product range.** We have developed and tested a new type of material which provides considerably greater durability and reliability than existing products, whilst also being easier for machine operators to work with. Although the product has not been formally launched, sales from prototype tests have been strong and have confirmed the product's superiority.
  A full launch is planned for the first half of our 2015 financial year.

- **Mandrel lubricant range.** When using our hose mandrels, our customers apply lubrication to ensure that, following manufacture of the hose, the mandrel can be removed smoothly without damage to the hose or the mandrel. We have developed a proprietary range of mandrel lubricants that have been shown to achieve superior ejection characteristics to those lubricants currently in use. The mandrel lubricant market is believed to be of similar value to the market for mandrels themselves and sales of the new range have already commenced.

- **Mandrel line speeds.** An example of process innovation leading to substantial benefits for all mandrel products. We have found a way of increasing mandrel line speeds materially so providing significant extra capacity without adding additional lines and simultaneously lowering the cost of manufacture. This may open up parts of the hose market to our mandrels that we have not considered to date.

- **Sealed toner bearings.** These are sophisticated bearings used in toner cartridges for photocopiers. To date metal bearings are used but we have developed a plastic solution which has been undergoing lengthy tests with a major customer. The toner cartridge bearing is a substantial opportunity due to the after-market for toner cartridges. These tests are proving to be successful and we anticipate sales from this development in FY2015.

- **Multi-layer industrial films.** During the year, a new extrusion line costing £0.75 million was installed to increase capacity in addition to providing the opportunity to experiment with new material blends to improve the strength to cost ratio of the films we make. Since installation was completed in September 2013, we have been able to prove the development of these higher strength films and started to offer them to the market. Sales of these higher strength, lower cost films have been growing strongly since the new line was commissioned.

Raw Materials

Prices for the engineering grades of plastic that we use as raw materials, declined marginally during the year, whilst commodity grades increased about 10% during the first six months of the year. The overall effect was to marginally reduce the profit margins in the industrial film business. However, the Group continued to successfully manage the effects of raw material price fluctuations during the period and management are confident this will continue to be the case in the current financial year.

Dividend

The proposed final dividend of 2.0p brings the total dividend for the year to 3.0p per share. This is 1.0p more than that paid in the prior year. As detailed in our dividend policy, 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 2.0p to all shareholders on 15 August 2014 in respect of the year ended 31 March 2014. The record date for the dividend is 18 July 2014 and the associated ex-dividend date is 16 July 2014.

Outlook

Trading for the first quarter of FY2015 continues in line with management's expectations and there are indications that trading conditions will improve over the coming months. The pipeline of new business remains strong and converting them into sales during the year is a major priority. We believe existing business will at least continue at similar levels to FY2014 and we will continue to develop our activities in China, to make the most out of the recent investment there.

We are also actively pursuing some interesting acquisition opportunities and acquisitive growth continues to be an important part of our strategy. We are hopeful that this will complement organic trading during the current financial 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 FY2015.

Faisal Rahmatallah
Executive Chairman

Operational Review

Bell Plastics Limited

Leading the way in manufacturing high-specification mandrel rods

Hydraulic Hose Consumables

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

13%

Core products

> Hydraulic hose mandrel
> High performance hose film

Applications

> Construction equipment
> Mining equipment
> Automotive

Operational Review

BNL (UK) Limited

Providing a range of cutting edge high performance rotating plastic components

Plastic Rotating Parts

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

32%

Core products

> Plastic bearings

Applications

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

Operational Review

C&T Matrix Limited

Market leader of the self locating creasing matrix system

Packaging Consumables

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%

Core products

> Creasing matrix
> Rubbers
> Printing accessories

Applications

> Cardboard box manufacture
> Point of sale products

Operational Review

Palagan Limited

Co-extruded polythene products with a reputation for high quality and innovation

High Strength Film Packaging

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

Share of Group Revenue

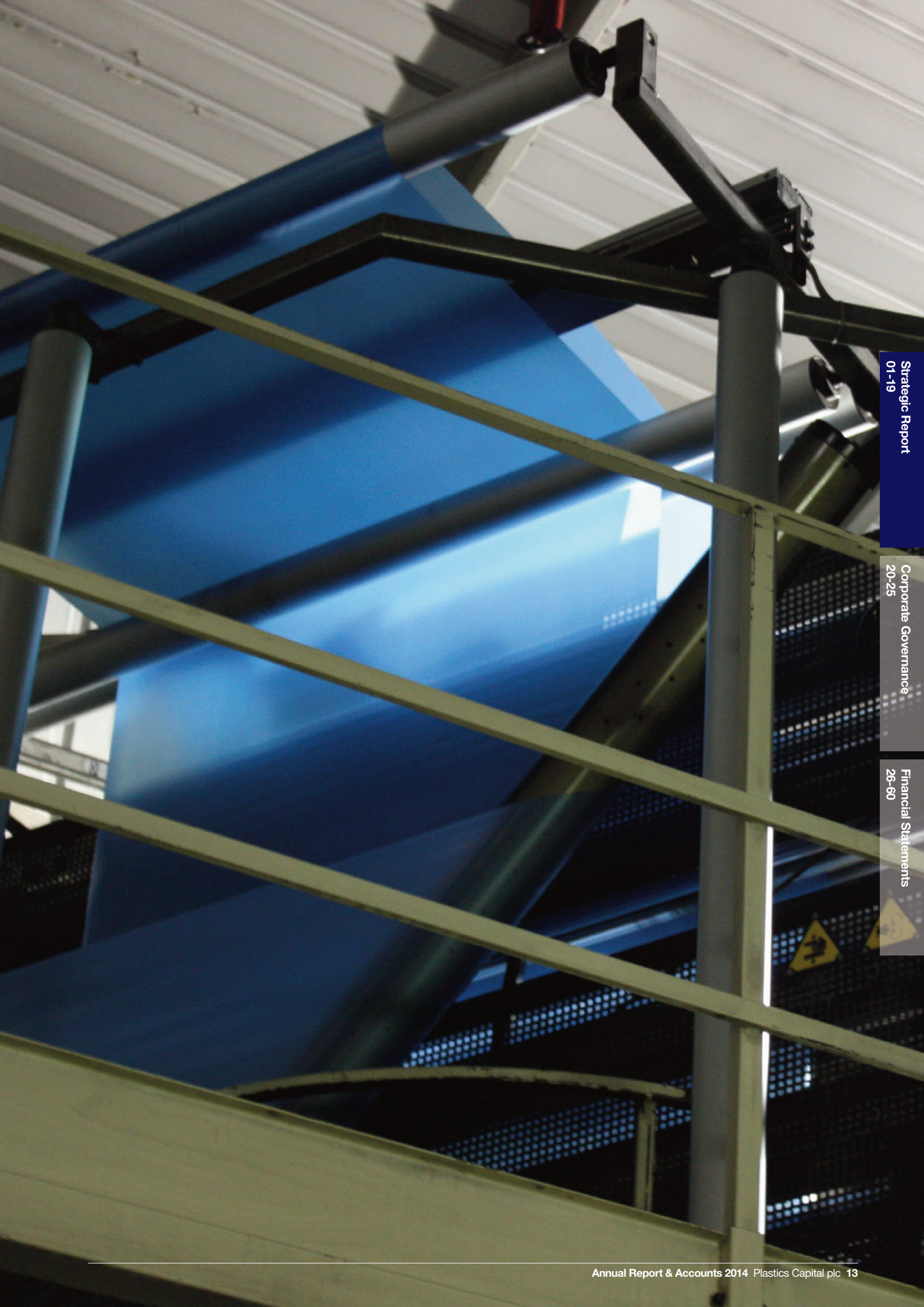
37%

Core products

> High strength polyethylene films

Applications

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



Operational Review
China

Increasing our presence in a fast and developing market

Beijing Higher Shengli Printing Science & Technology Co Ltd
Shengli will enable the Group to increase its presence and market share in China and will enable C&T Matrix and Shengli to realise significant synergies so improving profitability.

Products

> Creasing matrix

Employees

42

Share of Chinese market

30%

Plastics Capital (Shanghai) Parts Ltd
Plastics Capital Shanghai manufactures machined plastic ball bearings and is also the Chinese sales office for our mandrels business, plastic ball bearings business and creasing matrix business.

Products

> Hydraulic hose mandrel
> Plastic bearings
> Creasing matrix

Employees

9

Operational Review

The Group has four factories in the UK, one in Thailand, two in China 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

Revenue

£4.3m

Bell Plastics Limited ("Bell"), which manufactures hydraulic hose mandrels and films, had an exceptional year. Sales were up 39% year-on-year partly due to a recovery of demand from European customers but also due to the feed through from new business won in the prior year. New business contributed 10% to revenue over the year, whilst lost business was negligible.

To achieve such an increase in sales with a broader portfolio of products, Bell has needed to become significantly more agile in its operations with line speeds, change over times and line breakdowns all needing to improve. It is very pleasing therefore to report that the team at Bell responded successfully to this challenge and managed to meet the increased demand with minimal additional costs in terms of either personnel or new equipment. Through process innovation and advanced engineering, line speeds have been transformed, so adding substantially to available capacity whilst simultaneously reducing the overall costs of production.

Over the next year Bell will be focused on a number of exciting initiatives:

- the penetration of existing customers in China is a key target, especially local companies who currently buy inferior free extruded product;
- a range of mandrel lubricants has been launched which work particularly well with our mandrels enabling superior mandrel ejection from the hose after manufacture, and
- a project to compound our own materials will be introduced to reduce overall material costs significantly whilst maintaining performance characteristics.

BNL (UK) Limited

Revenue

£10.4m

BNL (UK) Limited ("BNL"), which manufactures plastic bearings and other rotating parts, had a second disappointing year in succession, with revenue down 8% on the prior year. 2% of this was due to currency movement, which was hedged out at the group level, and the balance was due to insufficient new business being converted into sales to make up for the inevitable programme losses that occur from time to time.

Some very important steps were taken at BNL to increase capacity in the tool design, development and manufacturing processes to improve its ability accelerate the conversion of new business. Approximately £0.3 million was invested in new toolroom equipment to bring the UK BNL toolroom up to state-of-the-art standards, new tool manufacturers were qualified, working practices were improved to speed up tool development and additional toolmakers were recruited.

New business conversion is therefore the key performance target for BNL as the tooling process is no longer a contributor to delays in new business conversion. There is both a substantial pipeline of new business that has been already contracted, but which has not yet started production, in addition to a substantial pipeline of major projects where contracts are in the final stages of negotiation.

Significant organisational changes have also taken place at BNL during the period with the appointment of an Executive Director in August 2013 taking responsibility for finance, commercial and contractual matters to provide the business CEO more time to dedicate to the critical issues of engineering design, operational improvement and increasing sales. Furthermore, a new Sales and Marketing Director commenced in June 2014 and a new Operations Director was appointed in January 2013. Management believe all these changes will result in a business that is well suited to the challenges of winning major contracts with highly demanding OEMs with innovative engineering solutions.

The challenge at BNL for the coming year is twofold:

- to bring into production the business that it has already won, which amounts to £2.6 million of annualised sales value at full run rate; and
- to convert into signed contracts some of the very large projects that it has been working on for the last 2-3 years. These are the projects that will provide the significant growth that we believe this business can achieve.

Print and Packaging

C&T Matrix Limited

Revenue

£5.7m

C&T Matrix Limited ("C&T"), which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, returned sales similar to last year despite weakness in the first six months. Pleasingly, the strong second half trading experienced in the period under review has been sustained into the current financial year.

Net new business at C&T showed improvement, adding 2.9% to sales for the year, making up for some overstocking that occurred at the prior year-end at certain developing country distributors. During the year a new product called 'PINK' has been trialled very successfully in markets like China and India. This product range will be fully launched in the first half of the current financial year and we are hopeful that this will propel C&T's sales throughout the current year.

A significant quality claim against a supplier was settled during the year, recovering all our direct costs and legal fees, amounting to some £0.4 million and making a small contribution towards lost profits during the period under review. This claim had been in progress for three years, which consumed a significant amount of management time and effort and we are pleased to have achieved a reasonable settlement prior to getting to court.

The operational performance of C&T has continued to improve slowly but steadily over the year. Service and quality complaints, which were not high, have reduced further, and on-time and in-full delivery performance has exceeded 95% whilst working capital reduced significantly.

Finally, just prior to the year end, the Beijing Higher Shengli Printing Science and Technology Co Limited ("Shengli") acquisition was completed. Shengli is the leading local producer of creasing matrix in China with approximately 30% market share. Initial priorities for this business in the 2015 financial year are to:

- upgrade quality and health and safety standards;
- introduce the quality of financial reporting that is comparable to the rest of the Group;
- achieve the synergies that we believe exist between C&T and Shengli; and
- refine the company's sales and distribution strategy.

Palagan Limited

Revenue

£12.0m

Palagan Limited ("Palagan") our specialist industrial film business, made good progress during the year. Revenues in value terms increased 5% and in volume terms they were also up 4%. However, profitability was unchanged as margins were adversely affected by the disruption associated with the installation of the new multilayer extrusion line, engineering improvements to raise safety standards and by a marginal increase in raw material prices in the first half of the year.

The new multilayer extrusion line was installed to plan during the second half of FY2014 and full production was achieved in the second half of the year. It is pleasing to note that the new line was achieving production rates consistent with our expectations by the end of the year. The priority for the current year is to sustain this performance and execute Palagan's sales strategy so that the product mix shifts towards products that suit the new line configuration and exploits full use of the additional capacity created by the new line.

Palagan's business model of making heavy duty films from specialist blends using in-line production processes on small lot sizes is unusual, provides a significant cost and service advantage to our customers and is difficult to replicate by our competitors. It is also a sector where there are some consolidation opportunities within the UK market.

Financial Review

	2014 £000	2013 £000	Change %
Revenue	**32,456**	31,407	**3.3%**
Gross profit	**11,693**	11,482	**1.8%**
Operating profit	**1,539**	2,122	**-27.5%**
Add back: Depreciation	**931**	969	
Add back: Amortisation#	**1,118**	1,119	
Add back: Exceptional administrative costs	**1,306**	274	
EBITDA before exceptional costs	**4,894**	4,484	**9.1%**
Profit before tax	**1,035**	1,140	
Add back: Amortisation of intangible assets & deal fees#	**1,289**	1,272	
Add back: Exceptional costs	**1,566**	274	
Add back: Unrealised foreign exchange & derivative (gains)/losses	**(303)**	614	
Profit before tax*	**3,587**	3,300	**8.7%**
Tax (charge)/credit	**(156)**	163	
Profit after tax*	**3,431**	3,463	**-0.8%**
Basic adjusted EPS*+	**11.1p**	10.0p	**11.0%**
Basic EPS	**3.2p**	4.9p	**-34.7%**
Capital expenditure	**1,876**	936	**100.4%**
Net debt	**7,170**	8,369	**-14.3%**

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains/losses
\+ applying an underlying tax charge of 13% (2013: underlying tax charge of 16%) and based on weighted average shares in issue in the year
\# excludes development costs (see note 13)

Revenue
Revenue for the year was £32.5 million which was an increase of 3.3% from £31.4 million in FY2013. On a like-for-like basis (i.e. adjusting for exchange rates), revenue increased by 3.5%.

Gross profit
Gross profit was £11.7 million (margin: 36.0%) in FY2014 against £11.5 million (margin: 36.6%) in FY2013. The gross profit margin decreased primarily due to an increasing raw material prices within one of our businesses in the packaging division (largely passed on to end customers through increased sales prices).

Exceptional costs
Exceptional costs incurred in the year relate to:
- costs associated with acquisition of Shengli and legal claims;
- write-off of capitalised deal fees associated with the refinancing of the bank debt;
- redundancy and recruitment costs associated with the subsidiaries' management teams; and
- set-up costs relating to the establishment of a machined bearings factory in Shanghai.

Profitability
EBITDA before exceptional costs was £4.9 million which is 9.1% higher than in FY2013.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains of £3.4 million compares with the prior year equivalent of £3.5 million, which is a decrease of 0.8%.

Taxation
The Group's tax charge for the year is £0.2 million which compares with a tax credit of £0.2 million in FY2013. The credit in FY2013 arose on the movement of deferred tax during the year.

Earnings per share
Basic earnings per share are 3.2p compared to 4.9p in FY2013. This is based on a weighted average 27.5 million shares (FY2013: 26.6 million shares). Adjusted earnings per share are 11.1p compared to 10.0p in FY2013 - an increase of 11%.

Capital expenditure
Capital expenditure was £1.9 million in FY2014 which compares with £0.9 million in FY2013. This increase arose because of significant investments we made to increase our capacity and capabilities across the business for future growth. Specific capital expenditure in the year was:
- additional capacity to our industrial films business through the installation of a new extrusion line; and
- tool room investment at our bearing business which was completely upgraded as part of an initiative to improve conversion speed of projects.

Cash flow
In the year, cash generated from operations amounted to £4.0 million (FY2013: £4.0 million). The cash balance at the year end was £3.1 million (FY2013: £2.7 million), which represents cash generated in the year of £0.4 million (FY2013: £0.2 million).

Net debt
Net debt at the year-end of £7.2 million (FY2013: £8.4 million) decreased during the year by £1.2 million.

The Company also raised £2.7 million of equity during the year to fund the acquisition of Shengli and at the year end only £1.6m had been used, which was to make the initial consideration payment and pay acquisition fees.

Board of Directors

Faisal John Rahmatallah, (age 58)
Executive Chairman
Faisal is a founder shareholder of Plastics Capital and Director of the Company. He has worked for and with manufacturing companies for 20 of the last 30 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 43)
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 65)
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 31 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 62)
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 68)
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.

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 Corporate Governance 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 24.

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 has been in place since November 2004 and comprises Faisal Rahmatallah, Andrew Walker, Richard Vessey and Keith Butler-Wheelhouse (chairman). The committee meets at least once a year and reviews the performance of all Directors save for the Non-Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The remuneration committee also determine the payment of bonuses to all Directors save for the Non-Executive Directors and make recommendations to the trustees of the LTIP regarding share awards to employees.

- **Nomination Committee** - will meet at least once a year and as required for the purpose of considering new or replacement appointments to the Board and comprises Faisal Rahmatallah, Andrew Walker, Richard Vessey and Keith Butler-Wheelhouse.

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

Directors' Report

The Directors present their annual report and the financial statements for the year ended 31 March 2014.

Results and dividends
The results of trading of the Group for the year are set out in the consolidated income statement on page 27. The Directors recommend the payment of a final dividend of £605,000 (2013: £366,000).

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.

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 2014.

Shareholders:	No of shares	% of shares
Octopus Asset Management	4,677,250	15.47%
ISIS Equity Partners PLC	3,540,000	11.71%
Faisal Rahmatallah	2,675,895	8.85%
Richard Vessey	2,474,607	8.18%
Arun Nagwaney	2,244,023	7.42%
Hargreave Hale	1,601,850	5.30%
Downing Corporate Finance	1,568,433	5.19%
F&C Asset Management PLC	1,443,732	4.77%
Investec Wealth & Investment Limited	1,255,642	4.15%
Maven Capital Partners	985,750	3.26%
Jeremy Clarke	919,209	3.04%
Plastics Capital (Trustee) Limited	892,614	2.95%
Directors and related	404,926	1.34%

Since 27th June 2014, the Directors have not been notified of any changes to the above shareholdings.

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

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

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

Financial instruments
Details of the use of financial instruments by the Group are contained in note 26 of the financial statements.

Directors
The names of the current Directors together with brief biographical details are shown on page 20. 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:

	Company Shares 2014	Company Shares 2013
F Rahmatallah	**2,675,895**	2,675,895
N Ball	**201,801**	201,801
R Vessey	**2,474,607**	2,474,607
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	2014 Total £000	2013 Total £000
F Rahmatallah	**179**	**179**	175
N Ball	**117**	**117**	115
A Nagwaney	**-**	**-**	4
R Vessey	**25**	**25**	25
A Walker	**25**	**25**	25
K Butler-Wheelhouse	**25**	**25**	25
Total	**371**	**371**	369

(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	06.1207
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 scheme	shares held	Number of Award Shares held	Number of Bonus 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 2014 was 134p (2013: 79p).

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

A resolution to appoint KPMG LLP will be proposed at the Annual General Meeting.

By order of the board

Nicholas Ball
Secretary

30 June 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic 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.

Strategic Report

Principal activities
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 exporting to over 80 countries worldwide. The Group has four factories in the UK, one in Thailand, two in China and sales offices in the USA, Japan, China and India. Production is concentrated in the UK where significant engineering know-how and automation underpins the Group's competitiveness.

Business review and results
The Chairman's statement on pages 4 to 5, the Operational Review on pages 6 to 17 and Financial Review on pages 18 to 19, 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 2014.

Key performance indicators
The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptional items. In FY2014, the EBTIDA margin was 15.1% which is up on FY2013 at 14.3%. The improvement in EBITDA margin was due to operational gearing in the business.

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 flat 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 Ωprice 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.

Future developments
The Group's corporate strategy is to build shareholder value by continuing to grow its key businesses organically and through value enhancing acquisitions.

In terms of organic growth, 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. The pipeline of new business is strong and the major priority this year is to convert this into sales. We continue to focus on customer development, further expansion into emerging markets and new product developments.

In terms of acquisitions, we are looking for bolt-on targets that fit our existing operations and permit ease of integration as well as stand-alone targets that can become new and independent areas of business operation for the Group. The Company continues to pursue some interesting acquisition opportunities and we remain hopeful of completing another acquisition during the course of the year.

By order of the Board

Nicholas Ball

Room 1.1, London Heliport
Bridges Court Road, London SW11 3BE

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 2014 set out on pages 27 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 24, 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 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 2014 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 Strategic Report and 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

30 June 2014

Consolidated Income Statement

for year ended 31 March 2014

	Note	Before foreign exchange & exceptional items 2014 £000	Foreign exchange impact on derivatives and loans 2014 £000	Exceptional items 2014 £000	Total 2014 £000	Before foreign exchange & exceptional items 2013 £000	Foreign exchange impact on derivatives and loans 2013 £000	Exceptional items 2013 £000	Total 2013 £000
Revenue	8	**32,456**	**-**	**-**	**32,456**	31,407	-	-	31,407
Cost of sales	3	**(20,877)**	**114**	**-**	**(20,763)**	(19,900)	(25)	-	(19,925)
Gross profit		**11,579**	**114**	**-**	**11,693**	11,507	(25)	-	11,482
Distribution expenses		**(1,959)**	**-**	**-**	**(1,959)**	(1,886)	-	-	(1,886)
Administration expenses	3	**(7,014)**	**-**	**(1,306)**	**(8,320)**	(7,219)	-	(274)	(7,493)
Other income	4	**125**	**-**	**-**	**125**	19	-	-	19
Operating profit		**2,731**	**114**	**(1,306)**	**1,539**	2,421	(25)	(274)	2,122
Financial income	9, 10	**-**	**565**	**-**	**565**	2	-	-	2
Finance expense	3, 9, 10	**(547)**	**(262)**	**(260)**	**(1,069)**	(646)	(338)	-	(984)
Net financing costs		**(547)**	**303**	**(260)**	**(504)**	(644)	(338)	-	(982)
Profit before tax		**2,184**	**417**	**(1,566)**	**1,035**	1,777	(363)	(274)	1,140
Tax (charge)/credit	11	**(156)**	**-**	**-**	**(156)**	163	-	-	163
Profit for the year attributable to equity shareholders of the Company		**2,028**	**417**	**(1,566)**	**879**	1,940	(363)	(274)	1,303
Basic earnings per share attributable to equity shareholders of the Company	25				**3.2p**				4.9p
Diluted earnings per share attributable to equity shareholders of the Company	25				**3.2p**				4.9p

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

Consolidated Statement of Comprehensive Income

for year ended 31 March 2014

	Note	2014 £000	2013 £000
Profit for the year		**879**	1,303
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign currency operations	24	**(195)**	175
Total comprehensive income		**684**	1,478
Total recognised income and expense for the year is attributable to:			
Equity holders of the parent		**684**	1,478

Consolidated Balance Sheet

at 31 March 2014

	Note	2014 £000	2013 £000
Non-current assets			
Property, plant and equipment	12	**5,031**	4,114
Intangible assets	13	**20,728**	20,464
		25,759	24,578
Current assets			
Inventories	15	**3,266**	2,775
Trade and other receivables	16	**7,916**	7,143
Other financial assets	17	**371**	-
Cash and cash equivalents	18	**3,134**	2,735
		14,687	12,653
Total assets		**40,446**	37,231
Current liabilities			
Interest-bearing loans and borrowings	19	**3,928**	5,201
Trade and other payables	20	**6,361**	4,578
Other financial liabilities	21	**-**	193
Corporation tax liability		**344**	314
		10,633	10,286
Non-current liabilities			
Interest-bearing loans and borrowings	19	**6,376**	5,903
Deferred tax liabilities	14	**350**	469
		6,726	6,372
Total liabilities		**17,359**	16,658
Net assets		**23,087**	20,573
Equity attributable to equity holders of the parent			
Share capital	24	**302**	275
Share premium	24	**16,570**	14,098
Translation reserve	24	**416**	611
Reverse acquisition reserve	24	**2,640**	2,640
Capital redemption reserve	24	**(200)**	(200)
Retained earnings	24	**3,359**	3,149
Total equity		**23,087**	20,573

These financial statements were authorised for issue by the Board of Directors on 30 June 2014 and were signed on its behalf by:

Faisal Rahmatallah
Executive Chairman

Registered Number 06387173

Consolidated Cash Flow Statement

for year ended 31 March 2014

	2014 £000	2013 £000
Profit after tax for the year	**879**	1,303
Adjustments for:		
Income tax credit/(charge)	**156**	(163)
Depreciation and amortisation	**2,183**	2,124
Financial income	**(565)**	(2)
Financial expense	**1,069**	984
Gain on disposal of plant, property and equipment	**-**	(7)
Changes in working capital		
Increase in trade and other receivables	**(317)**	(285)
(Increase)/decrease in inventories	**(311)**	359
Increase/(decrease) in trade and other payables	**911**	(281)
Cash generated from operations	**4,005**	4,032
Interest paid	**(370)**	(480)
Income tax paid	**(240)**	(195)
Net cash inflow from operating activities	**3,395**	3,357
Cash flows from investing activities		
Acquisition of subsidiary (net of cash acquired)	**(1,128)**	-
Acquisition of property, plant and equipment	**(1,876)**	(936)
Development expenditure capitalised	**(250)**	(248)
Interest received	**-**	2
Proceeds from disposal of property, plant and equipment	**-**	7
Dividend received	**13**	12
Net cash outflow from investing activities	**(3,241)**	(1,163)
Cash flows from financing activities		
Proceeds from the issue of share capital	**2,499**	-
Repayment of borrowings and fees	**(1,535)**	(1,643)
Dividends paid	**(669)**	(366)
Net cash inflow/(outflow) from financing activities	**245**	(2,009)
Increase in cash and cash equivalents	**399**	185
Cash and cash equivalents at 1 April 2013	**2,735**	2,550
Cash and cash equivalents at 31 March 2014	**3,134**	2,735

Consolidated Statement of Changes in Shareholders' Equity

for year ended 31 March 2014

	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

	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 2013	275	14,098	611	2,640	(200)	3,149	20,573
Total recognised income and expense for the year	-	-	(195)	-	-	879	684
Share issue	27	2,472	-	-	-	-	2,499
Dividends paid	-	-	-	-	-	(669)	(669)
Balance at 31 March 2014	**302**	**16,570**	**416**	**2,640**	**(200)**	**3,359**	**23,087**

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

Dividend distribution
Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s financial statements in the year in which the dividends are approved by the Company’s shareholders.

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

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

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

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

Notes

to the Consolidated financial statements

1 Significant accounting policies (continued)

Property, plant and equipment

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

Depreciation is charged to the income statement on a straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applied are as follows:

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

Intangible assets and goodwill

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

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

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

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

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

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

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

Investments

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

Inventories

Inventories are stated at the lower of cost and net realisable value.

In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Research and development

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

Internal development expenditure is charged to the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 'Intangible Assets'. Where, the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives from product launch. The product life has been estimated at 5 years which reflects a reasonable estimate of the average life with products going into a diverse range of goods from cars, photocopiers, security cameras to ATMs.

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

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

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

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

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

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

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

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

Reversals of impairment
An impairment loss in respect of goodwill is not reversed.

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

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

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

Share-based payment transactions
The Group LTIP and share option programme allows certain senior management employees to acquire shares of the Company. The fair value of the shares granted is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. The fair value of the options granted is measured using a share valuation model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of share that vest.

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

Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business net of discounts, 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.

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1 Significant accounting policies (continued)

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 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.

2 New standards, amendments to standards or interpretations

IFRS 13, Fair Value Measurement

IFRS 13 has been applied for the first time in the current year. IFRS 13 provides a definition of fair value and sets out in a single IFRS a framework for measuring fair value. It also introduces new disclosure requirements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

IFRS 13 requires prospective application for periods beginning on or after 1 January 2013. As such the requirements have not been applied for comparative periods. Other than additional disclosures (see note 26), the application of IFRS 13 has not had any material impact on the amounts presented in the consolidated financial statements.

Standards in effect in 2014

There were no new standards, amendments and interpretations issued that would be expected to have a material effect on the group.

The following new and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1 April 2013 but are not currently relevant to the group (although they may affect the accounting for future transactions and events):

- Amendment to IAS 19, 'Employee benefits', effective date 1 January 2013
- IFRIC 20, 'Stripping Costs in the Production Phase of a Surface Mine', effective date 1 January 2013
- Annual improvements to IFRS (2009-2011) cycle, various effective dates.

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IFRS in issue but not applied in the current financial statements
The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial instruments', effective date 1 January 2015
- IFRS 10, 'Consolidated financial statements', effective date 1 January 2014
- IFRS 11, 'Joint arrangements', effective date 1 January 2014
- IFRS 12, 'Disclosures of interests in other entities', effective date 1 January 2014
- IAS 27 (revised 2011), 'Separate financial statements', effective date 1 January 2014
- IAS 28 (revised 2011), 'Associates and joint ventures', effective date 1 January 2014
- IFRS15, 'Revenue from contracts with customers', effective date 1 January 2017

The directors do not anticipate that adoption of any of the above standards will have a material impact on the financial statements in the future.

3 Exceptional items

Cost of Sales
Included within Cost of Sales are gains of £114,000 in relation to foreign exchange contracts (2013: losses of £25,000).

Administrative expenses

	2014 £000	2013 £000
Acquisition and legal fees (i)	840	-
Redundancy/recruitment costs (ii)	242	210
Company set up costs (iii)	160	64
Other	64	-
	1,306	274

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

(i) costs associated with acquisition of Shengli and legal claims;
(ii) redundancy and recruitment costs associated with the subsidiaries management teams; and
(iii) set-up costs relating to the establishment of a machine bearings factory in Shanghai

Finance expenses

	2014 £000	2013 £000
Bank refinancing	260	-
	260	-

Exceptional costs incurred and included in finance expenses in the year relate to the write-off of capitalized deal fees associated with the previous refinancing of the bank debt.

4 Other income

	2014 £000	2013 £000
Net gain on disposal of property, plant and equipment	-	7
Dividend income	13	12
Gain realised on settlement of legal claim	106	-
Other	6	-
	125	19

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5 Expenses and auditor's remuneration

Included in profit before tax are the following:

	2014 £000	2013 £000
Depreciation of owned assets	**931**	969
Amortisation of intangible assets (recognised in administrative expenses)	**1,252**	1,155
Net gain on disposal of property, plant and equipment	**-**	(7)
Hire of plant and machinery	**26**	20
Other operating lease rentals	**718**	722
Research & development	**897**	896

Auditor's remuneration:

	2014 £000	2013 £000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**26**	26
Fees payable to the Company's auditor and their associates for other services to the group		
The audit of the Company's subsidiaries	**56**	58
Total audit fees	**82**	84
Audit-related assurance services	**-**	-
Taxation compliance services	**35**	30
Other taxation advisory services	**-**	-
Internal audit services	**-**	-
Other assurance services	**-**	-
Corporate finance services	**-**	-
Other services	**-**	-
Total non-audit fees	**35**	30

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	
	2014	2013
Senior management	**14**	12
Administrative	**21**	20
Business development	**47**	44
Production and distribution	**230**	226
	312	302

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	**7,473**	6,849
Social security costs	**985**	884
Other pension costs	**211**	198
	8,669	7,931

Other pension costs relate to defined contribution pension plans.

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7 Directors' emoluments

	2014 £000	2013 £000
Salaries and fees	371	369
	371	369

The aggregate emoluments of the highest paid Director were £178,500 (2013: £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 five 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 the packaging consumable of creasing matrix, Bell Plastics Limited which makes hydraulic hose consumables and Beijing Higher Shengli Printing Science and Technology Co Ltd ("Shengli") which also makes creasing matrix.

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, C&T Matrix Limited and Shengli 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 2014 £000	Packaging 2014 £000	Unallocated and reconciling items 2014 £000	Total 2014 £000
External sales*	14,703	17,753	-	32,456
Profit before tax	309	830	(104)	1,035
Depreciation and amortisation	644	276	1,263	2,183

	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/(loss) before tax	762	686	(308)	1,140
Depreciation and amortisation	747	248	1,129	2,124

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

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8 Segment information (continued)

Reconciliation of reportable segment revenue

	2014 £000	2013 £000
Packaging		
Packaging consumables	**5,680**	5,596
High strength film packaging	**12,073**	11,446
Industrial Products		
Plastic rotating parts	**10,376**	11,243
Hydraulic hose consumables	**4,327**	3,122
Turnover per consolidated income statement	**32,456**	31,407

Reconciliation of reportable segment profit

	2014 £000	2013 £000
Total profit for reportable segments	**1,139**	1,448
Unallocated amounts:		
Amortisation	**(1,118)**	(1,119)
Unrealised (losses)/gains on derivatives	**563**	(223)
Management charge income	**2,950**	2,950
Fx hedge gain/(loss) on forward contracts	**114**	(25)
Costs - Plastics Capital Trading and Plastics Capital plc	**(973)**	(1,171)
Net interest costs	**(371)**	(447)
Deal fee amortisation	**(169)**	(153)
Exceptional costs	**(976)**	(48)
Other	**(124)**	(72)
Consolidated profit before income tax	**1,035**	1,140

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	
	2014 £000	2014 £000	2014 £000	2013 £000
United Kingdom	**13,482**	13,099	**23,646**	23,622
Europe & Middle East	**8,410**	7,197	**51**	-
North America	**4,667**	4,494	**28**	29
Asia	**5,275**	6,100	**2,034**	927
Rest of the World	**622**	517	**-**	-
	32,456	31,407	**25,759**	24,578

9 Finance income and expense (excluding foreign exchange)

	2014 £000	2013 £000
Interest income	**-**	2
Financial income	**-**	2
Bank interest	**377**	480
Amortisation of capitalised deal fees	**169**	153
Unrealised losses on derivatives used to manage interest rate risk	**1**	13
Financial expenses	**547**	646

10 Finance income/costs included within foreign exchange costs

	2014 £000	2013 £000
Unrealised gains on derivatives used to manage foreign exchange risk	565	-
	565	-

	2014 £000	2013 £000
Net foreign exchange loss	262	128
Unrealised losses on derivatives used to manage foreign exchange risk	-	210
	262	338

11 Taxation

	2014 £000	2013 £000
Current tax charge		
Current year	230	241
Adjustments for prior years	45	(33)
	275	208
Deferred tax credit (note 14)		
Current year	(107)	(301)
Adjustments for prior years	(14)	(92)
Foreign deferred tax charge/(credit)	2	22
	(119)	(371)
Total tax charge/(credit) in income statement	156	(163)

Reconciliation of effective tax rate

	%	2014 £000	%	2013 £000
Profit before tax		1,035		1,140
Expected tax charge based on the UK corporation tax rate	23	238	24	274
Non-deductible expenses	13.4	139	1.3	15
Use of losses not provided	(0.9)	(9)	(1.4)	(16)
Tax adjustment in respect of prior year	4.3	45	(2.9)	(33)
Deferred tax adjustment in respect of prior years	(1.3)	(14)	(8.1)	(92)
Tax not at UK standard rate	0.9	70	(8.7)	(100)
R&D uplift - SME rates	(18.9)	(196)	(18.7)	(213)
Effect of movements in tax rates	(11.5)	(119)	(1.7)	(20)
Adjustment for overseas tax	-	2	1.9	22
Total tax charge in income statement	14.6	156	(14.3)	(163)

The 2013 Budget announced that the UK corporation tax rate would reduce from 23% to 21% by 1 April 2014 and reduce further to 20% by 1 April 2015. These reductions were enacted as part of the Finance Bill 2013. This reduces the Company's future current tax charge accordingly and the group's deferred tax balances at 31 March 2014 are recognised using the rate of 20%.

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12 Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 31 March 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
Exchange movement	-	(243)	(24)	1	(266)
Additions	-	1,704	172	-	1,876
Additions arising from acquisition	-	97	6	-	103
Disposals	-	(173)	(2)	-	(175)
Balance at 31 March 2014	**248**	**7,557**	**1,074**	**41**	**8,920**
Depreciation and impairment					
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
Exchange movement	-	(115)	(21)	1	(135)
Depreciation charge for the year	15	745	169	2	931
Disposals	-	(173)	(2)	-	(175)
Balance at 31 March 2014	**74**	**3,017**	**766**	**32**	**3,889**
Net book value					
At 31 March 2014	**174**	**4,540**	**308**	**9**	**5,031**
At 31 March 2013	189	3,612	302	11	4,114

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 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
Additions	-	-	-	-	-	250	250
Acquisition of subsidiary	1,266	-	-	-	-	-	1,266
Balance at 31 March 2014	**19,285**	**2,779**	**1,175**	**4,075**	**1,546**	**748**	**29,608**
Amortisation & impairment							
Balance at 31 March 2012	313	2,603	1,064	1,708	786	-	6,474
Amortisation for the year	-	176	111	680	150	37	1,154
Balance at 31 March 2013	313	2,779	1,175	2,388	936	37	7,628
Amortisation for the year	-	-	-	857	261	134	1,252
Balance at 31 March 2014	**313**	**2,779**	**1,175**	**3,245**	**1,197**	**171**	**8,880**
At 31 March 2014	**18,972**	**-**	**-**	**830**	**349**	**577**	**20,728**
At 31 March 2013	17,706	-	-	1,687	610	461	20,464

Goodwill is allocated to the following cash generating units ("CGU"):	Discount factor %	2014 £000	Discount factor %	2013 £000
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
Shengli	**13.0**	**1,266**	-	-
		18,972		17,706

Management have performed impairment reviews on the carrying value of goodwill as at 31 March 2014. 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 2018 - the projections were based on the 14/15 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.

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14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities	
	2014	2013
	£000	£000
Intangible assets	**199**	484
Accelerated capital allowances	**151**	(13)
Foreign company deferred tax	**-**	(2)
Tax liabilities	**350**	469

Movement in deferred tax liabilities during the year

	1 April 2013	**Recognised in income**	**31 March 2014**
	£000	**£000**	**£000**
Intangible assets	**(484)**	**174**	**(310)**
Accelerated capital allowances	**13**	**(53)**	**(40)**
Foreign company deferred tax	**2**	**(2)**	**-**
	(469)	**119**	**(350)**

Movement in deferred tax liabilities during the prior year

	1 April 2013	Recognised in income	31 March 2014
	£000	£000	£000
Intangible assets	(924)	440	(484)
Accelerated capital allowances	56	(43)	13
Other temporary differences	28	(26)	2
	(840)	371	(469)

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

	2014	2013
	£000	£000
Raw materials and consumables	**1,425**	1,325
Work in progress	**346**	393
Finished goods	**1,495**	1,057
	3,266	2,775

The cost of inventory recognised within the income statement was £13,290,000 (2013: £12,732,000)
Inventories are stated net of provisions amounting to £343,203 (2013: £235,000).

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16 Trade and other receivables

	2014 £000	2013 £000
Trade receivables (net of provisions)	**6,693**	6,204
Other receivables and prepayments	**1,223**	939
	7,916	7,143

There are no differences between the carrying amount and fair value of any of the trade and other receivables above.

The provision for bad and doubtful debts included within the net trade receivables balance above is £217,679 (2013: £109,000).

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

	2014 £000	2013 £000
Euro	**841**	735
US Dollar	**1,142**	1,888
Japanese Yen	**77**	163
Thai Baht	**8**	7
Indian Rupee	**95**	32
Chinese Renminbi	**495**	27

17 Other financial assets

	2014 £000	2013 £000
Derivatives	**371**	-

See note 26 for further information regarding financial instruments.

18 Cash and cash equivalents

	2014 £000	2013 £000
Cash and cash equivalents per balance sheet and cash flow statement	**3,134**	2,735

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

	2014 £000	2013 £000
Euro	**729**	337
US Dollar	**16**	441
Japanese Yen	**71**	53
Thai Baht	**62**	24
Indian Rupee	**31**	96
Chinese Renminbi	**293**	101

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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.

	2014 £000	2013 £000
Non-current liabilities		
Secured bank loans	**6,376**	5,903
	6,376	5,903
Current liabilities		
Current portion of secured bank loans	**3,928**	5,201
	3,928	5,201

Deferred debt issue costs

Included within bank loans are £260,000 (2013: £419,000) of costs capitalised as part of the refinancing.

On 28th March 2014, the Company refinanced its bank debt for a new £10.5 million committed banking facility with Barclays Bank plc. The new facility has a final maturity date of March 2018 and has been structured by means of a £5 million revolving credit facility and £5.5 million amortising term loan.

Security

Security can be analysed as follows:

	2014 £000	2013 £000
Property, plant and equipment	**5,031**	4,114
Inventories	**3,266**	2,775
Trade and other receivables	**7,916**	7,143
	16,213	14,032

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

The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant.

20 Trade and other payables

	2014 £000	2013 £000
Trade payables	**4,740**	3,403
Non-trade payables and accrued expenses	**1,621**	1,175
	6,361	4,578

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

	2014 £000	2013 £000
Euro	**405**	299
US Dollar	**62**	50
Thai Baht	**132**	79
Indian Rupee	**-**	84
Chinese Renminbi	**148**	55

21 Other financial liabilities

	2014 £000	2013 £000
Derivatives	-	193
	-	193

See note 26 for further information regarding financial instruments.

22 Share based payments

At 31 March 2014 the Group has the following share-based payment arrangements:

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

(ii) Long Term Incentive Plan ("LTIP") (equity settled). On 1 April 2010 the Group offered 21 of its employees the opportunity to participate in an LTIP. The discretionary LTIP is for the benefit of certain employees as approved by the Remuneration Committee. The awards are free share based awards, with non-market vesting conditions attached, that accrue the value of dividends over the vesting period. Awards vest five years after the original grant date providing the relevant performance criteria have been met.

In line with IFRS 2 Share-based payment, the Group has fair valued all grants of equity instruments which were unvested as of 1 January 2005.

Terms and conditions of share option scheme

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

Grant date/Employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award to Plastics Capital plc non-executive Director by Plastics Capital plc on 6 December 2007	50,000	Options vest over period of three years	6 December 2017 (10 years)
Equity settled award to Plastics Capital plc non-executive director by Plastics Capital plc on 19 January 2011	50,000	Options vest over period of three years	19 January 2021 (10 years)
Total share options	**100,000**		

Disclosure of share option scheme

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

	2014 Weighted average exercise price £	2014 Number of options No.	2013 Weighted average exercise price £	2013 Number of options No.
Outstanding at the beginning of the year	0.79	100,000	0.79	100,000
Exercised during the year	-	-	-	-
Outstanding at the end of the year	0.79	100,000	0.79	100,000
Exercisable at the end of the year	0.79	83,333	0.79	83,333

The options outstanding at 31 March 2014 have an exercise price in the range of £0.73 to £1.00 and a weighted average contractual life of 7.3 years. (2013: 7.3 years). There were no share options exercised during the year.

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22 Share based payments (continued)

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:

	2014 Weighted average exercise price £	2014 Number of shares No.	2013 Weighted average exercise price £	2013 Number of shares No.
Outstanding at the beginning of the year	**0.79**	**892,614**	0.79	900,565
Lapsed during the year - Award shares	-	-	-	-
Lapsed during the year - Bonus shares	-	-	-	-
Granted during the year - Award shares	-	-	-	-
Granted during the year - Bonus shares	-	-	-	-
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**	0.79	892,614
Exercisable at the end of the year	-	-	-	-

The shares outstanding at 31 March 2014 have an exercise price of £0.79 (2013: £0.79) and a weighted average contractual life of 8 years (2013: 8 years). There were no shares exercised during the year.

23 Dividends

Interim dividends paid in respect of the half year ended 30 September 2013 were £302,000 (1.00p per share). A final dividend of 2.00p per share, amounting to a total dividend of £605,000 (2013: 366,000) in respect of the full year results has been recommended. These financial statements do not reflect this dividend payable.

24 Capital and reserves

	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 2013	275	14,098	611	2,640	(200)	3,149	20,573
Total recognised income and expense for the year	-	-	(195)	-	-	879	684
Shares issued	27	2,472					2,499
Dividends paid	-	-	-	-	-	(669)	(669)
Balance at 31 March 2014	**302**	**16,570**	**416**	**2,640**	**(200)**	**3,359**	**23,087**

	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

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Share capital

In thousands of shares	Ordinary shares of 1p each 2014	2013
In issue at 1 April	**27,542**	27,542
Shares issued during the year	**2,700**	-
In issue at 31 March - fully paid	**30,242**	27,542

	2014 £000	2013 £000
Allotted, called up and fully paid		
30,242,532 ordinary shares of 1p each (2013: 27,542,532 ordinary shares of 1p each)	**302**	275
	302	275

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 2014 was 892,614

25 Earnings per share

	2014 £000	2013 £000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year from continuing operations	**879**	1,303
Profit for the year	**879**	1,303
Denominator		
Weighted average number of shares used in basic EPS *	**27,549,918**	26,649,918
Weighted average number of shares used in diluted EPS *	**27,549,918**	26,649,918

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

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26 Financial instruments

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

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

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

(a) Fair value and cash flow interest rate risk

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

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

Amortising interest rate cap and floor arrangements are in place at Group level. These are taken out to protect against interest rate movement on LIBOR. The interest rate hedges are for the life of the loan and cover approximately 33% (2013: 65%) of the loans value.

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

During 2014 and 2013, the Group's borrowings were denominated in Euro, US Dollar and Sterling and subject to floating rate charges as follows:

	2014 Floating rate £000	2013 Floating rate £000
GBP	**10,304**	9,797
USD	**-**	1,294
EUR	**-**	13
	10,304	11,104

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 £340,000 (2013: £280,000). Approximately 33% 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 £484,000 (2013: £358,000). Approximately 33% of the debt is hedged at an interest rate cap of 2.5%.

(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 Bank to cover the foreign currency risk.

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Exposure to currency risk

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

	31 March 2014						
	EUR £000	**USD £000**	**GBP £000**	**JPY £000**	**THB £000**	**INR £000**	**RMB £000**
Trade receivables	**841**	**1,142**	**4,035**	**77**	**8**	**95**	**495**
Secured bank loans	**-**	**-**	**(10,304)**	**-**	**-**	**-**	**-**
Trade payables	**(405)**	**(62)**	**(3,990)**	**-**	**(132)**	**(1)**	**(148)**
Gross exposure	**436**	**1,080**	**(10,259)**	**77**	**(124)**	**94**	**347**
Forward exchange contracts	**-**	**-**	**(371)**	**-**	**-**	**-**	**-**
Net exposure	**436**	**1,080**	**(10,630)**	**77**	**(124)**	**94**	**347**

	31 March 2013						
	EUR £000	USD £000	GBP £000	JPY £000	THB £000	INR £000	RMB £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)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
GBP	**2014**	2013	**2014**	2013
EUR	**1.186**	1.228	**1.210**	1.182
USD	**1.590**	1.580	**1.667**	1.518
JPY	**159.3**	131.0	**171.8**	142.8
THB	**50.0**	48.7	**54.01**	44.5
INR	**96.1**	85.9	**100.1**	82.4
RMB	**9.7**	9.9	**10.4**	9.4

Sensitivity analysis

A 10% weakening of Sterling against the following currencies at 31 March 2014 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 2013.

	Net financial assets and liabilities £000	**Profit or loss £000**
At 31 March 2014		
USD	**110**	**572**
EUR	**117**	**303**
JPY	**15**	**(22)**
THB	**(6)**	**(140)**
INR	**13**	**2**
RMB	**64**	**39**
At 31 March 2013		
USD	98	677
EUR	75	182
JPY	22	(7)
THB	(5)	(140)
INR	14	(1)
RMB	17	(8)

A 10% strengthening of Sterling against the following currencies at 31 March 2014 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.

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26 Financial instruments (continued)

The analysis has been performed on the same basis for 31 March 2013.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2014		
USD	**(100)**	**(520)**
EUR	**(106)**	**(275)**
JPY	**(13)**	**20**
THB	**6**	**127**
INR	**(11)**	**(2)**
RMB	**(58)**	**(35)**
At 31 March 2013		
USD	(89)	(614)
EUR	(69)	(166)
JPY	(20)	6
THB	4	127
INR	(13)	1
RMB	(10)	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.

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

(c) Liquidity risk

The liquidity risk of each Group entity is managed centrally by the Group treasury function.

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

2014

	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	**4.71%**	**10,564**	**10,564**	**3,991**	**786**	**786**	**5,001**	**-**
Trade and other payables		**6,361**	**6,361**	**6,361**	**-**	**-**	**-**	**-**
Deferred debt issue costs		**(260)**	**-**	**(65)**	**(65)**	**(65)**	**(65)**	**-**
Total		**16,665**	**16,925**	**10,287**	**721**	**721**	**4,936**	**-**

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	-	-

(d) Credit risk
The Group is mainly exposed to credit risk from sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any terms which may be extended to customers.

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

Aged trade receivables

	Current £000	>30 days £000	>60 days £000	>90 days £000	>120 days £000	Total £000
2014	**3,900**	**1,431**	**956**	**362**	**44**	**6,693**
2013	3,754	1,541	620	195	94	6,204

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	**2014 £000**	2013 £000
Trade receivables	16	**6,693**	6,204
Foreign exchange contracts used for hedging	17	**371**	-
Cash and cash equivalents	18	**3,134**	2,735
		10,198	8,939

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

	2014 £000	2013 £000
GBP	**4,033**	3,352
EUR	**842**	735
USD	**1,143**	1,888
JPY	**77**	163
THB	**8**	7
INR	**95**	32
RMB	**495**	27
	6,693	6,204

The ageing of receivables at the reporting date was:

	Gross 2014 £000	**Impairment 2014 £000**	Gross 2013 £000	Impairment 2013 £000
Not past due	**3,900**	**-**	3,754	-
Past due 0 - 30 days	**1,431**	**-**	1,541	-
Past due 31 - 60 days	**956**	**-**	620	-
Past due 61 - 90 days	**446**	**84**	210	15
More than 90 days	**178**	**134**	188	94
	6,911	**218**	6,313	109

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26 Financial instruments (continued)

(e) Maturity of debt

	Currency	Nominal interest rate	Period of maturity	31 March 14 £000 Face value	31 March 14 £000 Carrying amount	31 March 13 £000 Face value	31 March 13 £000 Carrying amount
Bank loan & overdraft	GBP	2.75%	4 years	**10,304**	**10,304**	9,797	9,797
	EUR	2.75%	4 years	**-**	**-**	-	-
	USD	2.75%	4 years	**-**	**-**	1,294	1,294
Asset backed loan	EUR	2.75%	-	**-**	**-**	13	13
Deferred consideration	GBP	-	-				
				10,304	**10.304**	11,104	11,104

On 28th March 2014, the Company refinanced its bank debt for a new £10.5 million committed banking facility with Barclays Bank plc. The new facility has a final maturity date of March 2018 and has been structured by means of a £5 million revolving credit facility and £5.5 million amortising term loan.

(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 2014 and 31 March 2013.

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

	Carrying amount liability 2014 £000	Fair value liability 2014 £000	Carrying amount liability 2013 £000	Fair value liability 2013 £000
Forward contracts - foreign exchange	**370**	**370**	194	194
Interest rate collar	**1**	**1**	(1)	(1)
	371	**371**	193	193

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. There were no significant unobservable inputs that had an effect on fair value.

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).

There were no transfers between levels during the year.

31 March 2014

	Level 2 £000	Total £000
Forward exchange contracts used for hedging	370	370
Interest rate collar	1	1
	371	371

31 March 2013

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

(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.

27 Operating leases
Non-cancellable operating lease rentals are payable as follows:

	Land & buildings 2014 £000	Plant & machinery 2014 £000	Total 2014 £000	Land & buildings 2013 £000	Plant & machinery 2013 £000	Total 2013 £000
Less than one year	850	75	925	715	78	793
Between one and five years	2,585	77	2,662	2,009	116	2,125
More than five years	2,124	-	2,124	2,224	-	2,224
	5,559	152	5,711	4,948	194	5,142

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 2015
Sanders Road	August 2022	August 2022	August 2022
Tavistock Street	October 2025	October 2015	October 2015
Rayong, Thailand	May 2016	May 2016	May 2016
Mumbai India	April 2016	April 2016	April 2016
Shanghai, China	November 2015	November 2015	November 2015
Beijing, China	November 2017	November 2017	November 2017

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

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28 Related parties

In addition to Directors emoluments disclosed in Note 7, key management remuneration during the year was £437,000 (2013: £408,000) with company pension contributions of £12,000 (2013: £12,000).

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 Acquisition of subsidiary

On 28 March 2014 the group acquired 100 per cent of the issued share capital of Beijing Higher Shengli Printing Science and Technology Co Ltd ("Shengli") so obtaining control of Shengli. Shengli is a leading Chinese manufacturer of creasing matrix and its acquisition has enabled the Group to increase its presence in China and should enable C&T Matrix Limited ("C&T") and Shengli to realise significant synergies. The Directors' believe that C&T and Shengli between them now have approximately 40 per cent. of the plastic creasing matrix market in China.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£000
Property plant and equipment	103
Intangible assets	-
Inventories	180
Trade and other receivables	401
Cash and cash equivalents	92
Trade and other payables	(822)
Total identifiable assets	(46)
Goodwill	1,266
Total consideration	1,220
Satisfied by:	
Cash	1,220
Cash acquired	(92)
Total consideration transferred	1,128

The fair value of the financial assets includes trade and other receivables with a fair value of £401,000 and a gross contractual value of £500,000. The best estimate at acquisition date of the contractual cash flows not to be collected is £99,000.

The goodwill of £1,266,000 arising from the acquisition consists of the synergies, assembled workforce, technical expertise and increased geographical presence in China. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition related costs (included in administrative expenses) amount to £682,000.

Shengli contributed £125,000 revenue and £57,000 to the Group's profit for the period between the date of acquisition and the balance sheet date. If the acquisition of Shengli had been completed on the first day of the financial year, group revenues for the period would have been £2,000,000 and group profit would have been £400,000.

Subsequent deferred consideration relating to the acquisition of Shengli depends on the finalisation of Shengli's completion balance sheet. This still remains outstanding and there is no expectation at present that any additional consideration is required to be paid as part of the deal.

Due to the proximity of the acquisition to the year end, the information provided is provisional and other intangibles have not yet been calculated as separate from goodwill. A formal valuation process will take place in the coming year.

31 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%
Plastics Capital Shanghai Trading Limited	China	Plastics products	100%
Plastics Capital Shanghai Parts Limited	China	Plastics products	100%
Beijing Higher Shengli Printing Science and Technology Co Ltd	China	Plastics products	100%
GKT Partnership Limited	England and Wales	Holding company	100%
Plastics Capital (Trustee) Limited *	England and Wales	Trust company	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 2014

	Note	2014 £000	2013 £000
Fixed assets			
Investments	2	**10,761**	10,765
		10,761	10,765
Current assets			
Debtors (including £17.1m (2013: £15.2m) due after more than one year)	3	**17,182**	15,284
Current liabilities			
Creditors: amounts falling due within one year		**(151)**	(187)
Net current assets		**17,031**	15,097
Total assets less current liabilities		**27,792**	25,862
Net assets		**27,792**	25,862
Capital and reserves			
Share capital	4	**302**	275
Share premium	4	**16,633**	14,161
Merger reserve	4	**10,544**	10,544
Capital redemption reserve	4	**194**	194
Retained earnings	4	**119**	688
Total shareholders' funds		**27,792**	25,862

These financial statements were authorised for issue by the Board of Directors on 30th June 2014 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, Thailand, 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

	2014 £000	2013 £000
Investments (see note 31 of Group accounts)	**10,761**	10,765
	10,761	10,765

3 Debtors

	2014 £000	2013 £000
Other debtors and prepayments	**64**	70
Amounts owed by Group undertakings	**17,118**	15,214
	17,182	15,284

Included in amounts owed by parent undertakings is £17,118,000 (2013: £15,214,000) in respect of amounts due after more than one year. Interest is accrued on this balance at 1% over the base rate.

Notes

(forming part of the financial statements)

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 2013	275	14,161	10,544	194	688	25,862
Profit(loss) for the financial year	-	-	-	-	100	100
Share issue	27	2,472	-	-	-	2,499
Dividends paid	-	-	-	-	(669)	(669)
Balance at 31 March 2014	**302**	**16,633**	**10,544**	**194**	**119**	**27,792**

5 Reconciliation of movements in shareholders' funds

Statement of change in equity

	Total £000
Profit for the financial year	100
Share issue less equity fees	2,499
Dividends paid	(669)
Net addition to shareholders' funds	1,930
Opening shareholders' funds	25,862
Closing shareholders' funds	**27,792**

6 Staff numbers and costs

The only employees of the Company are the statutory Directors as listed on page 20. All remuneration was borne by a subsidiary Group company.

Company Information

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