For immediate release **25th June 2013**

Plastics Capital plc

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

Preliminary Results for the year ended 31 March 2013

Plastics Capital plc (AIM: PLA), the niche plastics products manufacturer, today announces its preliminary results for the year ended 31 March 2013, which are in line with consensus market expectations.

Financial highlights

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000	% Change
Revenue	31,407	32,096	-2%
EBITDA*	4,484	5,024	-11%
Profit before tax*	3,300	3,765	-12%
EPS (p)*	10.0	10.1	-1%
DPS (p)	2.0	1.0	+100%
Net Debt	8,369	10,148	-18%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses (see page 8).*
+ applying a standard tax charge of 24% and a R&D tax credit of £1million (FY2012 - 26%) and based on the average number of shares currently in issue in the year.

- Net debt reduced by £1.8 million to £8.4 million;
- Dividend for the year doubled to 2p.

Operational highlights

- Earnings per share sustained despite the difficult macroeconomic environment;
- Strong cash conversion – 63% of EBITDA converted to operating cash flow;
- Continued investment in business development activities;
- Good new business growth offset by weakness in Continental Europe;
- 11 new key accounts won during the financial year;
- Expansion in China on track;
- Investment in R&D and innovation yielding results.

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

"Good new business generation, strong cash flow, lower interest and taxation costs have left revenues and EPS broadly unchanged on the prior year despite depressed sales to Continental Europe as well as adverse exchange rate movements.

We continue to invest in business development, technical innovation and new equipment to drive sales forward. Trading for Q1 FY2014 is in line with management's expectations and there are initial indications that trading conditions will improve over the coming months. We continue to be highly profitable and cash generative as a Group and look forward to another year of good progress."

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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

Our overall performance for FY2013 has been similar to the prior year:

- Revenue is marginally down at £31.4 million;
- underlying* profit before tax of £3.3 million is 12% down on the prior year;
- net debt has reduced by £1.8 million to £8.4 million; and
- adjusted* earnings per share of 10.0p is broadly the same as the prior year.

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

Revenue reflected macroeconomic issues applying to different parts of the world. Excluding Continental Europe, revenue increased 2% with revenues from Asia Pacific being up by 4.5%. However, revenue from Continental Europe was down by 15.5%, as customers there reduced stocks in response to recessionary conditions. Importantly, net new business (i.e. new business gained less business lost) contributed an additional 3.8% to sales in the year; this was better than the prior year figure of 2.3% and respectable in difficult trading conditions.

Operating profit was lower due to decreased revenue, adverse currency movements and some additional sales overheads compared to the prior year. The operational gearing in our business is such that the shortfall in revenue resulted in a reduction in profit before tax of approximately £0.2 million. As regards currency, FY2013 was hedged at a worse rate than FY2012, resulting in approximately £0.2 million adverse movement between the two years. Finally, additional business development costs reduced profits by £0.1 million in the year. We believe these costs will pay-off over 2-3 years because of the lengthy sales cycles that apply to our businesses.

Despite lower operating profit, earnings per share were broadly flat due to lower interest costs and to a lower tax charge. The lower tax charge was due to the benefit of £1 million of R&D tax credits and to a 24% corporation tax rate applying this year compared to 26% in the prior year.

Capital expenditure of £0.9 million has been at a similar level to prior years although we have started to shift the balance towards expenditure on new capacity and new capabilities, which together accounted for 72% of capital expenditure compared to 29% in the prior year. Working capital was 16.4% of sales and continues to be managed well.

The group has once again demonstrated very strong cash flow performance with 63% of the £4.5m EBITDA converting to operating cash flow. This enabled us to pay debt interest costs, corporation tax and to propose an increase in dividend. Meanwhile debt reduced by £1.8 million over the year.

New Business

Revenue from new business was £1.7 million during the period, reflecting the investment made in business development activities over the last two years. The annual sales 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 £6.1 million. Meanwhile, the pipeline of new business is extremely strong with a number of exciting potential projects under design and development in our Industrial Products division.

We have won 11 new key accounts (customers with potential turnover in excess of £100,000) during the year, so just missing our target of one to two per month. Of greater significance was the fact that some of these wins were potentially very significant customers over coming years; for example, it included two of the world's leading camera manufacturers, the largest rubber hose plant in the world, and one of Europe's largest manufacturers of cardboard packaging. We have a total of 60 customers exceeding £100,000 in sales and a further 31 active customers who we anticipate will get to this level in the coming years.

China

We have continued to advance our activities in China, a key region for future growth. Our Shanghai trading company is being converted into a manufacturing entity and will move from downtown Shanghai to the Songjiang district, which is on the outskirts of the city. There we expect to complete a fit-out of a 1,750 square metre factory/office building to make machined plastic ball bearings, for which we have both domestic demand and export demand. Meanwhile we have already increased our staff in China to six people and this will expand further as we progress with the factory. We have also expanded our distribution network for creasing matrix and started to sell hose mandrels direct to local companies as well as to foreign controlled companies operating there.

Innovation

Innovation has become the critical factor in driving the future growth of the group. We invest approximately £1 million per year on R&D activities, most of which is on product development rather than pure research. We are also making active use of the government funded Knowledge Transfer Partnership ("KTP") initiative, working with Exeter University's polymer science department.

Innovation has focused on three major initiatives to drive the growth of the group over the next few years. Each relies on technical advances in material, product and/or processing technology.

- Bespoke Mandrel Materials – we no longer simply 'sell high performance nylon mandrels' to rubber hose plants. We now provide a diagnostic service to analyse what mandrel material will best fit the rubber compound used by each customer for each of their applications - then we sell a bespoke mandrel/lubricant solution. Key variables that matter to each customer include useful life, flexibility, tensile strength and extractability. Interestingly, we have found that the chemistry of customers' rubber compounds vary significantly, and there is generally a poor understanding of the fit between mandrel material and the ease of processing the rubber hose together with its impact on the quality of the end product. As a result, we can add tremendous value by optimising our customers' manufacturing process and at the same time significantly increase the market available to us by broadening the range of mandrel materials we are able to process and offer. We have seen excellent new business wins over the last 6-9 months from this area of innovation. Further, we have a long list of conversion opportunities that we are busy working on.
- Multi-layer Industrial Films – we are soon to complete the installation of a £0.75 million investment in a new extrusion line that will be able to further improve the strength to cost ratio of the films we produce, particularly once we have applied some innovative material blends; this is a key to differentiation in the industrial film packaging market. This new line will also provide an additional 15-20% capacity and enable us to manufacture narrower bags and sacks than have been possible to date, which will open up new and attractive market segments.
- Ultra-high Volume Bearings – key to growth in our bearings business is increasing the average size of projects that go through the design, prototyping and tooling process. This is a time intensive and highly technical process and needs to deliver more substantial projects into the manufacturing platform of the business to enable significant revenue and profit growth. Over the last 2-3 years we have increased the proportion of major projects in the pipeline substantially; exciting examples include:
    - Sealed toner cartridges – bearings within toner cartridges for photocopiers and printers; a project that has necessitated significant R&D. Prototypes have now passed testing and we are in discussions about production tooling and launch.
    - Automotive control knobs – bearings used in instrument controls in car interiors. Prototyping is largely complete and we are in detailed commercial discussions with a number of tier 1 automotive contractors.
    - CCTV PTZ mechanisms – complete systems based around plastic ball bearings to provide the pan, tilt and zoom ("PTZ") motion for closed circuit television cameras. We have designed a standard system for use by brand owners and are in detailed discussion with a number, particularly in China where the market opportunity is substantial.

Raw Materials

Prices for the engineering grades of plastic that we use have remained flat, whilst commodity grades have been volatile. In particular, polyethylene gyrated 25% up and down during the year finishing the year on an upward trend. Over the year average prices were about 5% above the prior year. We have once again demonstrated our ability to manage pricing effectively and pass through raw material cost movements to our customers during a period of considerable volatility.

Dividend

The proposed final dividend of 1.33p brings the total dividend for the year to 2p per share. This is 1p more than that paid in the prior year. We intend to progressively increase dividends over coming years as the Group's balance sheet continues to strengthen.

The Company intends to pay the final dividend of 1.33p to all shareholders on 2 August 2013 in respect of the year ended 31 March 2013. The record date for the dividend is 5 July 2013 and the associated ex-dividend date is 3 July 2013.

Outlook

Trading for Q1 FY2014 is in line with management's expectations and there are initial indications that trading conditions will improve over the coming months. The pipeline of new business remains strong and we believe existing business will at least continue at similar levels to last year. The combination of sustained existing business combined with new business should result in top line growth over FY2014. We are also actively pursuing some interesting acquisition opportunities and acquisitive growth remains an important part of our strategy. We are hopeful that this will complement organic trading during the current year.

The Board wishes to extend its sincere thanks to the Group's employees, who have responded to new challenges extremely well.

We continue to be highly profitable and cash generative as a Group. We look forward to year of good progress in FY2014.

Faisal Rahmatallah
Executive Chairman

Operational Review

	2013 £000	2012 £000
Packaging		
Packaging consumables	**5,596**	5,531
High strength film packaging	**11,466**	11,180
Industrial products		
Plastics rotating parts	**11,243**	12,131
Hydraulic hose consumables	**3,102**	3,254
Turnover per consolidated income statement	**31,407**	32,096

Industrial Products

BNL (UK) Limited ("BNL"), which manufactures plastic bearings and other rotating parts, had a disappointing year in terms of growth, with revenue down 7% on the prior year. Major clients in Europe were significantly down year-on-year and even Asia based customers complained that their sales were down because of slow sales into European markets. However, profits improved through a combination of good cost containment and good commercial management of engineering projects, where we were able to recover some costs.

New projects worth approximately £2 million in annual sales at maturity were converted into tool orders including first projects for new key accounts in the camera lens market and in South Korea. Furthermore, no key accounts were lost in the year but many substantial projects were delayed.

Some important organisational changes were made in the year. On the operational side of the business a new Operations Director, Malcolm Ford, was appointed with a very strong injection moulding background, as well as approximately 10 years working with Black & Decker in a senior operational management role. The general manager of our factory in Thailand left at the end of the year and a replacement will be in place at the beginning of July 2013. Other new hires include a tooling manager and a new manager responsible for design engineering. All these changes have a common theme – the need for world class engineering capability at BNL, particularly as it applies to injection moulded bearing design and manufacture.

The priority at BNL is very much on project conversion. There is an exceptionally strong list of projects in various stages of design and prototyping.

Bell Plastics ("Bell"), which manufactures hydraulic hose mandrels and films, also had a disappointing year with sales down 5% overall; this had the predictable impact on profits for a business with high operational gearing. However, there was a noticeable improvement in orders during Q4, due to customers restocking and to new business wins coming through, despite weak demand conditions overall. As we moved into FY2014, Bell is achieving record sales levels, which is extremely encouraging.

New business contributed 9% to revenue over the year, which was a good result. New key accounts were gained in Mexico, Turkey and Poland – all very significant hose manufacturing plants that are part of industry leading multinational companies. Unfortunately, Bell also suffered one significant customer loss which pulled revenue down somewhat.

Bell is benefitting from the change in its business model from selling a narrow range of products to providing a wide variety of mandrel solutions. Previously we have focused on high pressure rubber hoses specially reinforced with spirally wound wire. However, we can now add value through bespoke mandrel solutions for a wide variety of different types of hose.

The challenge for Bell is now to match its operational capability to its sales and design capability. The new business model means more product variety, more change overs, more difficult materials to process and overall more operational "agility" being required in the business. This has implications for most aspects of the way the factory is operated including staffing, skill needed and process machinery.

Operational Review *(continued)*

Packaging

C&T Matrix ("C&T"), which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, had a flat year in terms of sales with weakness in the first nine months being offset by a strong recovery in the final quarter, which has been sustained as we moved into Q1 2014. Profitability was, however, down on the prior year as investment in business development activity increased with the addition of two salespeople and the associated marketing costs.

Net new business at C&T was disappointing with no significant gains, but also no losses. Analysis of the additional business development activity has indicated that it has taken about nine months to be effective, and we are starting to see some improved growth in certain key markets that we have focused on. On the positive, during the year we made our first sales to a large packaging group in the UK and also signed up an excellent distributor in China for the Channel brand.

The operational performance of C&T has improved slowly but surely over the year; service and quality complaints, which were not high, have reduced, on-time and in-full delivery performance has exceeded 95% and working capital has reduce significantly.

Palagan Limited ("Palagan"), our specialist film packaging business, had a good year in a weak market. Revenues in value terms were up 3% and in volume terms they were up 2%. On a volume basis, Palagan is now trading about 5-10% above the level prevailing before the 08-09 financial crises, which is a creditable achievement. Profitability was up by 5% as margins were broadly held and costs contained well.

Palagan had a good year in terms of new business with over £1 million of additional sales and net new business contributing 7% to revenue. Much of this was attributable to new films introduced during the year and particularly benefitted from the new thin gauge extrusion line installed in the prior year. The Board also approved the purchase of a new multilayer line during the year, which should be installed and running during Q2 FY2014.

Palagan'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. There are opportunities for competitive and innovative companies like Palagan to take share. With the new multi-layer line installed, Palagan has an excellent opportunity to achieve a step change in performance over the next two years.

Financial Review

	2013 £000	2012 £000	Change %
Revenue	**31,407**	**32,096**	**-2.1%**
Gross profit	**11,482**	**12,201**	**-5.9%**
Operating profit	**2,122**	**3,248**	**-34.7%**
Add back: Depreciation	969	872	
Add back: Amortisation #	1,119	1,119	
Add back: Exceptional costs / (gains)	279	(215)	
EBITDA before exceptional costs	**4,484**	**5,024**	**-10.7%**
Profit before tax	1,140	1,499	
Add back: Amortisation of intangible assets & deal fees	1,272	1,244	
Add back: Exceptional costs	279	785	
Add back: Unrealised foreign exchange & derivative losses / (gains)	614	237	
Profit before tax*	**3,300**	**3,765**	**-12.4%**
Tax credit	163	154	
Profit after tax*	**3,463**	**3,919**	**-11.6%**
Basic adjusted EPS*+	**10.0p**	**10.1p**	**-1.4%**
Basic EPS	**4.9p**	**6.2p**	**-21.0%**
Capital expenditure	**936**	**808**	**15.8%**
Net debt	**8,369**	**10,148**	**17.5%**

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

+ - applying an effective tax charge of 16% (2012: standard tax charge of 26%) and based on 27.5 million shares in issue in the year

- excludes development costs

Revenue

Revenue for the year was £31.4 million which was a decrease of 2.1% from £32.1 million in FY2012. On a like-for-like basis (i.e. adjusting for exchange rates), organic revenue decreased by 1.5%.

Gross profit

Gross profit was £11.5 million (margin: 36.6%) in FY2013 against £12.2 million (margin: 38.0%) in FY2012. The gross profit margin decreased primarily due to a worse foreign exchange rate in the year (we were hedged during FY2013 at a USD rate of $1.58 compared to FY2012 of $1.55). On a constant fx basis with last year the gross profit margin in FY2013 was 37.4%

An adverse sales mix and an increasing raw material prices within one of our businesses in the packaging division (largely passed on to end customers through increased sales prices) further reduced the gross profit margin.

Exceptional costs

Exceptional costs incurred in the year relate to:

- redundancy and recruitment costs associated with the subsidiaries management teams, and
- set-up costs relating to the new manufacturing company in China.

Financial Review *(continued)*

Profitability

EBITDA before exceptional costs was £4.5 million which is 10.7% lower than in FY2012.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains of £3.5 million compares with the prior year equivalent of £3.9 million, which is a decrease of 11.6%.

Taxation

The Group's tax credit for the year is £0.2million which compares with FY2012 of a tax credit of £0.2 million. The credit has arisen on the movement of deferred tax during the year.

Earnings per share

Basic earnings per share are 4.9p compared to 6.2p in FY2012. This is based on a weighted average 26.6 million shares (FY2012: 26.6 million shares).

Capital expenditure

Capital expenditure was £0.9 million in FY2013 which compares with £0.8m in FY2012.

Cash flow

In the year, cash generated from operations amounted to £4.0 million (FY2012: £4.8 million). The cash balance at the year end was £2.7 million (FY2012: £2.6 million), which represents cash generated in the year of £0.2 million (FY2012: £0.9 million).

Net debt

Net debt at the year-end of £8.4 million (FY2012: £10.1 million) decreased during the year by £1.7 million.

The principal movement in the year was caused due to the strong cash generation of the business. Also during the year we converted all of the Euro denominated debt into Sterling, realising a £0.3 million gain. The now 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 FY2013, the EBTIDA margin was 14.3% which is down on FY2012 at 15.7%. 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 2013

	Note	2013	2013	2013	2013	2012	2012	2012	2012
		Before foreign exchange & exceptional items	**Foreign exchange impact on derivatives and loans**	**Exceptional items**	**Total**	Before foreign exchange & exceptional items	Foreign exchange impact on derivatives and loans	Exceptional items	Total
		£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue		**31,407**	**-**	**-**	**31,407**	32,096	-	-	32,096
Cost of sales		**(19,900)**	**(25)**	**-**	**(19,925)**	(20,179)	284	-	(19,895)
Gross profit		**11,507**	**(25)**	**-**	**11,482**	11,917	284	-	12,201
Distribution expenses		**(1,886)**	**-**	**-**	**(1,886)**	(2,034)	-	-	(2,034)
Administration expenses	3	**(7,219)**	**-**	**(274)**	**(7,493)**	(7,145)	-	215	(6,930)
Other income		**19**	**-**	**-**	**19**	11	-	-	11
Operating profit		**2,421**	**(25)**	**(274)**	**2,122**	2,749	284	215	3,248
Financial income	4 / 5	**2**	**-**	**-**	**2**	169	69	-	238
Finance expense	4 / 5	**(646)**	**(338)**	**-**	**(984)**	(684)	(303)	(1,000)	(1,987)
Net financing costs		**(644)**	**(338)**	**-**	**(982)**	(515)	(234)	(1,000)	(1,749)
Profit before tax		**1,777**	**(363)**	**(274)**	**1,140**	2,234	50	(785)	1,499
Tax		**163**	**-**	**-**	**163**	154	-	-	154
Profit for the year attributable to equity shareholders of the Company		**1,940**	**(363)**	**(274)**	**1,303**	2,388	50	(785)	1,653
Basic earnings per share attributable to equity shareholders of the company	7				**4.9p**				6.2p
Diluted earnings per share attributable to equity shareholders of the company	7				**4.9p**				6.2p

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

Consolidated Statement of Comprehensive Income
for year ended 31 March 2013

	2013 £000	2012 £000
Profit for the year	**1,303**	1,653
Other comprehensive income		
Foreign currency translation differences for foreign currency operations	**175**	87
Total comprehensive income	**1,478**	1,740
Total recognised income and expense for the year is attributable to:		
Equity holders of the parent	**1,478**	1,740

Consolidated Statement of Changes in Shareholders' Equity
for year ended 31 March 2013

	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

	Share capital £000	**Share premium £000**	**Translation reserve £000**	**Reverse acquisition reserve £000**	**Capital redemption reserve £000**	**Retained earnings £000**	**Total £000**
Balance at 31 March 2012	275	14,098	436	2,640	(214)	2,212	19,447
Total recognised income and expense for the year	-	-	175	-	14	1,303	1,492
Dividends paid	-	-	-	-	-	(366)	(366)
Balance at 31 March 2013	**275**	**14,098**	**611**	**2,640**	**(200)**	**3,149**	**20,573**

Consolidated Balance Sheet
at 31 March 2013

	Note	2013 £000	2012 £000
Non-current assets			
Property, plant and equipment		**4,114**	4,164
Intangible assets		**20,464**	21,370
		24,578	25,534
Current assets			
Inventories		**2,775**	3,134
Trade and other receivables		**7,143**	6,858
Other financial assets		**-**	30
Cash and cash equivalents		**2,735**	2,550
		12,653	12,572
Total assets		**37,231**	38,106
Current liabilities			
Interest-bearing loans and borrowings		**5,201**	5,137
Trade and other payables		**4,578**	4,820
Other financial liabilities		**193**	-
Corporation tax liability		**314**	301
		10,286	10,258
Non-current liabilities			
Interest-bearing loans and borrowings		**5,903**	7,561
Deferred tax liabilities		**469**	840
		6,372	8,401
Total liabilities		**16,658**	18,659
Net assets		**20,573**	19,447
Equity attributable to equity holders of the parent			
Share capital	6	**275**	275
Share premium		**14,098**	14,098
Translation reserve		**611**	436
Reverse acquisition reserve		**2,640**	2,640
Capital redemption reserve		**(200)**	(214)
Retained earnings		**3,149**	2,212
Total equity		**20,573**	19,447

Consolidated Cash Flow Statement

for year ended 31 March 2013

	2013 £000	2012 £000
Profit after tax for the year	**1,303**	1,653
Adjustments for:		
Income tax credit	**(163)**	(154)
Depreciation and amortisation	**2,124**	1,991
Financial income	**(2)**	(238)
Financial expense	**984**	1,987
Gain on disposal of plant, property and equipment	**(7)**	(301)
Changes in working capital		
Increase/(decrease) in trade and other receivables	**(285)**	523
Decrease in inventories	**359**	60
Decrease in trade and other payables	**(281)**	(688)
Cash generated from operations	**4,032**	4,833
Interest paid	**(480)**	(559)
Income tax paid	**(195)**	(440)
Net cash inflow from operating activities	**3,357**	3,834
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(936)**	(808)
Development expenditure capitalised	**(248)**	(250)
Interest received	**2**	-
Proceeds from disposal of property, plant and equipment	**7**	446
Dividend received	**12**	2
Net cash outflow from investing activities	**(1,163)**	(610)
Cash flows from financing activities		
Net proceed from new loan	**-**	11,000
Repayment of borrowings and fees	**(1,643)**	(12,605)
Payment of deferred consideration	**-**	(625)
Dividends paid	**(366)**	(91)
Net cash outflow from financing activities	**(2,009)**	(2,321)
Increase in cash and cash equivalents	**185**	903
Cash and cash equivalents at 1 April 2012	**2,550**	1,647
Cash and cash equivalents at 31 March 2013	**2,735**	2,550

Notes

1 Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2013 or 2012. Statutory accounts for 2012 have been delivered to the Registrar of Companies, and those for 2013 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 2013.

Going concern

The Financial Reporting Council issued "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in October 2009 and the Directors have considered this when preparing the financial statements. These have been prepared on a going concern basis and the Directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate.

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 and capitalise certain development costs as incurred. 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

Included within Cost of Sales is £25,000 in relation to losses on foreign exchange contracts (2012: gains of £284,000).

Administrative expenses

	2013 £000	2012 £000
Restructuring / integration costs	-	24
Company set up costs (i)	64	53
Redundancy / recruitment costs (ii)	210	-
Gain on sale of investment	-	(292)
	274	(215)

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

(i) set-up costs relating to the new manufacturing company in China; and

(ii) redundancy and recruitment costs associated with the subsidiaries management teams

Finance Expense

	2013 £000	2012 £000
Charges associated with the write off of capitalized banking deal fees and breaking old interest rate hedge	-	1,000
	-	1,000

Notes *(continued)*

4 Finance income and expense (excluding foreign exchange)

	2013 **£000**	2012 £000
Interest income	**2**	3
Unrealised gains on derivatives used to manage interest rate risk	**-**	166
Financial income	**2**	169
Bank interest	**480**	545
Deferred consideration interest	**-**	14
Amortisation of capitalised deal fees	**153**	125
Unrealised losses on derivatives used to manage interest rate risk	**13**	-
Financial expenses	**646**	684

5 Finance income / costs included within foreign exchange costs

	2013 **£000**	2012 £000
Net foreign exchange gain	**-**	69
	-	69

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

	2013 **£000**	2012 £000
Net foreign exchange loss	**128**	-
Unrealised losses on derivatives used to manage foreign exchange risk	**210**	303
	338	303

In the year, £3.0 million of Euro debt was converted into Sterling debt which resulted in a realised gain of £263,000. Offsetting this, in the year, was an unrealised foreign exchange loss of £391,000.

6 Capital and reserves

Share capital

	Ordinary shares of 1p each	
In thousands of shares	**2013**	2012
On issue at 1 April	**27,542**	26,953
Issued for cash	**-**	589
On issue at 31 March – fully paid	**27,542**	27,542

Notes *(continued)*

6 Capital and reserves *(continued)*

	2013 **£000**	2012 £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 892,614

7 Earnings per share

	2013 **£000**	2012 £000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year from continuing operations	**1,303**	1,653
Profit for the year	**1,303**	1,653
Denominator		
Weighted average number of shares used in basic EPS *	**26,649,918**	26,620,877
Weighted average number of shares used in diluted EPS *	**26,649,918**	26,620,877

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

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 30 July 2013. Notice of the AGM will be sent to shareholders with the financial statements.