2 December 2014

Plastics Capital plc

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

Interim Results for the six months ended 30 September 2014

Plastics Capital (AIM: PLA) the niche plastics products manufacturer, announces the Company's unaudited interim results for the six months ended 30 September 2014, which are in line with management expectations.

Financial highlights

	Six months ended 30 September 2014 £'000	Six months ended 30 September 2013 £'000	% Change
Revenue	16,537	16,358	+1.1%
EBITDA*	2,200	2,436	-9.2%
Profit before tax*	1,546	1,738	-11.0%
Earnings per share*+ (p)	4.6	5.4	-14.8%
Dividend per share (p)	1.33	1.00	+33.3%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses.*
+ applying an expected tax charge of 10% and based on the weighted average number of shares in issue in the year.

Operational highlights

- Organic revenue growth of 2.9% in H1 2014-15 vs H1 2013-14 at constant exchange rates, excluding continental Europe
- Organic revenue growth in Packaging Division of 4.4% in H1 2014-15 vs H1 2013-14
- Industrial division sales pipeline strengthened to £3.4m of annualised revenue of business won not yet in production
- Continued investment in business development activities
- Substantial expansion in activities in China following acquisition of Shengli creasing matrix business

Post Period End

- Successful acquisition of specialist film packaging producer, Flexipol, for maximum consideration of £10.64m
- Oversubscribed equity placing to raise £5.0m

Commenting on these results, Faisal Rahmatallah, Executive Chairman, said:
"I am pleased to report good progress in our Packaging Division, where sales and profit growth has been satisfactory and the integration of Shengli is going well. We have also recently completed a £5.0 million placing to part finance the acquisition of specialist film packaging producer, Flexipol, which will enlarge and strengthen our Packaging Division considerably. However, as reported in September, slow sales in Europe and customer related delays in bringing new projects into production have affected the Industrial Division. The Board therefore expects the Group to continue to trade in line with expectations for the rest of the financial year."

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Notes to Editor

Plastics Capital is a consolidator of plastics products manufacturers focused on proprietary products for niche markets. The Group has five factories in the UK, one in Thailand, two in China and sales offices in the USA, Japan, China and India. Approximately 40 per cent. 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. The Group has approximately 450 employees.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review

These results reflect different factors at work in our Packaging and Industrial Divisions.

In the Packaging Division, revenues have increased on the back of the acquisition of Shengli, new product introductions and recent investments in new production capabilities and capacity. This has resulted in significantly improved profitability. Comparing H1 2014-15 with H1 2013-14:

- Sales are up 13.0% (up 4.4% excluding the impact of the Shengli acquisition), and
- EBITDA (earnings before interest, tax, depreciation and amortisation) is up 37.7%.

In the Industrial Division, key customers are concentrated in Continental Europe, where there has been a widely reported slowdown which has led to a reduction in revenues and profitability. Comparing H1 2014-15 with H1 2013-14:

- Sales are down 12.0%, largely attributable to lower sales in Continental Europe, and
- EBITDA (earnings before interest, tax, depreciation and amortisation) is down 58.1%.

Our bearings business, which is the major part of the Industrial Division, has suffered because of customer related delays in bringing new projects into production; sales in this business have consequently not yet recovered to the levels achieved immediately prior to the financial crisis. Meanwhile our mandrel business, which had an extremely strong FY 2013-14 when revenues were up 46% compared to prior year, has been through a quieter period as customers in Europe have found themselves to be overstocked. It is worth noting, however, that over the last two years from H1 2012-13 to H1 2014-15, mandrel revenues are up 23%.

Prices and value-added margins in all business areas have remained steady through this period. We have continued to invest in business development – 59 employees out of the 351 employed at the period end, were focused on business development, which includes everything from generating new opportunities to the development of innovative technical solutions to customers' problems. People and overhead costs after adjusting for the Shengli acquisition and inflation are up 4% largely because of the full effect of people joining during the course of FY2013-14.

Exceptional costs compared to H1 2014-15 are significantly down as we have now completed the full establishment and set-up of our business activities in China. This has enabled the integration of Shengli, the start-up of our manufacturing base in Shanghai and the movement of commercial activities from central Shanghai to the Songjiang district, which is on the outskirts of the city.

Dividend

To reflect our confidence in the future of the business, the Company is pleased to announce that it intends to pay, on 31 December 2014, an increased interim dividend of 1.33p (H1 2013-14: 1.00p) to all shareholders in respect of the period ended 30 September 2014. The record date for the dividend is 12 December 2014 and the associated ex-dividend date is 11 December 2014.

New Business

New business, which comprises business won minus business lost over the prior twelve months, has only contributed 1.4% to sales over the period. This is disappointing and primarily reflects delays in getting sales of business won in our bearings business into production as well as slow repurchase from new mandrel customers won in the prior year. £3.4 million of annualised sales value in the bearings business is waiting to go into production and we anticipate that most of this will go into production during FY 2015 and 2016, and will be increased by other business wins during the intervening period. By contrast, only £1 million of annualised sales value has gone into production in the last 3 years in this business.

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

- the first project for a global tier 1 automotive supplier – steering column bearings worth circa £4 million lifetime sales, is due to go into production in the next financial year; and
- the first project for a leading Japanese documents solutions manufacturer – this is a major project for the bearings business worth circa £2 million lifetime sales and is also due to enter production in the next financial year.

These are exciting projects and reflect the direction in which we are seeking to take the bearings business particularly – major projects with substantial long term revenues in application areas where we are experts or can be experts. In general, these projects will be for global OEMs with whom we maintain longstanding relationships based on technical knowledge and co-operation.

China

Considerable progress is being made in China.

Although sales at Shengli are approximately 15% below expectations, they are stable and reflect over-optimism on the part of the vendor prior to exchange and a weak domestic market - the packaging industry in China is reported to be down 10% year-on-year. Operationally many improvements have been made to raise efficiency, quality and Health & Safety standards. In addition, work on synergies with our UK based matrix business is progressing well. We are now also actively considering integrating our matrix sales activities in China.

We have now concluded negotiations with the vendor of Shengli regarding the deferred payment that was subject to a third party review of the completion balance sheet. The final consideration will now be a maximum of RMB16.5 million (£1.65 million) as compared to a maximum of RMB25 million (£2.5 million). We estimate that the net amount payable will be approximately RMB13.75 million (£1.375 million) compared to RMB21.7 million (£2.17 million) stated at the time the acquisition was announced. The reduction in consideration reflects the weaker balance sheet and trading that have become apparent since the due diligence was carried out.

A new sales manager for our bearings business in China has been recruited – so we now have two salespeople and one engineer based in China. Three CCTV camera projects have been secured recently and there are some excellent prospects for poultry conveyor bearings which appear to be convertible soon. Machined bearings production in Shanghai is going well and is being supplemented by demand transferred from Japan, US and Europe to Shanghai for production. We are also very pleased with the way our recently appointed Chinese MD is driving day to day activities in China.

Acquisitions

Post the period end we completed the purchase of Flexipol Packing Limited ("Flexipol"), a business based in Lancashire which manufactures high strength specialized packaging films and bags primarily for the food and animal feed industry. Flexipol employs 99 people and in the financial year ended 1 November 2013, generated £14.9 million in revenue and normalised EBITDA of approximately £1.8 million. Sales have grown steadily for the last 15 years and profitability has been consistently strong. The three vendors are in the mid to late fifties and through the sale are making plans for eventual retirement in due course and transition of management. They are contracted to stay with the business for at least a further two years. We believe there will be excellent opportunities for synergies between Flexipol and Palagan, our business that also manufactures high strength films and bags, but primarily for other sectors.

Our immediate focus will be to integrate Flexipol into the Group ensuring that the niche focus that the business has developed over a considerable period is maintained.

Outlook

We anticipate an improvement in trading in the Industrial Division based on customers' forecast orders and this should lead to an uplift in sales and profitability in the second half of the financial year such that full year results will be in line with market expectations. There will also be an initial contribution from Flexipol. We further anticipate that our new business activity will bring significant benefits in the medium and long term. The Board therefore 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 2014

	Note	**Before foreign exchange & exceptional items 2014 £'000**	**Foreign exchange impact on derivative 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		**16,532**	**-**	**-**	**16,532**	16,358	-	-	16,358
Cost of sales		**(10,894)**	**201**	**-**	**(10,693)**	(10,237)	13	-	(10,224)
Gross profit		**5,638**	**201**	**-**	**5,839**	6,121	13	-	6,134
Distribution expenses		**(1,056)**	**-**	**-**	**(1,056)**	(995)	-	-	(995)
Administration expenses		**(3,642)**	**-**	**(55)**	**(3,697)**	(3,753)	-	(278)	(4,031)
Other income		**8**	**-**	**-**	**8**	11	-	-	11
Operating profit		**948**	**201**	**(55)**	**1,094**	1,384	13	(278)	1,119
Financial income	*5*	**-**	**-**	**-**	**-**	4	510	-	514
Finance expense	*5*	**(202)**	**(366)**	**-**	**(568)**	(304)	-	-	(304)
Net financing (costs) / income		**(202)**	**(366)**	**-**	**(568)**	(300)	510	-	210
Profit before tax		**746**	**(165)**	**(55)**	**526**	1,084	523	(278)	1,329
Tax	*6*	**(159)**	**-**	**-**	**(159)**	(251)	-	-	(251)
Profit for the period		**587**	**(165)**	**(55)**	**367**	833	523	(278)	1,078
Foreign exchange translation differences		**15**	**-**	**-**	**15**	**(282)**	**-**	**-**	**(282)**
Total comprehensive income		**602**	**(165)**	**(55)**	**382**	**551**	**523**	**(278)**	**796**

Earnings per share

	Note	Total 2014	Total 2013
Basic	*8*	**1.2p**	4.1p
Diluted	*8*	**1.2p**	4.1p

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
		2014	2014	2014	2014
		£'000	£'000	£'000	£'000
Revenue		32,456	-	-	32,456
Cost of sales		(20,877)	114	-	(20,763)
Gross profit		11,579	114	-	11,693
Distribution expenses		(1,959)	-	-	(1,959)
Administration expenses		(7,014)	-	(1,306)	(8,320)
Other income		125	-	-	125
Operating profit		2,731	114	(1,306)	1,539
Financial income	*5*	-	565	-	565
Finance expense	*5*	(547)	(262)	(260)	(1,069)
Net financing costs		(547)	303	(260)	(504)
Profit before tax		2,184	417	(1,566)	1,035
Tax	*6*	(156)	-	-	(156)
Profit for the period		2,028	417	(1,566)	879
Foreign exchange translation differences		(195)	-	-	(195)
Total comprehensive income		1,833	-	-	684

Earnings per share		
Basic	*8*	3.2p
Diluted	*8*	3.2p

Plastics Capital plc
Consolidated Balance Sheets

	Unaudited As at 30 September 2014 £000	Unaudited As at 30 September 2014 £000	Audited As at 31 March 2014 £000
Non-current assets			
Property, plant and equipment	**5,064**	4,665	5,031
Intangible assets	**20,551**	20,061	20,728
	25,615	24,726	25,759
Current assets			
Inventories	**3,358**	3,003	3,266
Trade and other receivables	**7,962**	7,045	7,916
Other financial assets	**76**	301	371
Cash and cash equivalents	**2,396**	3,034	3,134
	13,792	13,383	14,687
Total assets	**39,407**	38,109	40,446
Current liabilities			
Interest-bearing loans and borrowings	**4,232**	5,432	3,928
Trade and other payables	**5,333**	4,973	6,361
Corporation tax liability	**447**	563	344
	10,012	10,968	10,633
Non-current liabilities			
Interest-bearing loans and borrowings	**6,180**	5,669	6,376
Deferred tax liabilities	**350**	469	350
	6,530	6,138	6,726
Total liabilities	**16,542**	17,106	17,359
Net assets	**22,865**	21,003	23,087
Equity attributable to equity holders of the parent			
Share capital	**302**	275	302
Share premium	**16,570**	14,098	16,570
Reverse acquisition reserve	**2,640**	2,640	2,640
Translation reserve	**431**	329	416
Capital redemption reserve	**(200)**	(200)	(200)
Retained earnings	**3,122**	3,861	3,359
Total equity	**22,865**	21,003	23,087

Plastics Capital plc
Consolidated Cash Flow Statements

	Unaudited Six months ended 30 September 2014 £000	Unaudited Six months ended 30 September 2013 £000	Audited Year ended 31 March 2014 £000
Profit after tax for the period	**367**	1,078	879
Adjustments for:			
Income tax adjustment	**159**	237	156
Depreciation, amortisation and impairment	**1,093**	1,039	2,183
Financial income	**-**	(514)	(565)
Financial expense	**568**	304	1,069
Changes in working capital:			
Decrease / (Increase) in trade and other receivables	**249**	(64)	(317)
Increase in inventories	**(92)**	(228)	(311)
(Decrease) / Increase in trade and other payables	**(1,028)**	551	911
Cash generated from operations	**1,316**	2,403	4,005
Interest paid	**(160)**	(222)	(370)
Income tax paid	**-**	-	(240)
Net cash from operating activities	**1,156**	2,181	3,395
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	**(122)**	-	(1,128)
Acquisition of property, plant and equipment	**(570)**	(1,030)	(1,876)
Dividends received	**8**	12	13
Interest received	**-**	2	-
Development expenditure capitalised	**(125)**	(125)	(250)
Net cash from investing activities	**(809)**	(1,141)	(3,241)
Cash flows from financing activities			
Proceeds from the issue of share capital	**-**	-	2,499
Change in borrowings and payment of acquisition costs	**(481)**	(375)	(1,535)
Dividends paid	**(604)**	(366)	(669)
Net cash from financing activities	**(1,085)**	(741)	245
Increase in cash and cash equivalents	**(738)**	299	399
Cash and cash equivalents at 1 April	**3,134**	2,735	2,735
Cash and cash equivalents at 30 September and 31 March	**2,396**	3,034	3,134

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 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**
Share issue	27	2,472	-	-	-	-	2,499
Profit or loss	-	-	87	-	-	(199)	(112)
Dividends paid	-	-	-	-	-	(303)	(303)
Balance at 31 March 2014	**302**	**16,570**	**416**	**2,640**	**(200)**	**3,359**	**23,087**
Profit or loss	-	-	15	-	-	367	382
Dividends paid	-	-	-	-	-	(604)	(604)
Balance at 30 September 2014	**302**	**16,570**	**431**	**2,640**	**(200)**	**3,178**	**22,865**

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 2014 that are effective (or available for early adoption) as at 31 March 2015. 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 2015.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the period ending 31 March 2015 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 2015

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Accounting policies

The accounting policies applied to the Interim Results for six months ended 30 September 2014 are consistent with those of the Company's annual accounts for the year ended 31 March 2014.

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 2014 £000	Unaudited Six months to 30 September 2013 £000	**Change %**
Revenue	**16,532**	**16,358**	**1.1%**
Gross profit	**5,839**	**6,134**	**-4.8%**
Operating profit	**1,094**	**1,119**	**-8.9%**
Add back: Exceptional cost	55	278	
Add back: Amortisation	559	559	
Add back: Depreciation	492	480	
EBITDA before exceptional costs	**2,200**	**2,436**	**-9.7%**
Profit before tax	526	1,329	**-66.1%**
Add back: Amortisation	559	559	
Add back: Exceptional costs	55	278	
Add back: Capitalised deal fee amortisation	42	82	
Add back: Unrealised foreign exchange loss/(gain)	71	(19)	
Add back: Unrealised derivative loss/(gain)	294	(491)	
Profit before tax*	**1,547**	**1,738**	**-11.0%**
Taxation	(159)	(251)	
Profit after tax*	**1,388**	**1,487**	**-6.7%**
Basic adjusted EPS*+	**4.6p**	**5.4p**	**-14.8%**
Basic EPS	**1.2p**	**4.1p**	**-70.7%**
Capital expenditure	**570**	**1,030**	**-44.7%**
Net Debt	**8,016**	**8,067**	**-0.6%**

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and unrealised derivative gains/losses
+ applying an expected tax charge of 10% 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 2014 £000	**Unaudited Six months to 30 September 2014 £000**	**Unaudited Six months to 30 September 2014 £000**	**Unaudited Six months to 30 September 2014 £000**
External sales*	**6,858**	**9,674**	**-**	**16,532**
Profit before tax**	**(243)**	**704**	**65**	**526**
Depreciation and amortisation	**341**	**144**	**566**	**1,051**
	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 / (loss) before tax**	495	181	653	1,329
Depreciation and amortisation	343	133	563	1,039
	Audited Year to 31 March 2014 £000	Audited Year to 31 March 2014 £000	Audited Year to 31 March 2014 £000	Audited Year to 31 March 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

** 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 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Packaging			
Packaging consumables	**3,674**	2,779	5,680
High strength film packaging	**6,000**	5,784	12,073
Industrial Products			
Plastics rotating parts	**4,994**	5,414	10,376
Hydraulic hose consumables	**1,864**	2,381	4,327
Turnover per consolidated income statement	**16,532**	16,358	32,456

Reconciliation of reportable segment profit

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Total profit for reportable segments	**461**	676	1,139
Unallocated amounts:			
Amortisation	**(559)**	(559)	(1,118)
Unrealised (losses)/gains on derivatives	**(294)**	491	(223)
Management charge income	**1,475**	1,475	2,950
FX hedge gain/(loss) on forward contracts	**201**	13	114
Plastics Capital Trading Ltd and Plastics Capital plc costs	**(594)**	(550)	(973)
Net interest costs	**(160)**	(199)	(371)
Deal fee amortisation	**(42)**	(82)	(169)
Exceptional costs	**(55)**	(127)	(976)
Other	**93**	191	(124)
Consolidated profit before income tax	**526**	1,329	1,035

4 Exceptional items

Administrative Expenses	**Unaudited Six months to 30 September 2014 £000**	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Company set up costs	**-**	43	160
Redundancy & recruitment costs	**-**	108	242
Acquisition and legal costs	**55**	127	840
Other	**-**	-	64
	55	278	1,306

5 Financial income and expenses

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Financial income:			
Interest income	**-**	2	-
Gains on derivatives used to manage interest rate risk	**-**	2	-
Financial income	**-**	4	-
Financial expenses:			
Bank interest	**160**	222	377
Amortisation of capitalised deal fees	**42**	82	169
Loss on derivatives used to manage interest rate risk	**-**	-	1
Financial expenses	**202**	304	547
Financial income and expenses included within foreign exchange:			
Net foreign exchange gains / (losses)	**(72)**	19	(262)
Unrealised gains / (losses) on derivatives used to manage foreign exchange risk	**(294)**	491	565
Exceptional items	**(366)**	510	303

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 1.33p per share (30 September 2013: 1.00p).

8 Earnings per share

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Numerator			
Profit for the period	**367**	1,078	879
Denominator			
Weighted average number of shares used in basic EPS	**30,242,532**	26,620,877	27,549,918
Weighted average number of shares used in diluted EPS	**30,242,532**	26,620,877	27,549,918
Basic earnings per share (total)	**1.2p**	4.1p	3.2p
Diluted earnings per share (total)	**1.2p**	4.1p	3.2p

9 Accounts

Copies of the interim accounts may be obtained from the Company Secretary at the Registered Office of the Company: London Heliport, Bridges Court Road, London, SW11 3BE.

10 Post Balance Sheet Event

On 21st November 2014, Plastics Capital acquired Flexipol Packaging Limited, a leading manufacturer of high strength plastics films and bags serving the food and animal feed markets, for a maximum consideration of £10.64 million.

The consideration was satisfied in cash through the proceeds of the placing from the issue of 5,102,041 new Ordinary Shares to new and existing investors at a price of 98p per share and raising £5.0 million (before expenses), a £5.4 million extension of the existing debt facility with Barclays Bank plc and £0.5 million from existing cash resources.

Due to the length of time available between the acquisition and the release of these interim statements, the Group is still in the process of establishing the fair value of the assets and liabilities acquired.