Final **2 December 2013**

Plastics Capital plc

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

Interim Results for the six months ended 30 September 2013

Plastics Capital plc (AIM: PLA) the niche plastics products manufacturer, announces the Company's interim results for the six months ended 30 September 2013, which are in line with management expectations.

Financial highlights

	Six months ended 30 September 2013 £'000	Six months ended 30 September 2012 £'000	% Change
Revenue	16,358	15,711	4.1%
EBITDA*	2,436	2,290	6.4%
Profit before tax*	1,738	1,828	-4.9%
Earnings per share*+ (p)	5.4	5.5	-2.5%
Dividends per share (p)	1.00	0.66	51.5%
Net Debt	8,067	8,605	-6.3%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses.*
+ applying an expected tax charge of 15% and based on the weighted average number of shares currently in issue in the year.

Financial Highlights

- Earnings before interest, tax, depreciation, and amortisation resumes upward trend;
- Improvement in operating profit (before exceptional costs and amortisation) margin from 11.5% to 11.9%;
- Net debt reduced by £0.5m to £8.1m; and
- 7% underlying EPS growth – before one-off foreign exchange gain in H1 2012-13

Operational highlights

- Revenue growth resumes – 4.1% growth on both H1 and H2 2012-13;
- Mandrel sales up 56% on same period in prior year;
- 10 new key account wins underpin sales growth going forward;
- Major investment in new capacity for industrial films completed successfully;
- Chinese factory for machined bearings brought into production on time and budget; and
- Post period end contracts exchanged to acquire Chinese creasing matrix competitor, Shengli.

Commenting on these results, Faisal Rahmatallah, Executive Chairman, said: "I am pleased to report that growth in sales and in underlying profitability have both resumed. In the half year, demand from Europe has improved, new business has contributed to growth across the Group, additional sales and marketing investment has continued and new capacity has been added for both industrial films and machined bearings. We have also recently announced the acquisition of

Shengli, the leading Chinese producer of creasing matrix, which is a major step forward in this region. The Board expects the Group to trade in line with expectations for the rest of the 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 results reflect improving performance driven by sales growth and the operational gearing inherent across the Group. Revenue growth has resumed on the back of some partial demand recovery from customers in Europe and we have continued to win new business, which has more than compensated for some relatively minor losses.

Compared to H1 2012-13, on an underlying basis (excluding for the one-off realized foreign exchange gain in H1 2012-13), the Group has:

- Increased sales by 4.1%;
- Increased profit before tax by 4.4%;
- Increased earnings per share by 7.0%; and
- Reduced net debt by £0.5m to £8.1m.

To see the improvement we have achieved over the last 12-18 months, it is helpful to compare sequential half year periods (H1 2013-14 against H2 2012-13). On an underlying basis the Group has:

- Increased sales by 4.2%;
- Increased profit before tax by 18%; and
- Increased earnings per share by 19%.

Sales have grown primarily because of improved demand in our mandrels and films businesses; sales to European mandrel customers have recovered somewhat and new business activity, based on the provision of technical service, has produced good results. Elsewhere sales have been slightly disappointing, being affected either by prior period overstocking or customer delays in the commencement of many projects affecting start of production dates.

Operating profit (before exceptional costs and amortisation) has improved from the 11.5% achieved in H1 2012-13 to 11.9%. This reflects the operational gearing inherent in the Group and an improved product mix in most of our business areas. The improvement would have been greater but for continued investment in business development activity across the Group. Sustaining good margins remains a priority for all our management teams and demands that the product-service mix that we offer our customers has a genuine competitive advantage.

Profits before tax and earnings per share have fallen back relative to the same period last year. However, this is entirely attributable to a one-off gain we made last year when converting Euro debt into sterling. Both profits before tax and earnings per share continue to benefit from reducing interest costs as our debt reduces and from lower tax charges due to the reducing rate of corporation tax and R&D tax credits, which the Group uses to good effect.

Debt has reduced by £0.5m. This is less than the recent past, as we have now chosen to invest for future growth, spending approximately £1m in total on:

- A new line for our films business;
- The fit out of our machine bearings factory in Shanghai; and
- New tool-room equipment to improve capabilities and capacity for introducing new bearings projects into production.

These are all important initiatives to enable future growth.

The Company is pleased to announce that it intends to pay an interim dividend of 1.00p to all shareholders on 30 December 2013 in respect of the period ended 30 September 2013. The record date for the dividend is 13 December 2013 and the associated ex-dividend date is 11 December 2013.

New Business

New business, which comprises business won minus business lost over the prior twelve months, has contributed 4.8% to sales over the period. All our businesses are doing well in the area of new business – although we believe they could still do even better. Across the Group the sales and marketing focus is on providing technical solutions to our customers' problems – good examples of this are as follows:

- In mandrels, development of new material compounds that do not bond to the rubber hose and so allow easy ejection from the rubber hose after use;
- In creasing matrix, development of a new super-durable matrix which allows cost effective long box runs and also allows hand chamfering of the matrix to aid machine operability; and
- In bearings, the development of a standard platform for CCTV manufacturers to enable our customers to achieve lower cost design and faster product development/production.

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

- First production sales of mandrel at Caterpillar in Europe;
- The first confirmed project for the production of automotive instrument control panel bearings – this is a major new application area for plastic bearings which we believe has high future sales potential.

The pipeline of new business remains strong – we estimate that £5.1m of revenues worth of business has been converted from pipeline but is not yet into full production. The time window for these projects to move into full production volumes is approximately between six months and four years.

Operations and Costs

Day-to-day operations have run smoothly, with excellent quality performance and good service standards. Our primary operational focus has been on implementing some significant investments in capacity and capability improvement. The most significant has been the installation of a new line for the production of high strength industrial packaging films. At a cost of £0.75m, this project was completed successfully in September with only a few minor teething problems and we can already see that it will produce excellent results in terms of new film types and formulations.

We have also completed the initial phase of setting up a production facility for machined bearings in Shanghai. Most of the bearings we currently produce are injection moulded, which is particularly suitable for high volume, highly engineered bearings. In developing markets, such as China, requirements are often for lower volumes with faster or lower cost development; which lends itself to machined bearings. In time, we expect customers who purchase machined bearings to start to recognise the benefits of injection moulded bearings and will be encouraged to "trade-up".

We are now starting to produce machined bearings in Shanghai, initially for demand we have elsewhere in the world, but shortly we will start production for the Chinese market and plan to gradually develop this market.

A substantial investment is also underway to improve our tooling capability in the bearings business. A critical success factor in converting business is the speed and cost with which we can develop tools to bring injection moulded bearings into production. Doing this requires state-of-the-art tooling machinery and equipment in the right quantity. The investment we are undertaking is designed to enable the Company to reduce the average tooling lead time from 26 weeks to 12 weeks allowing us to more than double the amount of tools we are able to bring into production per year.

Acquisitions

Post the period we exchanged contracts with the owners of China's leading producer of creasing matrix to buy the company, called Shengli, for approximately £2.2m. Shengli has 30-35% of the Chinese market for creasing matrix and as such is a very attractive target for us. Together with our current share of the Chinese market we believe this will put us in the number one position in China, as well as giving us the ability to achieve a number of important synergies. Most importantly, this acquisition will scale up our activities in China significantly and will enable us to establish a management infrastructure in China. This will significantly help to drive growth in this very important developing market. We anticipate that this acquisition will close at the end of the calendar year and will be marginally earnings enhancing in the first year.

We continue to work on further acquisition opportunities and are hopeful that we will be able to deliver additional strategic transactions over the next 6-12 months.

Outlook

We expect to see a gradual improvement in sales and profitability as the year progresses. We are also confident that new business activity will bring significant benefits in both the near term and longer term. The acquisition of Shengli should also bring a small contribution for the second half year. Our Board remains confident about the future growth of the Group.

Faisal Rahmatallah
Executive Chairman.

Plastics Capital plc
Consolidated Income Statement
for the six months ended 30 September 2013

	Note	**Before foreign exchange & exceptional items 2013 £'000**	**Foreign exchange impact on derivative and loans 2013 £'000**	**Exceptional items 2013 £'000**	**Total 2013 £'000**	Before foreign exchange & exceptional items 2012 £'000	Foreign exchange impact on derivatives and loans 2012 £'000	Exceptional items 2012 £'000	Total 2012 £'000
Revenue		**16,358**	**-**	**-**	**16,358**	15,711	-	-	15,711
Cost of sales		**(10,237)**	**13**	**-**	**(10,224)**	(9,910)	4	-	(9,906)
Gross profit		**6,121**	**13**	**-**	**6,134**	5,801	4	-	5,805
Distribution expenses		**(995)**	**-**	**-**	**(995)**	(998)	-	-	(998)
Administration expenses		**(3,753)**	**-**	**(278)**	**(4,031)**	(3,554)	-	(189)	(3,743)
Other income		**11**	**-**	**-**	**11**	2	-	-	2
Operating profit		**1,384**	**13**	**(278)**	**1,119**	1,251	4	(189)	1,066
Financial income	*5*	**4**	**510**	**-**	**514**	-	217	-	217
Finance expense	*5*	**(304)**	**-**	**-**	**(304)**	(329)	-	-	(329)
Net financing (costs) / income		**(300)**	**510**	**-**	**210**	(329)	217	-	(112)
Profit before tax		**1,084**	**523**	**(278)**	**1,329**	922	221	(189)	954
Tax	*6*	**(251)**	**-**	**-**	**(251)**	(250)	-	-	(250)
Profit for the period		**833**	**523**	**(278)**	**1,078**	672	221	(189)	704
Foreign exchange translation differences		**(282)**	**-**	**-**	**(282)**	**(1)**	**-**	**-**	**(1)**
Total comprehensive income		**551**	**523**	**(278)**	**796**	**671**	**221**	**(189)**	**703**

Earnings per share

	Note	2013	2012
Basic	*8*	**4.1p**	2.6p
Diluted	*8*	**4.1p**	2.8p

Plastics Capital plc
Consolidated Income Statement *(continued)*
for the year ended 31 March 2013

	Note	Audited Before foreign exchange & exceptional items	Audited Foreign exchange impact on derivatives and loans	Audited Exceptional items	Audited Total
		2013	2013	2013	2013
		£'000	£'000	£'000	£'000
Revenue		31,407	-	-	31,407
Cost of sales		(19,900)	(25)	-	(19,925)
Gross profit		11,507	(25)	-	11,482
Distribution expenses		(1,886)	-	-	(1,886)
Administration expenses		(7,219)	-	(274)	(7,493)
Other income		19	-	-	19
Operating profit		2,421	(25)	(274)	2,122
Financial income	*5*	2	-	-	2
Finance expense	*5*	(646)	(338)	-	(984)
Net financing costs		(644)	(338)	-	(982)
Profit before tax		1,777	(363)	(274)	1,140
Tax	*6*	163	-	-	163
Profit for the period		1,940	(363)	(274)	1,303
Foreign exchange translation differences		175	-	-	175
Total comprehensive income		2,115	-	-	1,478

Earnings per share

Basic	*8*	4.9p
Diluted	*8*	4.9p

Plastics Capital plc
Consolidated Balance Sheets

	Unaudited As at 30 September 2013 £000	Unaudited As at 30 September 2012 £000	Audited As at 31 March 2013 £000
Non-current assets			
Property, plant and equipment	**4,665**	3,870	4,114
Intangible assets	**20,061**	20,934	20,464
	24,726	24,804	24,578
Current assets			
Inventories	**3,003**	3,043	2,775
Trade and other receivables	**7,045**	6,666	7,143
Other financial assets	**301**	193	-
Cash and cash equivalents	**3,034**	3,297	2,735
	13,383	13,199	12,653
Total assets	**38,109**	38,003	37,231
Current liabilities			
Interest-bearing loans and borrowings	**5,432**	5,041	5,201
Trade and other payables	**4,973**	4,748	4,578
Other financial liabilities	**-**	-	193
Corporation tax liability	**563**	545	314
	10,968	10,334	10,286
Non-current liabilities			
Interest-bearing loans and borrowings	**5,669**	6,861	5,903
Deferred tax liabilities	**469**	842	469
	6,138	7,703	6,372
Total liabilities	**17,106**	18,037	16,658
Net assets	**21,003**	19,966	20,573
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	**329**	435	611
Capital redemption reserve	**(200)**	(214)	(200)
Retained earnings	**3,861**	2,732	3,149
Total equity	**21,003**	19,966	20,573

Plastics Capital plc
Consolidated Cash Flow Statements

	Unaudited Six months ended 30 September 2013 £000	Unaudited Six months ended 30 September 2012 £000	Audited Year ended 31 March 2013 £000
Profit after tax for the period	**1,078**	704	1,303
Adjustments for:			
Income tax adjustment	**237**	250	(163)
Depreciation, amortisation and impairment	**1,039**	1,035	2,124
Financial income	**(514)**	(217)	(2)
Financial expense	**304**	329	984
Gain on disposal of plant, property and equipment	**-**	-	(7)
Changes in working capital:			
(Increase) / Decrease in trade and other receivables	**(64)**	192	(285)
(Increase) / Decrease in inventories	**(228)**	91	359
Increase / (Decrease) in trade and other payables	**551**	(72)	(281)
Cash generated from operations	**2,403**	2,312	4,032
Interest paid	**(222)**	(245)	(480)
Income tax paid	**-**	(6)	(195)
Net cash from operating activities	**2,181**	2,061	3,357
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(1,030)**	(183)	(936)
Dividends received	**12**	2	12
Interest received	**2**	-	2
Proceeds from disposal of PPE and investments	**-**	-	7
Development expenditure capitalised	**(125)**	(125)	(248)
Net cash from investing activities	**(1,141)**	(306)	(1,163)
Cash flows from financing activities			
Repayment of borrowings and fees	**(375)**	(824)	(1,643)
Dividends paid	**(366)**	(184)	(366)
Net cash from financing activities	**(741)**	(1,008)	(2,009)
Increase in cash and cash equivalents	**299**	747	185
Cash and cash equivalents at 1 April	**2,735**	2,550	2,550
Cash and cash equivalents at 30 September and 31 March	**3,034**	3,297	2,735

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 2012	**275**	**14,098**	**436**	**2,640**	**(214)**	**2,212**	**19,447**
Profit or loss	-	-	(1)	-	-	704	703
Dividends paid	-	-	-	-	-	(184)	(91)
Balance at 30 September 2012	**275**	**14,098**	**435**	**2,640**	**(214)**	**2,732**	**19,966**
Profit or loss	-	-	176	-	14	599	789
Dividends paid	-	-	-	-	-	(182)	(182)
Balance at 31 March 2013	**275**	**14,098**	**611**	**2,640**	**(200)**	**3,149**	**20,573**
Profit or loss	-	-	(282)	-	-	1,078	796
Dividends paid	-	-	-	-	-	(366)	(366)
Balance at 30 September 2013	**275**	**14,098**	**329**	**2,640**	**(200)**	**3,861**	**21,003**

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 2013 that are effective (or available for early adoption) as at 31 March 2014. 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 2014.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the period ending 31 March 2014 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 2014.

Accounting policies

The accounting policies applied to the Interim Results for six months ended 30 September 2013 are consistent with those of the Company's annual accounts for the year ended 31 March 2013.

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.

2 Reconciliation of financial highlights table to the consolidated income statement

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	**Change %**
Revenue	**16,358**	**15,711**	**4.1%**
Gross profit	**6,134**	**5,805**	**5.7%**
Operating profit	**1,119**	**1,066**	**5.0%**
Add back: Exceptional cost	278	189	
Add back: Amortisation	559	559	
Operating profit before exceptional costs and amortisation	**1,956**	**1,814**	**7.8%**
Add back: Depreciation	480	476	
EBITDA before exceptional costs	**2,436**	**2,290**	**6.4%**
Profit before tax	1,329	954	**39.3%**
Add back: Amortisation	559	559	
Add back: Exceptional costs	278	189	
Add back: Capitalised deal fee amortisation	82	75	
Add back: Unrealised foreign exchange gain/(loss)	(19)	214	
Add back: Unrealised derivative (gain)	(491)	(163)	
Profit before tax*	**1,738**	**1,828**	**-4.9%**
Taxation	(251)	(250)	
Profit after tax*	**1,487**	**1,578**	**-5.8%**
Basic adjusted EPS*+	**5.4p**	**5.5p**	**-2.5%**
Basic EPS	**4.1p**	**2.6p**	**57.7%**
Capital expenditure	**1,030**	**183**	**463%**
Net Debt	**8,067**	**8,605**	**-6.3%**

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and unrealised derivative gains/losses
+ applying an expected tax charge of 15% 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 2013 £000	**Unaudited Six months to 30 September 2013 £000**	**Unaudited Six months to 30 September 2013 £000**	**Unaudited Six months to 30 September 2013 £000**
External sales*	**7,795**	**8,563**	**-**	**16,358**
Profit before tax**	**495**	**181**	**653**	**1,329**
Depreciation and amortisation	**343**	**133**	**563**	**1,039**
	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 / (loss) before tax**	232	396	326	954
Depreciation and amortisation	346	125	564	1,035
	Audited Year to 31 March 2013 £000	Audited Year to 31 March 2013 £000	Audited Year to 31 March 2013 £000	Audited Year to 31 March 2013 £000
External sales*	14,345	17,062	-	31,407
Profit before tax**	762	686	(308)	1,140
Depreciation and amortisation	747	248	1,129	2,124

** 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 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Packaging			
Packaging consumables	**2,779**	2,912	5,596
High strength film packaging	**5,784**	5,565	11,466
Industrial Products			
Plastics rotating parts	**5,414**	5,712	11,243
Hydraulic hose consumables	**2,381**	1,522	3,102
Turnover per consolidated income statement	**16,358**	15,711	31,407

Reconciliation of reportable segment profit

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Total profit for reportable segments	**676**	628	1,448
Unallocated amounts:			
Amortisation	**(559)**	(559)	(1,119)
Unrealised (losses)/gains on derivatives	**491**	164	(223)
Management charge income	**1,475**	1,475	2,950
FX hedge gain/(loss) on forward contracts	**13**	4	(25)
Plastics Capital Trading Ltd and Plastics Capital plc costs	**(550)**	(547)	(1,171)
Net interest costs	**(199)**	(245)	(447)
Deal fee amortisation	**(82)**	(75)	(153)
Exceptional costs	**(127)**	(11)	(48)
Other	**191**	120	(72)
Consolidated profit before income tax	**1,329**	954	1,140

4 Exceptional items

Administrative Expenses	**Unaudited Six months to 30 September 2013 £000**	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Company set up costs	**43**	-	64
Redundancy & recruitment costs	**108**	189	210
Acquisition costs	**127**	-	-
	278	189	274

5 Financial income and expenses

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Financial income:			
Interest income	**2**	-	2
Gains on derivatives used to manage interest rate risk	**2**	-	-
Financial income	**4**	-	2
Financial expenses:			
Bank interest	**222**	245	480
Amortisation of capitalised deal fees	**82**	75	153
Loss on derivatives used to manage interest rate risk	**-**	9	13
Financial expenses	**304**	329	646
Financial income and expenses included within foreign exchange:			
Net foreign exchange gains / (losses)	**19**	44	(128)
Unrealised gains / (losses) on derivatives used to manage foreign exchange risk	**491**	173	(210)
Exceptional items	**510**	217	(338)

The net foreign exchange gain represents 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 1p per share *(*30 September 2012*: 0.66p).*

8 Earnings per share

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Numerator			
Profit for the period	**1,078**	704	1,303
Denominator			
Weighted average number of shares used in basic EPS	**26,620,877**	27,542,543	26,649,918
Weighted average number of shares used in diluted EPS	**26,620,877**	27,642,543	26,649,918
Basic earnings per share (total)	**4.1p**	2.6p	4.9p
Diluted earnings per share (total)	**4.1p**	2.6p	4.9p

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.

10 Post Balance Sheet Event

On 31st October 2013, Plastics Capital plc announced it had conditionally agreed to acquire Beijing Higher Shengli Printing Science and Technology Co., Ltd, a leading Chinese manufacturer of creasing matrix.

The acquisition is to be satisfied in cash through the issue of 2,700,000 new Ordinary Shares to new and existing investors in the company to raise £2.7 million at a placing price of 100p representing a discount of 8.7% to the closing mid-price on 30 October 2013.