Final **27 November 2012**

Plastics Capital plc

("Plastics Capital", the "Company" or the "Group")

Interim Results for the six months ended 30 September 2012

Plastics Capital plc (AIM: PLA) the niche plastics products manufacturer, today announces its interim results for the six months ended 30 September 2012 which are in line with management expectations.

Financial highlights

	Six months ended 30 September 2012 £'000	Six months ended 30 September 2011 £'000	% Change
Revenue	15,711	16,255	-3%
EBITDA*	2,290	2,717	-16%
Profit before tax*	1,828	1,972	-7%
Earnings per share*+ (p)	5.5	5.3	4%
Dividends per share (p)	0.66	0.33	100%
Net Debt	8,605	11,248	-24%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses.*
+ applying an expected tax charge of 17% and based on the average number of shares currently in issue in the year.

- Strong cash conversion – 96% of EBITDA converted to operating cash flow
- Net debt reduced by £10m over last 3 years

Operational highlights

- Improving earnings per share – 4% up on H1 11-12, 15% up on H2 11-12
- 7% year-on-year revenue growth outside Europe – overall revenues marginally down
- New business wins continue - seven new key accounts won during first half year
- Significant technical breakthroughs on key product development projects
- Major investment approved for new high strength industrial films

Commenting on these results, Faisal Rahmatallah, Executive Chairman, said:

"Over the first half of the financial year, we have improved earnings per share, announced a doubling of the interim dividend and reduced net debt by another £2.6m. Ignoring mainland Europe, where sales are down due to the recession there, the Group continues to perform well and new business wins continue. The Board expects the Company trade broadly in line with expectations for the rest of the financial year."

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Notes to Editor

Plastics Capital manufactures innovative plastics products for global niche markets. The Group has four factories in the UK, one in Thailand and sales offices in the USA, Japan, China and India. Approximately 60 per cent of sales are sold outside the UK to over 80 countries worldwide. Production is concentrated in the UK where significant engineering know-how and automation underpins the Group's competitiveness. The Group has approximately 300 employees.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review

These interim results reflect consistent performance over the last 18 months with good profitability and strong cash flow. Disappointingly, there has been no revenue growth as the slowdown in Europe has counteracted new business gains made right across the Group.

Compared to the same period last year, on an underlying basis the Group has:

- Increased earnings per share from 5.3p to 5.5p;
- Reduced net debt by £2.6m to £8.6m;
- Seen a reduction in sales from £16.3m to £15.7m; and
- Seen profit before tax reduce from £2.0m to £1.8m.

Sales have reduced compared to the same period last year specifically due to weak European demand in our Industrial Products division, where sales were down 30%. In addition, we have experienced lower average prices for certain commodity raw materials and have passed these through in lower sales prices to customers. Ignoring lower sales in mainland Europe and the impact of lower raw material prices, sales were up by 7% as new business wins more than made up for slack demand.

Operating profit margin has reduced to 12% from the 14% achieved in H1 11-12. There are two reasons for this – firstly, a worse US dollar/sterling exchange rate in H1 12-13 than H1 11-12 has prevailed, and secondly, we realised a high proportion of revenue from engineering services associated with recently won new projects – this type of revenue is generally at a lower margin than product sales. However, a high level of engineering services revenue also indicates a strong pipeline of product sales to flow through in the future.

Profit before tax and earnings per share have both benefitted from:

- Lower interest costs as our debt has continued to decrease, and
- Realised profits on foreign currency debt that has been converted into sterling during the half year.

Earnings per share has benefitted from a lower tax rate, which arises from the R&D tax credit and from the reduction in the rate of corporation tax. This should be sustainable going forward, barring changes in UK government policy. It is worth noting that over the last four years our first six months' results show that underlying earnings per share have achieved at a compound annual growth rate of 10% per annum.

Operating cash flow has been good with £2.0m being generated for the six month period – this represents a 96% conversion from EBITDA. Working capital has been carefully managed and capital expenditure has been unusually low, mainly as key projects have been subject to minor technical delays. We would expect capital expenditure to return to normal over the full year period.

Net debt has been reduced to £8.6m at the end of the half year. Over the last three years we have reduced net debt by nearly £10m, primarily from operational cash flow. Net debt is now at a level which we consider satisfactory given the cash flow characteristics of the business.

The Company is pleased to announce that it intends to pay an interim dividend of 0.66p to all shareholders on 28 December 2012 in respect of the period ended 30 September 2012. The record date for the dividend is 7 December 2012 and the associated ex-dividend date is 5 December 2012.

New Business

New business, which comprises business won minus business lost over the prior twelve months, has contributed 4% to sales over the period. Notably our UK focused industrial films business has performed particularly well in this regard – its strategy of high service, product customization and small run lengths is well adapted to current market conditions.

Seven new key accounts (customers with annual sales potential exceeding £100,000) have been converted during the first six months of the year, including:

- Initial sales of mandrel at two substantial customer sites in North America where hydraulic and industrial hose are manufactured;
- Conversion of an initial project in the camera industry for miniature bearings in the lens focus system; this application may have potential for substantial growth if included widely in camera lens systems; and
- Three industrial customers needing high strength polyethylene films – two in specialist furniture and the third in construction materials.

Whilst this is slightly slower progress than expected, we are encouraged by the long list of prospects where conversion is close to being achieved – for example, in our mandrel business we have production trials ongoing at 20 potential new sites.

We continue to work on new products, mainly derivatives and improvements of existing ones. Those of particular note include:

- An exciting new product breakthrough on plastic ball bearings for photocopier toner cartridges which we have been working on for a few years. This is a substantial market opportunity given the frequency of replacement of these cartridges. We are hopeful that we can bring this product to market in the next two to three years. The potential annual sales value associated with this product is several million pounds.
- Continued good progress in testing and approval of bearings for control knobs on automotive instrument control panels. We have now received the first prototype tool order for this application.
- Investment in new capacity to enable us to introduce narrow width, high strength films and bags in our industrial film packaging business. The new production line should be in place during the first half of FY13-14.

Operations and Costs

In spite of weak demand we have chosen to maintain our workforce and where necessary adjust to the slow conditions by reducing temporary staff and overtime. No significant cost cutting exercise has been deemed sensible or necessary despite the poor economic conditions. Quality and service levels have been maintained close to targets despite our customers' tendency to order in smaller lot sizes and with shorter delivery notice periods.

Raw material prices have been flat for engineering polymer grades and declining for commodity polymer grades over most of the period. However August/September saw a significant bounce back in polyethylene prices so that the period finished with commodity prices on the rise again. On average for the half year, raw material prices have been lower than the comparable period last year and this has partly fed through to lower sales prices.

Management

We have made some changes to our senior management teams over the last six months. At C&T Matrix, our creasing matrix business, we have appointed a new Finance Director, Adrian Farmer, and made the position of COO redundant. At BNL, our bearings business, we have made the role of Supply Chain Director redundant and restructured the Sales and Business Development responsibilities to facilitate the growth of the business; meanwhile, we have appointed Malcolm Ford to the new role of Operations Director. Malcolm spent a number of years running injection moulding plants in Eastern Europe for Black & Decker and will bring valuable experience and know-how to the team at BNL.

Acquisition Activity

We are seeing increasing acquisition activity and have a number of discussions ongoing with interesting target companies. We continue to believe that this represents a major part of the Group's development over the coming years. We have greater confidence in being able to conclude an acquisition in the near future than at any time since our last acquisition in 2008.

Outlook

Volumes have been flat over the two quarters that made up the first half year. Since the half year end, this pattern seems to be continuing. However, the pipeline of new business which we have built up over the last two years will have an increasing impact on future revenues. That being the case, we would anticipate some improvement to trading, even if modest, in the second half year. Over the medium to longer term, we expect to see revenue growth resuming as this new business flows through. We remain confident about the direction and future growth of the Group.

Faisal Rahmatallah
Executive Chairman.

Plastics Capital plc
Consolidated Income Statement
for the six months ended 30 September 2012

	Note	**Before foreign exchange & exceptional items 2012 £'000**	**Foreign exchange impact on derivative and loans 2012 £'000**	**Exceptional items 2012 £'000**	**Total 2012 £'000**	Before foreign exchange & exceptional items 2011 £'000	Foreign exchange impact on derivatives and loans 2011 £'000	Exceptional items 2011 £'000	Total 2011 £'000
Revenue		**15,711**	**-**	**-**	**15,711**	16,255	-	-	16,255
Cost of sales		**(9,910)**	**4**	**-**	**(9,906)**	(10,123)	201	(6)	(9,928)
Gross profit		**5,801**	**4**	**-**	**5,805**	6,132	201	(6)	6,327
Distribution expenses		**(998)**	**-**	**-**	**(998)**	(1,041)	-	-	(1,041)
Administration expenses		**(3,554)**	**-**	**(189)**	**(3,743)**	(3,567)	-	(332)	(3,634)
Other income		**2**	**-**	**-**	**2**	-	-	-	-
Operating profit		**1,251**	**4**	**(189)**	**1,066**	1,524	201	326	2,051
Financial income	*5*	**-**	**217**	**-**	**217**	202	71	-	273
Finance expense	*5*	**(329)**	**-**	**-**	**(329)**	(353)	(371)	(1,036)	(1,760)
Net financing (costs) / income		**(329)**	**217**	**-**	**(112)**	(151)	(300)	(1,036)	(1,487)
Profit before tax		**922**	**221**	**(189)**	**954**	1,373	(99)	(710)	564
Tax	*6*	**(250)**	**-**	**-**	**(250)**	(150)	-	-	(150)
Profit for the period		**672**	**221**	**(189)**	**704**	1,223	(99)	(710)	414
Foreign exchange translation differences		**(1)**	**-**	**-**	**(1)**	93	-	-	93
Total comprehensive income		**671**	**221**	**(189)**	**703**	1,316	(99)	(710)	507

Earnings per share

	Note	**Total 2012**	Total 2011
Basic	*8*	**2.6p**	1.5p
Diluted	*8*	**2.6p**	1.5p

Plastics Capital plc
Consolidated Income Statement *(continued)*
for the year ended 31 March 2012

	Note	Audited Before foreign exchange & exceptional items	Audited Foreign exchange impact on derivatives and loans	Audited Exceptional items	Audited Total
		2012	2012	2012	2012
		£'000	£'000	£'000	£'000
Revenue		32,096	-	-	32,096
Cost of sales		(20,179)	284	-	(19,895)
Gross profit		11,917	284	-	12,201
Distribution expenses		(2,034)	-	-	(2,034)
Administration expenses		(7,145)	-	215	(6,930)
Other income		11	-	-	11
Operating profit		2,749	284	215	3,248
Financial income	*5*	169	69	-	238
Finance expense	*5*	(684)	(303)	(1,000)	(1,987)
Net financing costs		(515)	(234)	(1,000)	(1,749)
Profit before tax		2,234	50	(785)	1,499
Tax	*6*	154	-	-	154
Profit for the period		2,388	50	(785)	1,653
Foreign exchange translation differences		87	-	-	87
Total comprehensive income		2,475	50	(785)	1,740

Earnings per share		
Basic	*8*	6.2p
Diluted	*8*	6.2p

Plastics Capital plc
Consolidated Balance Sheets

	Unaudited As at 30 September 2012 £000	Unaudited As at 30 September 2011 £000	Audited As at 31 March 2012 £000
Non-current assets			
Property, plant and equipment	**3,870**	4,275	4,164
Intangible assets	**20,934**	21,832	21,370
	24,804	26,107	25,534
Current assets			
Inventories	**3,043**	3,278	3,134
Trade and other receivables	**6,666**	6,875	6,858
Other financial assets	**193**	-	30
Cash and cash equivalents	**3,297**	1,902	2,550
	13,199	12,055	12,572
Total assets	**38,003**	38,162	38,106
Current liabilities			
Interest-bearing loans and borrowings	**5,041**	4,527	5,137
Trade and other payables	**4,748**	4,818	4,820
Corporation tax liability	**545**	693	301
	10,334	10,038	10,258
Non-current liabilities			
Interest-bearing loans and borrowings	**6,861**	8,623	7,561
Other financial liabilities	**-**	2	-
Deferred tax liabilities	**842**	1,194	840
	7,703	9,819	8,401
Total liabilities	**18,037**	19,857	18,659
Net assets	**19,966**	18,305	19,447
Equity attributable to equity holders of the parent			
Share capital	**275**	275	275
Share premium	**14,098**	14,098	14,098
Reverse acquisition reserve	**2,640**	2,640	2,640
Translation reserve	**435**	442	436
Capital redemption reserve	**(214)**	(214)	(214)
Retained earnings	**2,732**	1,064	2,212
Total equity	**19,966**	18,305	19,447

Plastics Capital plc
Consolidated Cash Flow Statements

	Unaudited Six months ended 30 September 2012 £000	Unaudited Six months ended 30 September 2011 £000	Audited Year ended 31 March 2012 £000
Profit after tax for the period	**704**	312	1,653
Adjustments for:			
Income tax adjustment	**250**	152	(154)
Depreciation, amortisation and impairment	**1,035**	992	1,991
Financial income	**(217)**	(273)	(238)
Financial expense	**329**	1,760	1,987
Gain on disposal of plant, property and equipment	**-**	(399)	(301)
Changes in working capital:			
Decrease in trade and other receivables	**192**	506	523
Decrease / (Increase) in inventories	**91**	(84)	60
(Decrease) in trade and other payables	**(72)**	(687)	(688)
Cash generated from operations	**2,312**	2,279	4,833
Interest paid	**(245)**	(314)	(559)
Income tax paid	**(6)**	-	(440)
Net cash from operating activities	**2,061**	1,965	3,834
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(183)**	(399)	(808)
Dividends received	**2**	-	2
Proceeds from disposal of PPE and investments	**-**	443	446
Development expenditure capitalised	**(125)**	(150)	(250)
Net cash from investing activities	**(306)**	(106)	(610)
Cash flows from financing activities			
Proceeds from new borrowings	**-**	11,000	11,000
Repayment of borrowings and fees	**(824)**	(12,604)	(12,605)
Payment of deferred consideration	**-**	-	(625)
Dividends paid	**(184)**	-	(91)
Net cash from financing activities	**(1,008)**	(1,604)	(2,321)
Increase in cash and cash equivalents	**747**	255	903
Cash and cash equivalents at 1 April	**2,550**	1,647	1,647
Cash and cash equivalents at 30 September and 31 March	**3,297**	1,902	2,550

Plastics Capital plc
Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2011	**275**	**14,098**	**349**	**2,640**	**(214)**	**650**	**17,798**
Profit or loss	-	-	93	-	-	414	507
Balance at 30 September 2011	**275**	**14,098**	**442**	**2,640**	**(214)**	**1,064**	**18,305**
Profit or loss	-	-	(6)	-	-	1,239	1,233
Dividends paid	-	-	-	-	-	(91)	(91)
Balance at 31 March 2012	**275**	**14,098**	**436**	**2,640**	**(214)**	**2,212**	**19,447**
Profit or loss	-	-	(1)	-	-	704	703
Dividends paid	-	-	-	-	-	(184)	(184)
Balance at 30 September 2012	**275**	**14,098**	**435**	**2,640**	**(214)**	**2,732**	**19,966**

1 Basis of preparation and accounting policies

Basis of preparation

The interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 30 September 2012 that are effective (or available for early adoption) as at 31 March 2013. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below, which they expect to apply to the annual IFRS financial statements for the year ending 31 March 2013.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the period ending 31 March 2013 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the period ending 31 March 2013.

Accounting policies

The accounting policies applied to the Interim Results for six months ended 30 September 2012 are consistent with those of the Company's annual accounts for the year ended 31 March 2012.

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.

Restatement of operating segment information

The operating segment information which is disclosed in Note 3 has been restated for the six months ended 30 September 2011 so that it is consistent with the treatment applied to the statutory accounts for the year ended 31 March 2012. The differences in treatment are as follows:

- "Unallocated and reconciling amounts" in the table on page 13, now includes amortization and unrealized losses and gains on derivatives; these were excluded in the interim statements for the six months ended 30 September 2011.

- The reconciliation of reportable profits on page 14 now reconciles the sum of the two divisions' profit before tax to consolidated profit before income tax. In the interim statements for the six months ended 30 September 2011 the total profit before tax was reconciled to consolidated profit before income tax.

2 Reconciliation of financial highlights table to the consolidated income statement

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	**Change %**
Revenue	**15,711**	**16,255**	**-3.3%**
Gross profit	**5,805**	**6,327**	**-8.3%**
Operating profit	**1,066**	**2,051**	**-48.0%**
Add back: Exceptional (gain) / cost	189	(326)	
Add back: Amortisation	559	560	
Operating profit before exceptional costs and amortisation	**1,814**	**2,285**	**-20.6%**
Add back: Depreciation	476	432	
EBITDA before exceptional costs	**2,290**	**2,717**	**-15.7%**
Profit before tax	954	564	**69.1%**
Add back: Amortisation	559	560	
Add back: Exceptional costs	189	710	
Add back: Capitalised deal fee amortisation	75	40	
Add back: Unrealised foreign exchange gains	219	(71)	
Add back: Unrealised derivative losses / (gains)	(163)	169	
Profit before tax*	**1,828**	**1,972**	**-7.3%**
Taxation	(250)	(150)	
Profit after tax*	**1,578**	**1,822**	**-13.4%**
Basic adjusted EPS*+	**5.5p**	**5.3p**	**3.8%**
Basic EPS	**2.6p**	**1.5p**	**73.3%**
Capital expenditure	**183**	**399**	**-54.1%**
Net Debt	**8,605**	**11,248**	**-23.5%**

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and unrealised derivative gains/losses
+ applying an expected tax charge of 17% and based on the average number of shares in issue in the year

3 Operating segment information

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

- Packaging – includes creasing matrix and films
- Industrial Products – includes hose mandrel and plastic bearings

	Industrial Products	Packaging	Unallocated and reconciling items	Total
	Unaudited Six months to 30 September 2012 £000	**Unaudited Six months to 30 September 2012 £000**	**Unaudited Six months to 30 September 2012 £000**	**Unaudited Six months to 30 September 2012 £000**
External sales*	**7,234**	**8,477**	**-**	**15,711**
Profit before tax**	**232**	**396**	**326**	**954**
Depreciation and amortisation	**346**	**125**	**564**	**1,035**
	Unaudited Six months to 30 September 2011 £000	Unaudited Six months to 30 September 2011 £000	Restated Unaudited Six months to 30 September 2011 £000	Restated Unaudited Six months to 30 September 2011 £000
External sales*	7,716	8,539	-	16,225
Profit / (loss) before tax**	590	777	(773)	564
Depreciation and amortisation	310	119	563	992
	Audited 2012 £000	Audited 2012 £000	Audited 2012 £000	Audited 2012 £000
External sales*	15,230	16,866	-	32,096
Profit before tax**	954	1,095	(550)	1,499
Depreciation and amortisation	619	240	1,132	1,991

** All revenue is attributable to external customers, there are no transactions between operating segments*
*** Profit before tax for unallocated and reconciling items is analysed on Page 14.*

3 Operating segment information *(continued)*

Reconciliation of reportable segment revenue

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited 2012 £000
Packaging			
Packaging consumables	**2,912**	2,836	5,531
High strength film packaging	**5,565**	5,703	11,335
Industrial Products			
Plastics rotating parts	**5,712**	5,792	11,976
Hydraulic hose consumables	**1,522**	1,924	3,254
Turnover per consolidated income statement	**15,711**	16,255	32,096

Reconciliation of reportable segment profit

	Unaudited Six months to 30 September 2012 £000	Restated Unaudited Six months to 30 September 2011 £000	Audited 2012 £000
Total profit for reportable segments	**628**	1,367	2,049
Unallocated amounts:			
Amortisation	**(559)**	(560)	(1,119)
Unrealised (losses)/gains on derivatives	**164**	(169)	(137)
Management charge income	**1,475**	1,475	2,950
FX hedge gain/(loss) on forward contracts	**4**	201	283
Plastics Capital Trading Ltd and Plastics Capital plc costs	**(547)**	(534)	(882)
Net interest costs	**(276)**	(282)	(615)
Exceptional costs	**(11)**	(1,036)	(1,000)
Other	**76**	102	(30)
Consolidated profit before income tax	**954**	564	1,499

4 Exceptional items

Cost of Sales

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited 2012 £000
Restructuring/integration costs	**-**	6	-
	-	6	-

Administrative Expenses

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited 2012 £000
Company set up costs	**-**	-	53
Restructuring/integration costs	**-**	67	24
Redundancy & recruitment costs	**189**	-	-
Gain on sale of investment	**-**	(399)	(292)
	189	(332)	(215)

Finance Expenses

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited 2012 £000
Write off of capitalised deal fees and interest rate hedge break fees	**-**	1,036	1,000
	-	1,036	1,000

5 Financial income and expenses

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Financial income:			
Interest income	**-**	-	3
Gains on derivatives used to manage interest rate risk	**-**	202	166
Financial income	**-**	202	169
Financial expenses:			
Bank interest	**245**	301	545
Amortisation of capitalised deal fees	**75**	38	125
Deferred consideration interest	**-**	14	14
Loss on derivatives used to manage interest rate risk	**9**	-	-
Financial expenses	**329**	353	684
Financial income and expenses included within foreign exchange:			
Net foreign exchange gains	**44**	71	69
Unrealised gains / (losses) on derivatives used to manage foreign exchange risk	**173**	(371)	-
Exceptional items	**217**	(300)	69

The net foreign exchange gain represent unrealized and realized gains arising on the translation of foreign currency loans back into Sterling.

6 Taxation

The taxation charge is calculated by applying the Directors' best estimate of the annual tax rate for the profit for the period.

7 Dividends

The Directors recommend the payment of an interim dividend of 0.66p per share *(*30 September 2011*: 0.33p).*

8 Earnings per share

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Numerator			
Profit for the period	**704**	414	1,653
Denominator			
Weighted average number of shares used in basic EPS	**27,542,543**	27,542,543	26,620,877
Weighted average number of shares used in diluted EPS	**27,642,543**	27,642,543	26,620,877
Basic earnings per share (total)	**2.6p**	1.5p	6.2p
Diluted earnings per share (total)	**2.6p**	1.5p	6.2p

9 Accounts

Copies of the interim accounts may be obtained from the Company Secretary at the Registered Office of the Company: St Mary's House, 42 Vicarage Crescent, London, SW11 3LD.