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Plastics Capital plc

(“Plastics Capital”, the “Company” or the “Group”)

Preliminary Results for the year ended 31 March 2012

Plastics Capital plc (AIM: PLA) the niche plastics products manufacturer, today announces its preliminary results for the year ended 31 March 2012.

Financial highlights

	Year ended 31 March 2012 £’000	Year ended 31 March 2011 £’000	% Change
Revenue	32,096	33,509	-4%
EBITDA*	5,024	5,757	-13%
Profit before tax*	3,765	3,866	-3%
EPS (p)*	10.1	10.2	-1%
DPS (p)	1.0	-	n/a
Net Debt	10,148	12,341	-18%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses (see page 8).*
+ applying a standard tax charge of 26% and based on the average number of shares currently in issue in the year.

- Net debt reduced by £2.2 million to £10.1 million;
- Final dividend of 0.67p per share announced, total dividend for the year of 1p;
- Bank refinancing with extended and improved facilities completed July 2011.

Operational highlights

- Earnings per share sustained in difficult environment;
- Strong cash conversion – 76% of EBITDA converted to operating cash flow;
- Continued investment in business development activities;
- New business revenues largely compensate for demand slowdown;
- 18 new key accounts won during the financial year;
- Bank refinancing completed lowering debt service costs.

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

“Good new business generation, excellent cash flow and lower interest costs have left revenues and profits broadly unchanged on the prior record year, despite the recessionary environment and the negative revenue impact felt from the Japanese Tsunami and Thai floods. Meanwhile, we have continued to invest for future growth, particularly in overseas markets.

“Our focus on business development and technical innovation should continue to provide good growth for the Group in the medium term. Despite the current economic uncertainties, the Board believes the Group should be able to make good progress over the next year.”

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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, Japan, China and India. Approximately 60 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 300 employees.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review

I am pleased to report that despite difficult circumstances, our overall performance for FY2012 has been much the same as the previous year, which was our best since listing in 2007.

Compared to the prior year:

- revenue has fallen back slightly by 4% to £32.1 million;
- underlying* profit before tax of £3.8 million is broadly the same as the prior year;
- net debt has reduced by £2.2 million to £10.1 million; and
- adjusted* earnings per share of 10.1p is broadly the same as the prior year.

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

Revenue has been affected by a number of external factors. The global economic environment has been weak, with recession across Europe and growth elsewhere lower than the prior year. In addition, our plastic rotating parts business has been affected by two natural disasters, the Japanese tsunami and the Thai floods, which caused substantial interruption to some of our key Asian customers' supply chains. We can also now see, with the benefit of hindsight, that there was some overstocking in the prior year, when revenues rebounded strongly after the economic crisis and our customers' projections became a little over-optimistic. Given these circumstances, we believe holding revenues to a 4% reduction has been a reasonable result, largely attributable to the contribution of new business.

As to be expected, profits have been affected by the lower revenues. However, we have benefitted from lower interest costs as a result of the bank refinancing completed in July 2011, as well as from somewhat better US$/£ exchange rates compared to the prior year – our average exchange rate for FY2012 was $1.55 vs $1.64 in the prior year.

We have continued to invest in business development activity during the year and have not cut operating costs as revenues have weakened because the Board believes that organic development of the business will provide good returns for shareholders over the mid-term. However, we were more cautious than anticipated at the beginning of the year with regard to capital expenditure and have held back from approving projects over £0.25 million.

During the year, the Group has incurred some exceptional costs primarily associated with the bank refinancing, and has suffered a relatively small unrealised foreign exchange derivative loss. Meanwhile, there has been an exceptional gain on the sale of a minority interest in a San Marino based company that had traded for many years with C&T Matrix, our creasing matrix subsidiary. Together with amortisation, these factors account for the difference between the reported underlying profit before tax of £3.8 million and the statutory profit before tax of £1.5 million.

Our net debt has reduced by £2.2 million during the year. In addition to the profit performance and restrained capital expenditure discussed above, a key factor in achieving this reduction in debt has been good management of working capital, which as a percentage of sales during the year reduced from 15.8% to 15.3%.

New Business

The contribution of new business to the revenue line was £2.3 million, reflecting the investment made in business development activities over the last two years. The annual value of the pipeline of new business that has been won but has not yet flowed through to revenue, due to engineering lead times, stands at £5.4 million. This pipeline should gradually flow through to revenue over the next three years, without which we would expect revenue to be broadly driven by the level of global economic activity. Meanwhile, the pipeline of new business remains strong with a number of exciting potential projects under design and development in our Industrial Products division.

We won 18 new key accounts during the year so hitting our target of one to two per month. Unfortunately, we have had a worse than normal year for account losses, with six accounts lost during the year. Three of these losses were due to unusual circumstances - one was due to an administration and two were due to strategic choices on our part to exit distribution relationships that had run their course – these were replaced by new distribution relationships which will take time to build, but which we expect will result in superior profitability in the long run. Because of these losses, the net new business contribution to the top line was 2.3% of the prior year's sales, which is disappointing, as we would expect this percentage to be 5-10%.

Chairman’s Statement *(continued)*

Volumes

From a strong finish in Q4 2010-11, quarter-on-quarter volumes weakened by 20% through to the end of calendar 2012. Since then volumes have improved, with trading now at about 25% above the level they were in the aftermath of the financial crisis. We believe that pipeline stocks at our distributors and most key accounts are at appropriate levels given trading conditions – one or two key accounts are still settling down after the impact of last year’s natural disasters on their supply chains.

Raw Materials

Prices for the engineering grades of plastic that we use have remained flat, whilst commodity grades have been volatile. In particular, polyethylene fell by 15-20% during the first half of the financial year and then recovered and by the end of the year was back to where it started. As we now move into the new financial year, prices are falling again – and quite dramatically. This volatility creates a significant challenge for the management team in our high strength industrial films business, as input price changes have to be translated into sales prices quite rapidly in order to lead to in a neutral impact on margins per tonne, which is the key variable to control. However, we have demonstrated our ability to do this regularly over recent years whilst input prices have been highly volatile.

Currency

During the year, the Group has benefitted from hedging its US dollar trading exposure at favourable rates during FY2011. The effective rate of $1.55/£ achieved for the year is broadly the same as the rate we are hedged at for FY2013, so the movements in the dollar sterling rate will have little impact on progress in the next twelve months.

Our trading exposure to the Euro is limited as sales and purchases largely balance out month-to-month. We have, however, taken advantage of the weakness of the Euro towards the end of 2011-12 to convert some of our Euro debt, a legacy of the pre-crisis environment, into Sterling. In December 2011, we converted £2.6 million of Euro denominated debt into sterling, realising a £0.2 million gain. The now reduced level of Euro debt largely eliminates the residual balance sheet exchange rate exposure that the Group had to the Euro.

Our hedging policy is to ensure that realised gains/losses made in the businesses during the year from foreign exchange movements are broadly neutralised by realised gains/losses on forward contracts entered into 12-18 months prior to the start of the financial 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.

Banking and Debt

In July 2011, we signed an agreement with Barclays Corporate to refinance our debt, extending the maturity to June 2015. The new facilities incorporate an £8 million revolving credit facility and £6 million amortising term loan. The cost of these facilities after all hedging arrangements is about 450bps.

Our net bank debt has decreased to £10.1 million during the year, having repaid £2.2 million. In addition, we settled the £0.6 million deferred consideration outstanding on the acquisition of Palagan completed in 2008. Cash conversion, expressed as the percentage of EBITDA converted into operating cash flow, was 76%. Meanwhile, interest cover at the end of the year was 9.0x and net leverage, based on statutory bank debt, was 2.0x. These figures all indicate the strong cash generation of the Group and healthy state of the Group’s balance sheet compared to prior years.

Taxation

Our effective total tax rate based on our statutory profit before tax for FY2012 (excluding for deferred tax movements) was 13%; on an ongoing basis we would expect an effective total tax charge against underlying profits of 16-18%, due to R&D tax credits and the ongoing level of research and development expenditure across the group, as well as the changes to the UK corporation tax rate announced in the March 2012 budget.

Chairman's Statement *(continued)*

Dividend

The proposed final dividend of 0.67p brings the total dividend for the year to 1p per share. We intend to progressively increase dividends in line with our dividend policy over coming years as the Group's balance sheet continues to strengthen.

Outlook

Trading for Q1 FY2013 is in line with management's expectations. There are some signs that demand in the Packaging division is improving, although demand in the Industrial Products division remains inconsistent. Management's expectations are that demand will gradually improve over FY2013, driven largely by new business already won and our initiatives to introduce new products and to win customers.

FY2013 will be a year where we focus on the conversion of business that is already in the pipeline and on full penetration of accounts where we have already created a platform. Specific objectives are as follows:

- **Key account conversion** – our objective will be to add another 20 potential key accounts over the financial year and to develop our existing key accounts further.
- **Geographic expansion –** the key focus will be on China where we will add sales and customer service resources for bearings, matrix and mandrels. Other exciting developing markets will be targeted and we have some good opportunities in Brazil, Mexico, Poland and India.
- **New products** – these will include a value brand of creasing matrix targeted at smaller end-users in developing markets, an improved pressboard matrix for sophisticated end users, thinner and narrower film packaging products, new mandrels materials tailored to customers hose-making requirements and various new plastic ball bearing solutions for new applications such as automotive interiors and camera lens mechanisms.
- **Capital investment –** to support new product development and to provide for additional production capacity to support growing revenues.

Acquisition opportunities increased during calendar 2012, with a few leading candidates coming to light, which are currently being pursued. Acquisitive growth is an important component of our strategy and we will continue to pursue opportunities that meet our acquisition criteria.

The Board wishes to extend its sincere thanks to the Group's employees. FY2012 has been a difficult and frustrating year for all as demand has been much weaker than envisaged at the start of the year. Despite this our staff have responded positively. The spirit throughout the Group is good with everyone involved looking for ways to make improvements in all aspects of our activity. The culture of continuous improvement that we see in most parts of our organisation will stand the Group in good stead for the future.

We continue to be highly profitable and cash generative as a Group. We very much hope that external market conditions will at least be neutral, if not positive over FY2013. This being the case, we look forward to year of good progress.

Faisal Rahmatallah
Executive Chairman

Operational Review

	2012	2011
	£000	£000
Industrial Products		
Plastic rotating parts	**11,976**	12,409
Hydraulic hose consumables	**3,254**	3,657
Packaging		
Packaging consumables	**5,531**	6,502
High strength film packaging	**11,335**	10,941
Turnover per consolidated income statement	**32,096**	33,509

Industrial Products

BNL (UK) Limited ("BNL"), which manufactures plastic bearings and other rotating parts, had a reasonable year given the difficulties experienced by their Japanese customers following first the Japanese tsunami and then the Thai flooding. Adjusting for this and exchange rates, sales were flat; however, new business wins were strong with five new key accounts and converted new business which will lead to £2.4 million of additional annual sales over the next three years. New business wins in FY2012 included:

- a first project for Kohler, one of the world's leaders in bathroom products, and
- a first project for Konica Minolta in one of our core applications in office machinery.

A new CEO was appointed during the year, Derek Mansfield, who joined at the beginning of January 2012. I am pleased to say that Derek has made a good start and is already driving some significant key improvements in BNL's activities. Priorities for the current year are as follows:

- Devolution of responsibility to, and greater accountability in the regional sales offices – to deliver sales and conversion of new projects as projected
- Improvement in design and engineering processes, so that we can achieve faster and better probability of conversion of projects into new sales
- Strengthening of the quality function to meet the increasing requirements of new and existing customers, especially those in the automotive and office machinery industries

We continue to believe that BNL has good potential for long term growth – there are currently 20 high priority projects with a potential annual sales value in excess of £7 million that are in the design process. A significant proportion are for automotive customers for whom applications include steering columns, instrument panel control knobs and adjustable headlights; there are also projects in other core applications like paper pathways for office machinery and ATMs, as well as new applications in textile machinery.

Bell Plastics ("Bell"), which manufactures hydraulic hose mandrels and films, after a good start to the year, suffered a reduction in sales from the mid-year as a result of the economic crisis in Europe. This led to a slowdown in end markets for hydraulic rubber hose, which has always been highly cyclical. In addition, Bell lost its third largest customer when this company went into administration midway through the year. There was some recovery in sales by the end of the financial year and this has continued through the first quarter of FY2013 – some of this is due to successes in new business. Sales are now double the level they settled at during the bottom of the post crisis recession.

Bell has modified its business model during the course of the year in response to a better understanding of the technical needs of customers. We have found that the optimum material formulation has varied significantly by customer and by hose type, implying a need from us for a technical diagnostic service before a product can be design and specified. This technical service capability has been put in place and is producing some extremely valuable results. It also means a significantly wider range of mandrels being made available – not quite a bespoke service, but moving in that direction from the three mandrel types that previously constituted 95% of our sales. The new business model is enabling us to improve both the likelihood and conversion of enquiries from a wide variety of hose makers in different parts of the world. During the last twelve months, we have started to supply new accounts in Mexico, the United States of America, China and Japan.

Operational Review *(continued)*

As with our bearings business, we also believe that Bell has excellent potential for growth, although from a lower base. Trials are on-going for some significant new accounts and there is good potential for a rebound in existing accounts when economic conditions improve.

Packaging

C&T Matrix ("C&T"), which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, suffered weak trading until September 2011, since when demand levels have improved slowly. Contributing to the weak first half was overstocking at distributors in the prior financial year, together with some new production planning procedures which we introduced to improve delivery reliability and lower temporary and overtime labour costs, but which had a short term impact on sales. By the end of the year both these factors had turned around.

Also contributing to the sales slowdown in the first half was the restructuring of our distribution relationships in Italy and Brazil. In both countries we replaced one exclusive distributor with two distributors focused on different brands and with somewhat different geographical footprints. We are pleased with the new relationships and the early indications are that we will achieve better results in the mid-term.

The next twelve months will see some important new developments at C&T, as follows:

- Full launch of Traxplus – a pressboard product targeted at the premium end of the creasing matrix market
- Launch of a value range for certain developing markets – targeted at the low end of the market for smaller emerging market customers particularly
- New distribution relationships in Poland, which is a big market for matrix and China
- Development of direct sales activities in the UK, which has been somewhat overlooked in the past, as well as in India, where our import company has had a very successful first full year of trading and China, where a local sales manager has recently been appointed

These new developments together with ongoing slow recovery should enable C&T to make good progress in FY2013.

Palagan Limited ("Palagan"), our specialist film packaging business, had a reasonable year in a weak market. Revenues in value terms were up 2% but in volume terms they were down 3%. This reflects the annual average of movements in raw material prices, which were then passed on to customers. On a volume basis, Palagan is now trading about 5% above the level prevailing before the 08-09 financial crises, which is a creditable achievement.

During the year, a new extrusion line was installed increasing Palagan's ability to supply thin gauge industrial films – down to 10 micron. This product capability has given us scope to supply these films as part of a package, so opening up customers who may have previously not been prepared to buy from multiple suppliers. Unfortunately, we were not able to proceed with installation of second and larger investment, a new 5 layer line, as originally planned at the beginning of the year because we did not consider market conditions to be sufficiently favourable for a significant capacity increase or for a single capital expenditure of over £0.5 million.

Prospects for Palagan are reasonable. The company's business model of making heavy duty films from special blends using in-line production focused on small lot sizes is unusual, difficult to copy and provides a significant cost and service advantage. Whilst the market is not growing overall there are opportunities for competitive and innovative companies like Palagan to take share. We will look again at the 5 layer line investment this year and if we proceed this will lead to opportunities to save costs and widen the product range still further. The first half of FY2013 is likely to see falling polymer prices, so providing some respite for Palagan from the recent continual need to recover input price increases. A period of slightly improving margins is probable in this business.

Financial Review

	2012 £000	2011 £000	Change %
Revenue	**32,096**	**33,509**	**-4.2%**
Gross profit	**12,201**	**12,809**	**-4.7%**
Operating profit	**3,248**	**3,534**	**-8.1%**
Add back: Depreciation	872	856	
Add back: Amortisation	1,119	1,189	
Add back: Exceptional (gain) / costs	(215)	178	
EBITDA before exceptional costs	**5,024**	**5,757**	**-12.7%**
Profit before tax	1,499	3,597	
Add back: Amortisation of intangible assets & deal fees	1,244	1,189	
Add back: Exceptional costs	785	178	
Add back: Unrealised foreign exchange losses / (gains)	100	(79)	
Add back: Unrealised derivative gains	137	(1,019)	
Profit before tax*	**3,765**	**3,866**	**-2.6%**
Tax credit / (charge)	154	(501)	
Profit after tax*	**3,919**	**3,365**	**16.4%**
Basic adjusted EPS*+	**10.1p**	**10.2p**	**-1.0%**
Basic EPS	**6.2p**	**11.4p**	**-45.6%**
Capital expenditure	**808**	**1,044**	**-22.6%**
Net debt	**10,148**	**12,341**	**-17.8%**

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

+ - applying a standard tax charge of 26% and based on 27.5 million shares in issue in the year

Revenue

Revenue for the year was £32.1 million which was a decrease of 4.2% from £33.5 million in FY2011. On a like-for-like basis (i.e. adjusting for exchange rates), organic revenue decreased by 3.8%.

Gross profit

Gross profit was £12.2 million (margin: 38.0%) in FY2012 against £12.8 million (margin: 38.2%) in FY2011. The gross profit margin was maintained as increasing raw material prices within one of our businesses in the packaging division (largely passed on to end customers through increased sales prices but which have the effect of reducing margin) were offset by a better foreign exchange rate in the year (we were hedged during FY2012 at a USD rate of $1.55 compared to FY2011 of $1.64).

Exceptional costs

Exceptional costs incurred in the year relate to:

- charge associated with the write off of capitalized banking deal fees and breaking the old RBS interest rate hedge;
- set-up costs relating to the sales office in China; and
- a net gain from the proceeds, less legal and professional fees associated with the sale of the investment in SKOR srl.

Financial Review *(continued)*

Profitability

EBITDA before exceptional costs was £5.0 million which is 12.7% lower than in FY2011.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains of £3.9 million compares with the prior year equivalent of £3.4 million, which is an increase of 16.4%.

Taxation

The Group's tax credit for the year is £0.2 million which compares with FY2011 of a tax charge of £0.5 million. The credit has arisen on the movement of deferred tax during the year.

Earnings per share

Basic earnings per share are 6.2p compared to 11.4p in FY2011. This is based on a weighted average 26.6 million shares (FY2011: 27.2 million shares).

Capital expenditure

Capital expenditure was £0.8 million in FY2012 which compares with £1.0m in FY2011.

Cash flow

In the year, cash generated from operations amounted to £4.8 million (FY2011: £5.4 million). The cash balance at the year end was £2.6 million (FY2010: £1.6 million), which represents cash generated in the year of £1.0 million (FY2011: £1.0 million).

Net debt

Net debt at the year end of £10.1 million (FY2011: £12.3 million) decreased during the year by £2.2 million.

The principal movement in the year was caused due to the strong cash generation of the business. There was a minor effect from the foreign exchange debt, denominated in Euros and US Dollars which when translated at the year end rate accounted for an unrealised foreign exchange gain of £0.1million.

In the year, the bank facility was refinanced with Barclays Corporate with the debt structured into a 4 year senior loan of £6 million and a 4 year revolving credit facility of £8 million. In December 2011 we converted £2.6 million of Euro denominated debt into Sterling, realising a £0.2 million gain. The now reduced level of Euro debt largely eliminates the residual balance sheet exchange rate exposure that the group had to the Euro.

KPIs

The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptional items. In FY2012, the EBTIDA margin was 15.7% which is down on FY2011 at 17.2%. The reduction in EBITDA margin was due to operational gearing as investment in business development activity was maintained and operating costs were not cut despite slightly lower sales volumes.

Consolidated Income Statement

for year ended 31 March 2012

	Note	**2012** **Before foreign exchange & exceptional items**	**2012** **Foreign exchange impact on derivatives and loans**	**2012** **Exceptional items**	**2012** **Total**	2011 Before foreign exchange & exceptional items	2011 Foreign exchange impact on derivatives and loans	2011 Exceptional items	2011 Total
		£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue	8	**32,096**	**-**	**-**	**32,096**	33,509	-	-	33,509
Cost of sales		**(20,179)**	**284**	**-**	**(19,895)**	(20,303)	(294)	(103)	(20,700)
Gross profit		**11,917**	**284**	**-**	**12,201**	13,206	(294)	(103)	12,809
Distribution expenses		**(2,034)**	**-**	**-**	**(2,034)**	(1,934)	-	-	(1,934)
Administration expenses	3	**(7,145)**	**-**	**215**	**(6,930)**	(7,266)	-	(75)	(7,341)
Other income		**11**	**-**	**-**	**11**	-	-	-	-
Operating profit		**2,749**	**284**	**215**	**3,248**	4,006	(294)	(178)	3,534
Financial income	4 / 5	**169**	**69**	**-**	**238**	250	849	-	1,099
Finance expense	3/4/5	**(684)**	**(303)**	**(1,000)**	**(1,987)**	(1,036)	-	-	(1,036)
Net financing (costs)/ income		**(515)**	**(234)**	**(1,000)**	**(1,749)**	(786)	849	-	63
Profit before tax		**2,234**	**50**	**(785)**	**1,499**	3,220	555	(178)	3,597
Tax	-	**154**	**-**	**-**	**154**	(501)	-	-	(501)
Profit for the year attributable to equity shareholders of the Company		**2,388**	**50**	**(785)**	**1,653**	2,719	555	(178)	3,096
Basic earnings per share attributable to equity shareholders of the company	7				**6.2p**				11.4p
Diluted earnings per share attributable to equity shareholders of the company	7				**6.2p**				11.3p

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

Consolidated Statement of Comprehensive Income
for year ended 31 March 2012

	2012 **£000**	2011 £000
Profit for the year	**1,653**	3,096
Other comprehensive income		
Foreign currency translation differences for foreign currency operations	**87**	(264)
Total comprehensive income	**1,740**	2,832
Total recognised income and expense for the year is attributable to:		
Equity holders of the parent	**1,740**	2,832

Consolidated Statement of Changes in Shareholders' Equity
for the year ended 31 March 2012

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 2011	275	14,098	349	2,640	(214)	650	17,798
Total recognised income and expense for the year	-	-	87	-	-	1,653	1,740
Dividends paid	-	-	-	-	-	(91)	(91)
Balance at 31 March 2012	**275**	**14,098**	**436**	**2,640**	**(214)**	**2,212**	**19,447**

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 2010	270	13,854	613	2,640	15	(2,735)	14,657
Total recognised income and expense for the year	-	-	(264)	-	-	3,096	2,832
Issue of new shares	5	244	-	-	-	-	249
Purchase of shares by EBT	-	-	-	-	(229)	-	(229)
Equity-settled share based payment transactions	-	-	-	-	-	289	289
Balance at 31 March 2011	**275**	**14,098**	**349**	**2,640**	**(214)**	**650**	**17,798**

Consolidated Balance Sheet

at 31 March 2012

	Note	2012	2011
		£000	£000
Non-current assets			
Property, plant and equipment		**4,164**	4,362
Investments		**-**	38
Intangible assets		**21,370**	22,239
		25,534	26,639
Current assets			
Inventories		**3,134**	3,194
Trade and other receivables		**6,858**	7,381
Other financial assets		**30**	167
Cash and cash equivalents		**2,550**	1,647
		12,572	12,389
Total assets		**38,106**	39,028
Current liabilities			
Interest-bearing loans and borrowings		**5,137**	2,901
Trade and other payables		**4,820**	5,505
Corporation tax liability		**301**	540
		10,258	8,946
Non-current liabilities			
Interest-bearing loans and borrowings		**7,561**	11,088
Deferred tax liabilities		**840**	1,196
		8,401	12,284
Total liabilities		**18,659**	21,230
Net assets		**19,447**	17,798
Equity attributable to equity holders of the parent			
Share capital	6	**275**	275
Share premium		**14,098**	14,098
Translation reserve		**436**	349
Reverse acquisition reserve		**2,640**	2,640
Capital redemption reserve		**(214)**	(214)
Retained earnings		**2,212**	650
Total equity		**19,447**	17,798

Consolidated Cash Flow Statement

for year ended 31 March 2012

	2012	2011
	£000	£000
Profit after tax for the year	**1,653**	3,096
Adjustments for:		
Income tax (credit)/charge	**(154)**	501
Depreciation and amortisation	**1,991**	2,045
Financial income	**(238)**	(1,099)
Financial expense	**1,987**	1,036
Gain on disposal of plant, property and equipment and investments	**(301)**	(249)
Equity settled share based payment expenses	**-**	289
Changes in working capital		
Decrease/(increase) in trade and other receivables	**523**	(777)
Decrease/(increase) in inventories	**60**	(577)
(Decrease)/increase in trade and other payables	**(688)**	1,110
Cash generated from operations	**4,833**	5,375
Interest paid	**(559)**	(884)
Income tax paid	**(440)**	(12)
Net cash inflow from operating activities	**3,834**	4,479
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(808)**	(1,044)
Interest received	**-**	2
Acquisition of investments	**-**	(5)
Development expenditure capitalised	**(250)**	-
Proceeds from disposal of property, plant and equipment	**446**	1,300
Dividend received	**2**	-
Net cash (outflow)/inflow from investing activities	**(610)**	253
Cash flows from financing activities		
Net proceeds from the issue of share capital	**-**	36
Net proceed from new loan	**11,000**	-
Repayment of borrowings and fees	**(12,605)**	(3,727)
Payment of deferred consideration	**(625)**	
Dividends paid	**(91)**	-
Net cash outflow from financing activities	**(2,321)**	(3,691)
Increase in cash and cash equivalents	**903**	1,041
Cash and cash equivalents at 1 April 2011	**1,647**	606
Cash and cash equivalents at 31 March 2012	**2,550**	1,647

Notes

1 Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2012 or 2011. Statutory accounts for 2011 have been delivered to the Registrar of Companies, and those for 2012 will be delivered in due course. The auditor has 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 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 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. The key conclusions are as follows:

- On 21 June 2011 the Company entered into new facilities agreements with Barclays Corporate. The Company forecasts it can meet financial covenants attaching to the facilities over the period to at least 30 June 2013.
- 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, India, China and the United States of America.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The 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

Cost of Sales

	2012	2011
	£000	£000
Restructuring/integration costs	**-**	30
Costs associated with sale & leaseback	**-**	50
Stock provisions and write-off on integration of businesses	**-**	23
	-	103

Also included within Cost of Sales is £284,000 in relation to gains on foreign exchange contracts (2011: losses of £294,000).

Administrative expenses

	2012	2011
	£000	£000
Restructuring / integration costs (i)	**24**	-
Company set up costs (ii)	**53**	31
Recruitment costs	**-**	30
LTIP charge and EBT scheme cancellation charge	**-**	289
Gain on sale of investment (iii)	**(292)**	-
Gain on sale of property	**-**	(275)
	(215)	75

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

(i) specific restructuring costs,

(ii) set-up costs relating to the sales office in China,

(iii) a net gain from the proceeds, less legal and professional fees associated with the sale of the investment in SKOR srl.

Notes *(continued)*

3 Exceptional items *(continued)*

Finance Expense	**2012 £000**	2011 £000
Charges associated with the write off of capitalized banking deal fees and breaking interest rate hedges	**1,000**	-
	1,000	-

4 Finance income and expense

	2012 £000	2011 £000
Interest income	**3**	1
Unrealised gains on derivatives used to manage interest rate risk	**166**	249
Financial income	**169**	250
Bank interest	**545**	962
Deferred consideration interest	**14**	74
Amortisation of capitalised deal fees	**125**	-
Financial expenses	**684**	1,036

5 Finance income / costs included within foreign exchange costs

	2012 £000	2011 £000
Net foreign exchange gain	**69**	79
Unrealised gains on derivatives used to manage foreign exchange risk	**-**	770
	69	849

The net foreign exchange gains represent unrealised gains arising on the translation of foreign currency liabilities.

In the year, £2.6 million of Euro debt was converted into Sterling debt which resulted in a realised gain of £169,000. Offsetting this, in the year, was an unrealised foreign exchange loss of £100,000.

	2012 £000	2011 £000
Unrealised losses on derivatives used to manage foreign exchange risk	**(303)**	-
	(303)	-

Notes *(continued)*

6 Capital and reserves

Share capital

In thousands of shares	Ordinary shares of 1p each **2012**	2011
On issue at 1 April	**27,542**	26,953
Issued for cash	**-**	589
On issue at 31 March – fully paid	**27,542**	27,542

	2012 £000	2011 £000
Allotted, called up and fully paid		
27,542,532 ordinary shares of 1p each	**275**	275
	275	275

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement
Translation reserve	The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations
Reverse acquisition reserve	Arises on the reverse acquisition accounting applied to the share for share exchange of Plastics Capital Trading Limited by the Company
Capital redemption reserve	Arises on consolidation of Plastics Capital (Trustee) Limited through purchase of the parent company's shares. The number of Plastics Capital plc shares held by Plastics Capital (Trustee) Limited as at 31 March 2012 was 921,655

7 Earnings per share

	2012 £000	2011 £000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year from continuing operations	**1,653**	3,096
Profit for the year	**1,653**	3,096
Denominator		
Weighted average number of shares used in basic EPS*	**26,620,877**	27,233,414
Weighted average number of shares used in diluted EPS*	**26,620,877**	27,308,414

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

Notes *(continued)*

8 Annual General Meeting

It is intended that the Annual General Meeting ("AGM") will take place at St Mary's House, 42 Vicarage Crescent, London, SW11 3LD on 27 July 2012. Notice of the AGM will be sent to shareholders with the financial statements.