For Immediate Release **29th June 2010**

Plastics Capital plc

Preliminary Results for the year ended 31 March 2010

Plastics Capital plc (AIM: PLA; "Plastics Capital" the "Company" or the "Group") the fast growing niche plastics products manufacturer, today announces its preliminary results for the year ended 31 March 2010.

The consolidated financial information has been prepared using International Financial Reporting Standards as adopted by the EU ("IFRS").

Financial highlights

	Year ended 31 March 2010 £'000	**Year ended 31 March 2009 £'000**	**% Change**
Revenue	26,688	28,185	-5.3%
Gross Profit	10,539	9,569	+10.1%
EBITDA*	5,062	4,143	+22.2%
Profit before tax*	2,984	2,007	+48.7%
Adjusted EPS**	8.0p	5.4p	+48.7%

** Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses. A reconciliation to the consolidated income statement is shown on page 8*
*** Based on 28% corporation tax rate and on 26.95m shares currently in issue*

Operational highlights

- Good profit growth driven by lower costs, improved margins and weaker Sterling;
- Solid recovery in sales volumes from low point at 31 March 2009;
- Continued focus on expansion in China, India, USA and Brazil;
- Volume recovery driven by international sales – now representing 61% of total;
- All Group subsidiaries continue to deliver good profitability;
- Strong cash flow with net bank debt reduced by £2.9 million during the year to £16.1 million

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

"These results reflect the strong action taken last year to reduce costs and rationalise the business. Sales volumes and order books have improved significantly over the last 12 months. Meanwhile we have reduced our bank debt considerably.

The global economic recovery, new business wins and new product introductions should contribute significant growth over the next few years. The Board is confident of another year of significant progress."

Plastics Capital plc **Tel: 020 7326 8423**
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Nick Ball, Finance Director

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Notes to Editors
Plastics Capital is a consolidator of plastics products manufacturers focused on proprietary products for niche markets. The Group has four factories in the UK, one in Thailand and sales offices in the USA and Japan. Approximately 60 per cent of sales are exported to over 70 countries worldwide. Production is concentrated in the UK where significant engineering know-how and automation underpins the Group's competitiveness. The Group has approximately 280 employees.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review

Overall performance is in line with expectations.

Compared to the same period last year, the Group has:

- suffered a slight decrease in revenue by 5% to £26.7 million;
- increased underlying* earnings before interest, tax, depreciation and amortisation (EBITDA), by 22% to £5.1 million; and
- increased underlying* profit after tax by 16% to £3.1 million

** Excluding, as appropriate, amortisation, exceptional costs, unrealised foreign exchange & derivative gains/losses (see page 8)*

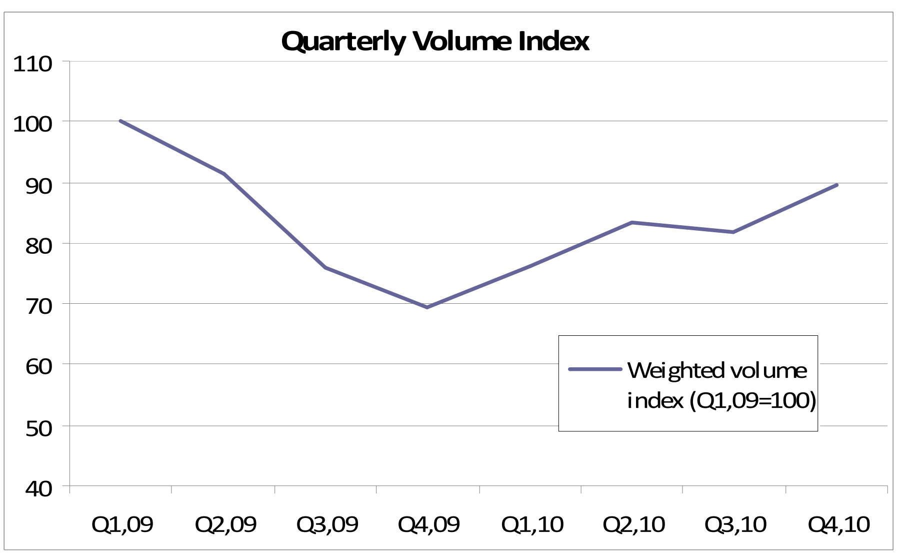
The strong improvement in profitability results primarily from two factors: first, cost rationalisation that was implemented without delay at the end of FY09 and through the first quarter of FY10 and, second, Sterling's weakness against the US dollar in particular – although Sterling weakened during FY09, we were hedged and consequently saw no benefit until the start of FY10.

In the year under review, the Group has not suffered the prior year's significant exceptional costs, discontinued operation costs and unrealised foreign exchange losses. Consequently, last year's statutory loss after tax of £5.2 million has been transformed to a statutory profit after tax of £1.9 million.

It is also pleasing to report that our net bank debt has reduced by £2.9 million during the year. Cash flow during the year has been good enabling us to pay down debt. We have also incurred a small unrealised translation gain on our Euro denominated debt, which has contributed £0.2 million reduction in the year.

Volume Recovery

The 5% year-on-year decrease in revenue from FY09 to FY10 masks the true recovery in volumes that has occurred since the end of FY09. Revenue started the two year period at a high point prior to the global recession, hit bottom in the final quarter of FY09 when the impact of the global recession was most severe, and has since rebounded to within 10% of the pre-recession level. This trend can be clearly seen from the following chart which shows a composite volume index for our businesses over the eight quarters of FY09 and FY10.



Raw Materials

The financial year under review has seen relatively little change in raw material prices for the engineering grades that are bought by our businesses in the main. The key exception has been polyethylene which is used by our specialist packaging film business, where prices increased throughout the year and by the end of the year were approximately 30% higher than at the beginning of the year. Whilst management have recovered some of this increase in sales prices during the year, the consistent and ongoing nature of the increase has resulted in at least 2-3 months of delay before the "pass-through" has taken effect, so leading to some margin erosion; however, this has not been very material in the context of the entire Group. We are monitoring this position closely, but we expect the run-up in prices to stabilise and reverse in due course leading to some recovery of margin when this happens.

Currency

Sterling has remained relatively weak throughout the year. Because of our export focus, Sterling's weakness is helpful to the Group's trading in the long run. Our key trading exposure is to the US Dollar and our key balance sheet exposure is to the Euro as approximately 50% of our debt is denominated in Euros.

For the financial year under review we achieved an average rate of 1.48 on the US Dollar and this contributed significantly to our profit improvement compared to FY09, when the average rate achieved was 1.98. As for the Euro the year-start and year-end rates were 1.08 and 1.12 respectively leading to a £0.2m unrealised gain on our Euro denominated debt.

Our hedging policy remains as previously stated - we seek to ensure that realised gains / losses made in the businesses during the year from foreign exchange movements are broadly negated by the realised gains / losses on forward contracts and foreign currency loans repaid during the year. This hedging policy enables us to achieve a higher level of predictability of earnings and cash flow, despite currency volatility, at least over a 12-18 month window.

We have hedged forward for FY11, but due to temporary and relative dollar weakness during much of FY10, at a somewhat less attractive rate than we managed for FY10; this will hold earnings back somewhat in the current year. However, we have already started to hedge for FY12 and so far at significantly better rates than FY11.

Banking

Our net bank debt has decreased by £2.9 million to £16.1 million during the period. Cash conversion in our businesses has been good as usual and working capital management of the business has been a key operational focus. Management have done an excellent job to squeeze working capital over the last twelve months.

Whilst higher than we would choose in the post credit crisis environment, the current level of debt is manageable and is of course reducing all the time. After the end of the financial year we have reached agreement with RBS to make some relatively minor but helpful extensions and amendments to our facilities. These amendments will provide the headroom and flexibility for the business to respond to the recovery in volumes that we are currently seeing through some investment in capital expenditure and working capital.

Current trading and future prospects

Trading continues to improve. Order books are stronger than they have been for the last 12-18 months. We are starting to hire production staff again. We are also starting to see some signs of raw material price inflation – usually a sign that economic conditions are improving. Although the recovery seems fragile in Europe, in other parts of the world, demand is strong again.

We see FY11 as a year of investment in business development activities, in new machinery, in further development of our Thai factory, in stocks and in new products. These factors will have a negative impact on profitability and cash flow in the short term, but significantly benefit growth and profits in the longer run.

Our current strategic focus is on organic growth, driven by four key themes:

- The “rising tide” – whilst recovery has commenced, there is still a long way to go before our customers are back to the levels of business activity that existed in FY08; in other words, the “ tide” went out a long way over the last 12-18 months and it still has a long way to go to come back.
- Customer development – our businesses have many excellent blue chip customer relationships based on the technical advantages of our products, but frequently only in one customer location or operating unit; the sales development opportunities associated with penetrating more of these locations and/or subsidiaries is absolutely outstanding. We intend to turn this to our advantage.
- Territorial expansion – we are already setting up sales offices and/or agents in key unexploited growth markets such as China, India, USA, Brazil – where growth rates for the applications into which our products go are growing at double digit rates.
- New products – all our subsidiaries have opportunities for “near-to-market” product developments that will open up new customers and applications; work is ongoing in all subsidiaries to bring these developments to market as soon as practical.

Acquisition activity remains quiet whilst financing conditions continue to be unfavourable. We have seen a few opportunities over the last twelve months, but none that were of significant interest. Nevertheless acquisitive growth remains a key plank of our strategy and we will explore any opportunity that meets our criteria.

The Board wishes to extend its sincere thanks to all the Group’s employees; despite the very difficult circumstances over the last twelve months, we have had the full support of our employees in all aspects of the Group’s activities. We believe that the worst is behind us and our employees deserve full appreciation for the outstanding effort made to get us through a very severe recession.

Our businesses are highly profitable with strong operating cash flows and very good market and competitive positions. They also have excellent opportunities for organic growth, which is the priority whilst we await more favourable financing conditions for acquisition activity to resume. We look forward to another year of significant progress.

Faisal Rahmatallah
Executive Chairman

Operational Review

Power Transmission
For BNL (UK) Limited ("BNL"), our manufacturer of plastic bearings and other rotating parts, FY10 was a difficult year with:

- Weak demand conditions until the last quarter
- Heavy logistical demands as customers ordered smaller batch quantities more frequently to manage their own working capital issues
- Projects for new business frequently being postponed or shelved due to the highly uncertain economic environment

BNL responded well to this difficult environment, implementing a second round of cost reductions in the first quarter; these were in addition to those implemented at the end of FY09, and resulted in additional annualised cost savings of £0.4 million. BNL also continued to transfer production of simpler bearings to the Thai factory that was set up in October 2008 – over 50% of product volume had been transferred to Thailand by the end of the financial year, so saving logistics cost and turnaround time for our customers in South East Asia.

On a positive note, the year finished very strongly as demand picked up across all sectors led by North America and the Far East particularly. Moreover, business development personnel were recruited in the last quarter in both China and India to build customer contact with local companies and to drive sales in these extremely important countries.

For our hose mandrel business, Bell Plastics limited ("Bell") FY10 was a year of major transformation and it has made some excellent progress.

As reported in our interim statements, Bell moved in September '09 to new premises in Poole. This was completed with minimum disruption to customers and within budgeted costs and timescale. The new factory provides a far superior working environment and additional space both to improve existing operations and to add additional capacity as and when needed.

Bell has also widened its product range and production capabilities successfully to include a variety of thermoplastic elastomers. This range and capability extension has enabled penetration of some important new customers, particularly in the automotive hose segment, an area Bell had not actively targeted in the past.

Led by managing director, Dave Kavanagh, Bell has been very busy prospecting for new customers, targeting hose manufacturers around the world, including those in China, USA, Japan, and Korea – this has already resulted in some new business during the year and we believe that more will flow in the not too distant future.

Print and Packaging
FY10 has been a satisfactory year for our creasing matrix business, C&T Matrix Limited ("C&T"), with demand stabilising in the first quarter and growing gradually thereafter. In addition, important production engineering projects were completed during the year which have resulted in lower costs. C&T is now well placed to deliver the sort of performance we anticipated when the former Channel and Trimplex organisations were brought together just before the economic downturn.

C&T has taken advantage of the recession to expand its distribution network at the expense of smaller manufacturers, with new relationships in South East Asia, the Middle East and Central America, as well as a new global distribution agreement with a leading company in the cardboard packaging market. Demand has been particularly strong from developing countries with volumes in these territories growing by approximately 10% year-on-year.

C&T has also successfully completed the development and introduction of new processing technology that has improved product quality and reduced manufacturing costs – this technology has allowed considerable simplification in the production of the 3,000 - 4,000 product variants manufactured by C&T. The resulting product range harmonisation and rationalisation has led to a reduction in stockholding costs and lower wastage, and will in due course result in superior service levels.

Palagan Limited ("Palagan"), our specialist film packaging business, has performed to expectations in a difficult environment. Being primarily a UK business, demand has remained relatively soft throughout the year, but Palagan has managed to win considerable amounts of new business to sustain its performance. Margins held up satisfactorily in the first half year but came under pressure towards the end of the year as raw material prices suffered a period of sustained inflation and it was not possible to pass through these increases to customers without some delay.

During the year under review, Palagan has started to seek and win business in Europe both directly and through agents. The strong product capabilities of this business and the weakness of sterling mean that this is a good opportunity for growth – some early success has already been achieved.

The project to achieve British Retail Consortium accreditation was achieved during the year and this is opening up customer opportunities in various segments of the market for packaging to the food industry.

Financial Review

Continuing Operations	**2010 £000**	**2009 £000**	***Change %***
Revenue	**26,688**	**28,185**	***-5.3%***
Gross profit	**10,539**	**9,569**	***10.1%***
Operating profit	**2,460**	**560**	***339.3%***
Add back: Depreciation	826	723	
Add back: Amortisation	1,119	1,119	
Add back: Exceptional costs	657	1,741	
EBITDA before exceptionals	**5,062**	**4,143**	***22.2%***
Profit/(loss) before tax	1,792	(4,275)	
Add back: Amortisation	1,119	1,119	
Add back: Exceptional costs	657	1,741	
Add back: Unrealised foreign exchange (gains) / losses	(236)	2,545	
Add back: Unrealised derivative (gains) / losses	(348)	877	
Profit before tax*	**2,984**	**2,007**	***48.7%***
Taxation	142	696	
Profit after tax*	**3,126**	**2,703**	***15.6%***
Basic adjusted EPS*	**11.6p**	**10.0p**	***15.6%***
Basic EPS from continuing operations	**7.2p**	**(13.3)p**	***154.1%***
Capital expenditure	**791**	**1,894**	***58.2%***
Net bank debt	**16,140**	**19,068**	***15.4%***

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains/losses

Revenue

Revenue for the year was £26.7 million which was a decrease of 5.3% from £28.2 million in FY09. On a like-for-like basis (i.e. adjusting for exchange rates), organic revenue decreased by 7.7%.

Gross profit

Gross profit was £10.5 million (margin: 39.5%) in 2010 against £9.6 million (margin: 34.0%) in FY09. Excluding for exceptional costs included within cost of sales, the gross profit in FY10 was £11.1 million (margin: 41.5%) compared to a gross profit in FY09 of £10.2 million (margin: 36.1%).

Exceptional costs

Exceptional costs incurred in the year relate to:

- final redundancy payments associated with the group restructuring programme;
- restructuring, integration and streamlining of past acquisitions; and
- factory set-up costs relating to Bell Plastics Limited.

Profitability

EBITDA before exceptionals has increased from £4.1 million in FY09 to £5.1 million, an increase of 22.2%.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative losses of £3.1 million compares with the prior year equivalent of £2.7 million, an increase of 15.6%.

Taxation

The Group's tax credit for the year is £0.1 million which has arisen on the movement of deferred tax during the year. There is no material current tax charge for the year.

Earnings per share

Basic adjusted earnings per share are 11.6p compared to 10.0p in FY09. This is based on a weighted average 26.95 million shares in FY10 and FY09.

Capital expenditure

Capital expenditure was £0.8 million in 2010 which compares with £1.9m in FY09. The high levels of capital expenditure in FY09 related to the purchase of new moulding machinery for the Thailand factory which became operational in the year plus capital expenditure associated with the Thai factory's set up.

Cash flow

In the year, cash generated from operations amounted to £4.4 million (2009: £2.6 million). This improvement arose primarily from the cost rationalisation programme undertaken in FY09 and the beneficial foreign exchange rates in FY10 compared to FY09.

Net bank debt

Net bank debt at the year end of £16.1 million (FY09: £19.1 million) decreased during the year by £2.9 million.

The principal movement in the year was caused due to the strong cash generation of the business and the effect of foreign exchange debt, denominated in Euros, US Dollars and Japanese Yen, which when translated at the year end rate accounted for an unrealised foreign exchange gain of £0.2m.

KPIs

The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptionals. In FY10, the EBTIDA margin was 19.0% which is up on FY09 at 14.7%.

Consolidated Income Statement
for year ended 31 March 2010

	Note	**2010 Before foreign exchange & exceptional items**	**2010 Foreign exchange impact on derivatives and loans**	**2010 Exceptional items**	**2010 Total**	2009 Before foreign exchange & exceptional items	2009 Foreign exchange impact on derivatives and loans	2009 Exceptional items	2009 Total
		£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue		**26,688**	**-**	**-**	**26,688**	28,185	-	-	28,185
Cost of sales	*3*	**(16,178)**	**564**	**(535)**	**(16,149)**	(17,030)	(990)	(596)	(18,616)
Gross profit		**10,510**	**564**	**(535)**	**10,539**	11,155	(990)	(596)	9,569
Distribution expense		**(1,313)**	**-**	**-**	**(1,313)**	(1,765)	-	-	(1,765)
Administration expenses	*3*	**(6,644)**	**-**	**(122)**	**(6,766)**	(6,099)	-	(1,145)	(7,244)
Operating profit		**2,553**	**564**	**(657)**	**2,460**	3,291	(990)	(1,741)	560
Financial income	*4,5*	**297**	**324**	**-**	**621**	72	-	-	72
Finance expense	*4,5*	**(1,289)**	**-**	**-**	**(1,289)**	(2,362)	(2,545)	-	(4,907)
Net financing costs		**(992)**	**324**	**-**	**(668)**	(2,290)	(2,545)	-	(4,835)
Profit/ (loss) before tax		**1,561**	**888**	**(657)**	**1,792**	1,001	(3,535)	(1,741)	(4,275)
Tax		**142**	**-**	**-**	**142**	696	-	-	696
Profit/(loss) for the year before discontinuing operations		**1,703**	**888**	**(657)**	**1,934**	1,697	(3,535)	(1,741)	(3,579)
Discontinued operations		**-**	**-**	**-**	**-**	-	-	(1,598)	(1,598)
Profit/(loss) for the year		**1,703**	**888**	**(657)**	**1,934**	1,697	(3,535)	(3,339)	(5,177)
Attributable to:									
Equity holders of the parent					**1,934**				(5,177)
Profit / (loss) for the financial year					**1,934**				(5,177)
Basic earnings / (loss) per share	*7*								
Continuing operations					**7.2p**				(13.3)p
Discontinued operations					**-**				(6.0)p
Total					**7.2p**				(19.3)p
Diluted earnings / (loss) per share	*7*								
Continuing operations					**7.2p**				(13.3)p
Total					**7.2p**				(19.3)p

Consolidated Statement of Comprehensive Income

for year ended 31 March 2010

	2010	2009
	£000	£000
Profit / (loss) for the year	**1,934**	(5,177)
Other comprehensive income		
Foreign currency translation differences for foreign currency operations	**196**	474
Total comprehensive income / (expense)	**2,130**	(4,703)
Total recognised income and expense for the year is attributable to:		
Equity holders of the parent	**2,130**	(4,703)

Consolidated Statement of Changes in Shareholders' Equity

for year ended 31 March 2010

Current year

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2009	270	13,848	417	2,640	69	(4,664)	12,580
Total recognised income and expense for the year	-	-	196	-	-	1,934	2,130
Issue of new shares	-	6	-	-	-	-	6
Purchase of shares by ETB	-	-	-	-	(54)	-	(54)
Equity-settled share based payment transactions	-	-	-	-	-	(5)	5
Balance at 31 March 2010	**270**	**13,854**	**613**	**2,640**	**15**	**(2,735)**	**14,657**

Prior year

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2008	269	13,868	(57)	2,640	-	492	17,212
Total recognised income and expense for the year	-	-	474	-	-	(5,177)	(4,703)
Other movement	-	-	-	-	-	(12)	(12)
Issue of new shares	1	49	-	-	-	-	50
Capital redemption reserve	-	(69)	-	-	69	-	-
Equity-settled share based payment transactions	-	-	-	-	-	33	33
Balance at 31 March 2009	270	13,848	417	2,640	69	(4,664)	12,580

Consolidated Balance Sheet
at 31 March 2010

	Note	2010	2009
		£000	£000
Non-current assets			
Property, plant and equipment		**5,210**	5,305
Investments		**33**	33
Intangible assets		**23,386**	24,460
		28,629	29,798
Current assets			
Inventories		**2,617**	2,844
Trade and other receivables		**6,604**	5,411
Corporation tax asset		**-**	59
Cash and cash equivalents		**606**	407
		9,827	8,721
Total assets		**38,456**	38,519
Current liabilities			
Interest-bearing loans and borrowings		**2,855**	3,556
Trade and other payables		**4,404**	3,467
Corporation tax liability		**95**	-
		7,354	7,023
Non-current liabilities			
Interest-bearing loans and borrowings		**14,443**	16,444
Other financial liabilities		**851**	1,200
Deferred tax liabilities		**1,151**	1,272
		16,445	18,916
Total liabilities		**23,799**	25,939
Net assets		**14,657**	12,580
Equity attributable to equity holders of the parent			
Share capital	*6*	**270**	270
Share premium		**13,854**	13,848
Translation reserve		**613**	417
Reverse acquisition reserve		**2,640**	2,640
Capital redemption reserve		**15**	69
Retained earnings		**(2,735)**	(4,664)
Total equity		**14,657**	12,580

Consolidated Cash Flow Statement

for year ended 31 March 2010

	2010	2009
	£000	£000
Cash flows from operating activities before tax		
Profit / (loss) for the year	**1,792**	(5,873)
Adjustments for:		
Depreciation and amortisation	**1,945**	2,408
Financial income	**(621)**	(72)
Financial expense	**1,289**	5,488
Gain on disposal of plant, property and equipment	**-**	2
Equity settled share based payment expenses	**5**	33
Operating profit before changes in working capital and provisions	**4,410**	1,986
(Increase)/Decrease in trade and other receivables	**(1,193)**	2,150
Decrease in inventories	**227**	666
Increase/(Decrease) in trade and other payables	**932**	(2,170)
Cash generated from operations	**4,376**	2,632
Interest paid	**(1,184)**	(1,432)
Income tax received / (paid)	**138**	(329)
Net cash inflow from operating activities	**3,330**	871
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(791)**	(1,501)
Interest received	**36**	72
Acquisition of intangible assets	**-**	(135)
Proceeds from disposal of PPE	**1**	-
Net cash outflow from investing activities	**(754)**	(1,564)
Cash flows from financing activities		
Net proceeds from the issue of share capital	**-**	50
Repayment of borrowings and fees	**(2,377)**	(658)
Net cash outflow from financing activities	**(2,377)**	(608)
Increase/(Decrease) in cash and cash equivalents	**199**	(1,301)
Cash and cash equivalents at 1 April 2009	**407**	1,708
Cash and cash equivalents at 31 March 2010	**606**	407

Notes

1 Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2010 or 2009. Statutory accounts for 2009 have been delivered to the Registrar of Companies, and those for 2010 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for 2009 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2010.

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 key conclusions are as follows: (i) On 10 June 2010, the Company reached agreement with RBS to make some relatively minor but helpful amendments to our facilities; (ii) A sensitised cash flow forecasting exercise performed for the period from the date of approval of these financial statements until 30 June 2011 showed that the Group had sufficient funds to meets its debts as they fall due over that period; and (iii) 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.

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. Estimates are made in respect of useful lives affecting the carrying value and amortisation charges in respect of these assets. The valuation of 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.

Notes *(continued)*

***Accounting estimates and judgements** (continued)*

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.

2 Accounting policies

Plastics Capital plc (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Japan, Thailand 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 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 accounting policies have been applied consistently to all periods presented in these Group financial statements.

3 Exceptional items – Operating profit

Cost of Sales

	2010	2009
	£000	£000
Redundancy payments	**436**	204
Restructuring / integration costs	**45**	-
Stock provisions and write-off on integration of businesses	**44**	188
Factory set up costs	**10**	204
	535	596

Also included within Cost of Sales is £564,000 in relation to gains on foreign exchange contracts (2009: loss of £990,000).

Administrative expenses

	2010	2009
	£000	£000
Redundancy payments	**68**	202
Restructuring / integration costs	**54**	478
Impairment of property	**-**	465
	122	1,145

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

(i) redundancy payments in relation to the group headcount reductions due to group restructuring;

(ii) restructuring, integration and streamlining costs on past acquisitions; and

(iii) factory set-up costs relating to Bell Plastics Limited.

Notes *(continued)*

4 Finance income and expense

	2010	2009
	£000	£000
Interest income	**37**	72
Gains on derivatives used to manage interest rates risk	**260**	-
Financial income	**297**	72
Bank interest	**1,257**	1,460
Deferred consideration interest	**32**	25
Losses on derivatives used to manage interest rate and foreign exchange risk	**-**	877
Financial expenses	**1,289**	2,362

5 Finance (income) / expenses included within foreign exchange costs

	2010	2009
	£000	£000
Net foreign exchange (gain) / loss	**(236)**	2,545
Gains on derivatives used to manage foreign exchange risk	**(88)**	-
	(324)	2,545

The net foreign exchange (gains) / losses represent unrealised (gains) / losses arising on the translation of foreign currency loans.

Notes *(continued)*

6 Capital and reserves

Share capital

In thousands of shares	Ordinary shares of 1p each **2010**	2009
On issue at 1 April	**270**	269
Issued for cash	**-**	1
On issue at 31 March – fully paid	**270**	270

	2010 **£000**	2009 £000
Authorised		
40,000,000 ordinary shares of 1p each	**400**	400
Allotted, called up and fully paid		
26,953,463 ordinary shares of 1p each	**270**	270
	270	270

Share options were exercised in the year amounting to 53,400 shares at 1p each. On 27th July 2009, Nicholas Ball exercised his remaining options resulting in him receiving 6,000 ordinary shares of 1p each in Plastics Capital Trading Limited. Nicholas Ball paid consideration of £6,000 for these shares. Following this exercise, the Company entered into a share exchange agreement with Nicholas Ball pursuant to which in consideration for the Company acquiring 6,000 shares in Plastics Capital Trading Limited from Nicholas Ball, it issued 53,400 Ordinary Shares to him.

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 2010 was 332,586

Notes *(continued)*

7 Earnings per share

	2010	2009
	£000	£000
Numerator		
Earnings used in basic EPS		
Profit / (loss) for the year from continuing operations	**1,934**	(3,579)
Profit / (loss) for the year from discontinued operations	**-**	(1,598)
Profit / (loss) for the year	**1,934**	(5,177)
Denominator		
Weighted average number of shares used in basic EPS	**26,935,663**	26,887,547
Weighted average number of shares used in diluted EPS	**26,988,489**	-

The diluted loss per share has not been calculated in the previous year due to the loss made.

8 Annual General Meeting

It is intended that the Annual General Meeting ("AGM") will take place at Buchanan Communication, 45 Moorfields, London, EC2Y 9AE on 30 July 2010. Notice of the AGM will be sent to shareholders with the financial statements.