For Immediate Release **30th June 2014**

Plastics Capital plc

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

Preliminary Results for the year ended 31 March 2014

Plastics Capital plc (AIM: PLA), the niche plastics products manufacturer, today announces its preliminary results for the year ended 31 March 2014, which are in line with consensus market expectations.

Financial highlights

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000	%Change
Revenue	32,456	31,407	3.3%
EBITDA*	4,894	4,484	9.1%
Profit before tax*	3,587	3,300	8.7%
EPS (p)*+	11.1	10.0	11.1%
DPS (p)	3.0	2.0	50.0%
Net Debt	7,170	8,369	-14.3%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses (see page 8).*
+ applying an underlying charge of 13% and based on the weighted average number of shares in issue in the year.

Operational highlights

- Strong segmental revenue growth in mandrels and industrial films;
- EBITDA* margin up from 14.3% to 15.1%;
- Significant capacity added for high strength industrial films and mandrels;
- Activities in China transformed through acquisition, new management and new factory;
- New product range for creasing matrix developed for launch early in H1 FY2015;
- 11 key accounts won during the financial year;
- Strong pipeline of new business due to convert into production during FY2015; and
- Bank debt refinanced attractively at year end.

Commenting on these results, Faisal Rahmatallah, Executive Chairman, said:
"The 12 month period to 31 March 2014 represents a period of solid progress and significant investment for future growth. Pleasingly, sales have advanced, margins have improved and profits have increased. Furthermore, new capacity has been added in the UK, our Chinese operations have been expanded and several exciting new product ranges have been developed for launch during the current financial year.

"Trading in the current year is in line with management's expectations and we therefore continue to anticipate improving turnover throughout the year as projects that have already been won convert into sales. 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, two in China 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 350 employees.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review

FY2014 has been a year of progress:

- Revenue increased 3% to £32.5 million;
- Adjusted* profit before tax increased 9% to £3.6 million from £3.3 million in the prior year;
- Adjusted* earnings per share increased 11% to 11.1p from 10.0p in the prior year.

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

The reported increase in revenue reflected a mixed trading performance across our four business areas. Our mandrel business enjoyed buoyant conditions as European demand recovered and new business won during the previous period came fully on stream. Demand was also strong in industrial films, where we expanded capacity during the year. However, creasing matrix demand was flat and bearings suffered from delays in the introduction of new programmes and in converting new business opportunities into orders.

Operating profit was higher primarily due to increased revenue, offset by additional people costs compared to the prior year. FY2014 was not materially impacted by currency movements compared to FY2013 as our hedging policy insulated us from a somewhat stronger pound. Finally, additional business development costs reduced profits by £0.1 million in the year. We believe this investment will pay-off over the next two to three years because of the lengthy sales cycles that apply to our businesses. Earnings per share further benefitted by £0.1 million of lower interest costs compared to the prior year.

We experienced a high level of exceptional costs during the year as we successfully transformed our activities in China with the acquisition of Shengli and the establishment of a machined bearings factory in Shanghai. Other exceptional costs resulted from a successful refinancing with Barclays Bank.

Capital expenditure of £1.9 million was approximately £1.0 million higher than prior years as we made significant investments for future growth. Approximately 20% of additional capacity was added to our industrial films business through the installation of a new extrusion line and the equipment in our bearings toolroom in Knaresborough was completely upgraded during the year as part of an initiative to improve conversion speed. Working capital was 14.6% of sales, down from 16.4% at the end of the prior year, which is a commendable achievement by all involved.

Cash conversion was adversely impacted in the year due to the high level of capital expenditure and exceptional items mentioned above. However, notwithstanding these two items, cash conversion was strong at 50% of EBITDA. Debt has reduced predominantly due to the £2.7 million of equity funding to complete the acquisition of Shengli. At year end only £1.6 million had been expensed, which was to make the initial consideration payment. Subsequent payments relating to the acquisition of Shengli depend on the finalisation of Shengli's completion balance sheet, which remains outstanding.

New Business

Revenue from new business was £1.6 million during the period, which was below expectations. We had anticipated that programmes won in prior years would contribute significantly to sales during the period and whilst this did happen in some areas of our business, it was not the case throughout. In particular, conversion of new projects into sales in our plastic bearings division was slower than expected. This slow conversion was in part due to internal issues that have now been rectified or are currently being rectified. However, the main reason was that our business development activity has been shifted over recent years towards larger and more complex projects with highly sophisticated customers. These projects are by definition subject to frequent delays for reasons outside of our control. Some patience is therefore needed when anticipating when these very large projects deliver the results that have been anticipated.

We have commissioned independent research to assess the market opportunity for plastic ball bearings to be sure that we have correctly judged the potential for growth in this business area. The findings from this research have confirmed that we have only penetrated between 5 and 10% of the available market, and that much of the available market can be accessed with proven or known technical solutions. The scope for development of new business is therefore substantial.

The annual sales value of the pipeline of new business that has been won but has not yet flowed through to revenue due to extended engineering lead times, remains very good at £4.4 million. Furthermore the pipeline of new projects/customers is extremely strong. Key applications where we anticipate conversion success in the near future include bearings for steering columns, instrument control knobs and sealed toner cartridges.

China

We have transformed our business in China during the financial period under review. Just prior to the end of the financial year we completed the acquisition of Shengli, which was our only significant local competitor in China for our creasing matrix products. The acquisition brings with it approximately £2 million of annual revenue with good profitability, an efficient factory with 42 employees in Beijing and a very good distribution network for creasing matrix in China. The critical mass this acquisition has delivered has also enabled us to employ, at group level, a Chinese national CEO and Finance Manager, who can now manage Shengli in addition to the distribution of UK manufactured creasing matrix and hose mandrels across the region and the expansion of our bearings activities in China. In bearings we are seeking to develop sales of machined bearings made in our factory in Shanghai as well as bearings for security cameras, which is a big application opportunity in China.

Our new senior management in China have made an excellent start and we can already see the benefit of having very capable local management running our activities there on the ground, and implementing the strategies that make sense across each of our three international business areas.

Innovation and Investment

Innovation continues to be the critical factor in driving the future growth of the group. Considerable progress in product and process innovation has been made this year, some of which has involved significant investment. The benefits of this will be in years to come. Key highlights include:

- **Creasing matrix - New product range**. We have developed and tested a new type of material which provides considerably greater durability and reliability than existing products, whilst also being easier for machine operators to work with. Although the product has not been formally launched, sales from prototype tests have been strong and have confirmed the product's superiority. A full launch is planned for the first half of our 2015 financial year.
- **Mandrel lubricant range**. When using our hose mandrels, our customers apply lubrication to ensure that, following manufacture of the hose, the mandrel can be removed smoothly without damage to the hose or the mandrel. We have developed a proprietary range of mandrel lubricants that have been shown to achieve superior ejection characteristics to those lubricants currently in use. The mandrel lubricant market is believed to be of similar value to the market for mandrels themselves and sales of the new range have already commenced.
- **Mandrel line speeds**. An example of process innovation leading to substantial benefits for all mandrel products. We have found a way of increasing mandrel line speeds materially so providing significant extra capacity without adding additional lines and simultaneously lowering the cost of manufacture. This may open up parts of the hose market to our mandrels that we have not considered to date.
- **Sealed toner bearings**. These are sophisticated bearings used in toner cartridges for photocopiers. To date metal bearings are used but we have developed a plastic solution which has been undergoing lengthy tests with a major customer. The toner cartridge bearing is a substantial opportunity due to the after-market for toner cartridges. These tests are proving to be successful and we anticipate sales from this development in FY2015.
- **Multi-layer industrial films**. During the year, a new extrusion line costing £0.75 million was installed to increase capacity in addition to providing the opportunity to experiment with new material blends to improve the strength to cost ratio of the films we make. Since installation was completed in September 2013, we have been able to prove the development of these higher strength films and started to offer them to the market. Sales of these higher strength, lower cost films have been growing strongly since the new line was commissioned.

Raw Materials

Prices for the engineering grades of plastic that we use as raw materials declined marginally during the year, whilst commodity grades increased about 10% during the first six months of the year. The overall effect was to marginally reduce the profit margins in the industrial film business. However, the Group continued to successfully manage the effects of raw material price fluctuations during the period and management are confident this will continue to be the case in the current financial year.

Dividend

The proposed final dividend of 2.0p brings the total dividend for the year to 3.0p per share. This is 1.0p more than that paid in the prior year. As detailed in our dividend policy, 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 2.0p to all shareholders on 15 August 2014 in respect of the year ended 31 March 2014. The record date for the dividend is 18 July 2014 and the associated ex-dividend date is 16 July 2014.

Outlook

Trading for the first quarter of FY2015 continues in line with management's expectations and there are indications that trading conditions will improve over the coming months. The pipeline of new business remains strong and converting them into sales during the year is a major priority. We believe existing business will at least continue at similar levels to FY2014 and we will continue to develop our activities in China, to make the most out of the recent investment there.

We are also actively pursuing some interesting acquisition opportunities and acquisitive growth continues to be an important part of our strategy. We are hopeful that this will complement organic trading during the current financial 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 FY2015.

Faisal Rahmatallah
Executive Chairman

Operational Review

	2014	2013
	£000	£000
Packaging		
Packaging consumables	**5,680**	5,596
High strength film packaging	**12,073**	11,466
Industrial Products		
Plastic rotating parts	**10,376**	11,243
Hydraulic hose consumables	**4,327**	3,102
Turnover per consolidated income statement	**32,456**	31,407

Industrial Products

Bell Plastics ("Bell"), which manufactures hydraulic hose mandrels and films, had an exceptional year. Sales were up 39% year-on-year partly due to a recovery of demand from European customers but also due to the feed through from new business won in the prior year. New business contributed 10% to revenue over the year, whilst lost business was negligible.

To achieve such an increase in sales with a broader portfolio of products, Bell has needed to become significantly more agile in its operations with line speeds, change over times and line breakdowns all needing to improve. It is very pleasing therefore to report that the team at Bell responded successfully to this challenge and managed to meet the increased demand with minimal additional costs in terms of either personnel or new equipment. Through process innovation and advanced engineering, line speeds have been transformed, so adding substantially to available capacity whilst simultaneously reducing the overall costs of production.

Over the next year Bell will be focused on a number of exciting initiatives:

- the penetration of existing customers in China is a key target, especially local companies who currently buy inferior free extruded product;
- a range of mandrel lubricants has been launched which work particularly well with our mandrels enabling superior mandrel ejection from the hose after manufacture, and
- a project to compound our own materials will be introduced to reduce overall material costs significantly whilst maintaining performance characteristics.

BNL (UK) Limited ("BNL"), which manufactures plastic bearings and other rotating parts, had a second disappointing year in succession, with revenue down 8% on the prior year. 2% of this was due to currency movement, which was hedged out at the group level, and the balance was due to insufficient new business being converted into sales to make up for the inevitable programme losses that occur from time to time.

Some very important steps were taken at BNL to increase capacity in the tool design, development and manufacturing processes to improve its ability accelerate the conversion of new business. Approximately £0.3million was invested in new toolroom equipment to bring the UK BNL toolroom up to state-of-the-art standards, new tool manufacturers were qualified, working practices were improved to speed up tool development and additional toolmakers were recruited.

New business conversion is therefore the key performance target for BNL as the tooling process is no longer a contributor to delays in new business conversion. There is both a substantial pipeline of new business that has been already contracted, but which has not yet started production, in addition to a substantial pipeline of major projects where contracts are in the final stages of negotiation.

Significant organisational changes have also taken place at BNL during the period with the appointment of an Executive Director in August 2013 taking responsibility for finance, commercial and contractual matters to provide the business CEO more time to dedicate to the critical issues of engineering design, operational improvement and increasing sales. Furthermore, a new Sales and Marketing Director commenced in June 2014 and a new operations Director was appointed in January 2013. Management believe all these changes will result in a business that is well suited to the challenges of winning major contracts with highly demanding OEMs with innovative engineering solutions.

The challenge at BNL for the coming year is twofold:

- to bring into production the business that it has already won, which amounts to £2.6million of annualised sales value at full run rate; and
- to convert into signed contracts some of the very large projects that it has been working on for the last 2-3 years. These are the projects that will provide the significant growth that we believe this business can achieve.

Print and Packaging

C&T Matrix ("C&T"), which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, returned sales similar to last year despite weakness in the first six months. Pleasingly, the strong second half trading experienced in the period under review has been sustained into the current financial year.

Net new business at C&T showed improvement, adding 2.9% to sales for the year, making up for some overstocking that occurred at the prior year-end at certain developing country distributors. During the year a new product called 'PINK' has been trialled very successfully in markets like China and India. This product range will be fully launched in the first half of the current financial year and we are hopeful that this will propel C&T's sales throughout the current year.

A significant quality claim against a supplier was settled during the year, recovering all our direct costs and legal fees, amounting to some £0.4 million and making a small contribution towards lost profits during the period under review. This claim had been in progress for three years, which consumed a significant amount of management time and effort and we are pleased to have achieved a reasonable settlement prior to getting to court.

The operational performance of C&T has continued to improve slowly but steadily over the year. Service and quality complaints, which were not high, have reduced further, and on-time and in-full delivery performance has exceeded 95% whilst working capital reduced significantly.

Finally, just prior to the year end, the Beijing Higher Shengli Printing Science and Technology Co Limited ("Shengli") acquisition was completed. Shengli is the leading local producer of creasing matrix in China with approximately 30% market share. Initial priorities for this business in FY2015 are to:

- upgrade quality and health and safety standards;
- introduce the quality of financial reporting that is comparable to the rest of the Group;
- achieve the synergies that we believe exist between C & T and Shengli; and
- refine the company's sales and distribution strategy.

Palagan Limited ("Palagan") our specialist industrial film business, made good progress during the year. Revenues in value terms increased 5% and in volume terms they were also up 4%. However, profitability was unchanged as margins were adversely affected by the disruption associated with the installation of the new multilayer extrusion line, engineering improvements to raise safety standards and by a marginal increase in raw material prices in the first half of the year.

The new multilayer extrusion line was installed to plan during the second half of FY2014 and full production was achieved in the second half of the year. It is pleasing to note that the new line was achieving production rates consistent with our expectations by the end of the year. The priority for the current year is to sustain this performance and execute Palagan's sales strategy so that the product mix shifts towards products that suit the new line configuration and exploits full use of the additional capacity created by the new line.

Palagan's business model of making heavy duty films from specialist blends using in-line production processes on small lot sizes is unusual, provides a significant cost and service advantage to our customers and is difficult to replicate by our competitors. It is also a sector where there are some consolidation opportunities within the UK market.

Financial Review

	2014 £000	2013 £000	Change %
Revenue	**32,456**	31,407	**3.3%**
Gross profit	**11,693**	11,482	**1.8%**
Operating profit	**1,539**	2,122	**-27.5%**
Add back: Depreciation	931	969	
Add back: Amortisation #	1,118	1,119	
Add back: Exceptional administrative costs	1,306	274	
EBITDA before exceptional costs	**4,894**	4,484	**9.1%**
Profit before tax	1,035	1,140	
Add back: Amortisation of intangible assets & deal fees#	1,289	1,272	
Add back: Exceptional costs	1,566	274	
Add back: Unrealised foreign exchange & derivative losses / (gains)	(303)	614	
Profit before tax*	**3,587**	3,300	**8.7%**
Tax (charge) / credit	(156)	163	
Profit after tax*	**3,431**	3,463	**-0.8%**
Basic adjusted EPS*+	**11.1p**	10.0p	**11.0%**
Basic EPS	**3.2p**	4.9p	**-34.7%**
Capital expenditure	**1,876**	936	**100.4%**
Net debt	**7,170**	8,369	**-14.3%**

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

+ applying an underlying tax charge of 13% (2013: underlying tax charge of 16%) and based on weighted average shares in issue in the year

excludes development costs

Revenue

Revenue for the year was £32.5 million which was an increase of 3.3% from £31.4 million in FY2013. On a like-for-like basis (i.e. adjusting for exchange rates), revenue increased by 3.5%.

Gross profit

Gross profit was £11.7 million (margin: 36.0%) in FY2014 against £11.5 million (margin: 36.6%) in FY2013. The gross profit margin decreased primarily due to an increasing raw material prices within one of our businesses in the packaging division (largely passed on to end customers through increased sales prices).

Exceptional costs

Exceptional costs incurred in the year relate to:

- costs associated with acquisition of Shengli and legal claims;
- write-off of capitalised deal fees associated with the refinancing of the bank debt;
- redundancy and recruitment costs associated with the subsidiaries' management teams; and
- set-up costs relating to the establishment of a machined bearings factory in Shanghai.

Profitability

EBITDA before exceptional costs was £4.9 million which is 9.1% higher than in FY2013.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains of £3.4 million compares with the prior year equivalent of £3.5 million, which is a decrease of 0.8%.

Taxation

The Group's tax charge for the year is £0.2 million which compares with a tax credit of £0.2 million in FY2013. The credit in FY2013 arose on the movement of deferred tax during the year.

Earnings per share

Basic earnings per share are 3.2p compared to 4.9p in FY2013. This is based on a weighted average 27.5 million shares (FY2013: 26.6 million shares). Adjusted earnings per share are 11.1p compared to 10.0p in FY2013 – an increase of 11%.

Capital expenditure

Capital expenditure was £1.9 million in FY2014 which compares with £0.9 million in FY2013. This increase arose because of significant investments we made to increase our capacity and capabilities across the business for future growth. Specific capital expenditure in the year was:

- additional capacity to our industrial films business through the installation of a new extrusion line; and
- tool room investment at our bearing business which was completely upgraded as part of an initiative to improve conversion speed of projects.

Cash flow

In the year, cash generated from operations amounted to £4.0 million (FY2013: £4.0 million). The cash balance at the year end was £3.1 million (FY2013: £2.7 million), which represents cash generated in the year of £0.4 million (FY2013: £0.2 million).

Net debt

Net debt at the year-end of £7.2 million (FY2013: £8.4 million) decreased during the year by £1.2 million.

The Company also raised £2.7 million of equity during the year to fund the acquisition of Shengli and at the year end only £1.6m had been used, which was to make the initial consideration payment and pay acquisition fees.

Consolidated Income Statement
for year ended 31 March 2014

	Note	2014	2014	2014	2014	2013	2013	2013	2013
		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		**32,456**	**-**	**-**	**32,456**	**31,407**	**-**	**-**	**31,407**
Cost of sales	3	**(20,877)**	**114**	**-**	**(20,763)**	**(19,900)**	**(25)**	**-**	**(19,925)**
Gross profit		**11,579**	**114**	**-**	**11,693**	**11,507**	**(25)**	**-**	**11,482**
Distribution expenses		**(1,959)**	**-**	**-**	**(1,959)**	**(1,886)**	**-**	**-**	**(1,886)**
Administration expenses	3	**(7,014)**	**-**	**(1,306)**	**(8,320)**	**(7,219)**	**-**	**(274)**	**(7,493)**
Other income	4	**125**	**-**	**-**	**125**	**19**	**-**	**-**	**19**
Operating profit		**2,731**	**114**	**(1,306)**	**1,539**	**2,421**	**(25)**	**(274)**	**2,122**
Financial income	4 / 5	**-**	**565**	**-**	**565**	**2**	**-**	**-**	**2**
Finance expense	3/4/5	**(547)**	**(262)**	**(260)**	**(1,069)**	**(646)**	**(338)**	**-**	**(984)**
Net financing costs		**(547)**	**303**	**(260)**	**(504)**	**(644)**	**(338)**	**-**	**(982)**
Profit before tax		**2,184**	**417**	**(1,566)**	**1,035**	**1,777**	**(363)**	**(274)**	**1,140**
Tax (charge) / credit		**(156)**	**-**	**-**	**(156)**	**163**	**-**	**-**	**163**
Profit for the year attributable to equity shareholders of the Company		**2,028**	**417**	**(1,566)**	**879**	**1,940**	**(363)**	**(274)**	**1,303**
Basic earnings per share attributable to equity shareholders of the Company	7				**3.2p**				4.9p
Diluted earnings per share attributable to equity shareholders of the Company	7				**3.2p**				4.9p

Consolidated Statement of Comprehensive Income
for year ended 31 March 2014

	2014 £000	2013 £000
Profit for the year	**879**	1,303
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign currency operations	**(195)**	175
Total comprehensive income	**684**	1,478
Total recognised income and expense for the year is attributable to:		
Equity holders of the parent	**684**	1,478

Consolidated Statement of Changes in Shareholders' Equity
for year ended 31 March 2014

	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**

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2013	275	14,098	611	2,640	(200)	3,149	20,573
Total recognised income and expense for the year	-	-	(195)	-	-	879	684
Shares issued	27	2,472					2,499
Dividends paid	-	-	-	-	-	(669)	(669)
Balance at 31 March 2014	**302**	**16,570**	**416**	**2,640**	**(200)**	**3,359**	**23,087**

Consolidated Balance Sheet
at 31 March 2014

	Note	**2014**	2013
		£000	£000
Non-current assets			
Property, plant and equipment		**5,031**	4,114
Intangible assets		**20,728**	20,464
		25,759	24,578
Current assets			
Inventories		**3,266**	2,775
Trade and other receivables		**7,916**	7,143
Other financial assets		**371**	-
Cash and cash equivalents		**3,134**	2,735
		14,687	12,653
Total assets		**40,446**	37,231
Current liabilities			
Interest-bearing loans and borrowings		**3,928**	5,201
Trade and other payables		**6,361**	4,578
Other financial liabilities		**-**	193
Corporation tax liability		**344**	314
		10,633	10,286
Non-current liabilities			
Interest-bearing loans and borrowings		**6,376**	5,903
Deferred tax liabilities		**350**	469
		6,726	6,372
Total liabilities		**17,359**	16,658
Net assets		**23,087**	20,573
Equity attributable to equity holders of the parent			
Share capital	6	**302**	275
Share premium		**16,570**	14,098
Translation reserve		**416**	611
Reverse acquisition reserve		**2,640**	2,640
Capital redemption reserve		**(200)**	(200)
Retained earnings		**3,359**	3,149
Total equity		**23,087**	20,573

Consolidated Cash Flow Statement
for year ended 31 March 2014

	2014	2013
	£000	£000
Profit after tax for the year	**879**	1,303
Adjustments for:		
Income tax charge/(credit)	**156**	(163)
Depreciation and amortisation	**2,183**	2,124
Financial income	**(565)**	(2)
Financial expense	**1,069**	984
Gain on disposal of plant, property and equipment	**-**	(7)
Changes in working capital		
(Increase) in trade and other receivables	**(317)**	(285)
(Increase)/decrease in inventories	**(311)**	359
Increase/(decrease) in trade and other payables	**911**	(281)
Cash generated from operations	**4,005**	4,032
Interest paid	**(370)**	(480)
Income tax paid	**(240)**	(195)
Net cash inflow from operating activities	**3,395**	3,357
Cash flows from investing activities		
Acquisition of subsidiary (net of cash acquired)	**(1,128)**	-
Acquisition of property, plant and equipment	**(1,876)**	(936)
Development expenditure capitalised	**(250)**	(248)
Interest received	**-**	2
Proceeds from disposal of property, plant and equipment	**-**	7
Dividend received	**13**	12
Net cash outflow from investing activities	**(3,241)**	(1,163)
Cash flows from financing activities		
Proceeds from the issue of share capital	**2,449**	-
Repayment of borrowings and fees	**(1,535)**	(1,643)
Dividends paid	**(669)**	(366)
Net cash inflow/(outflow) from financing activities	**245**	(2,009)
Increase in cash and cash equivalents	**399**	185
Cash and cash equivalents at 1 April 2013	**2,735**	2,550
Cash and cash equivalents at 31 March 2014	**3,134**	2,735

Notes

1 Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2014 or 2013. Statutory accounts for 2013 have been delivered to the Registrar of Companies, and those for 2014 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 2014.

Going concern

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

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.

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.

Notes *(continued)*

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 are gains of £114,000 in relation to foreign exchange contracts (2013: losses of £25,000).

Administrative expenses

	2014	2013
	£000	£000
Acquisition and legal fees (i)	**840**	-
Redundancy / recruitment costs (ii)	**242**	210
Company set up costs (iii)	**160**	64
Other	**64**	-
	1,306	274

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

(i) costs associated with acquisition of Shengli and legal claims;
(ii) redundancy and recruitment costs associated with the subsidiaries management teams; and
(iii) set-up costs relating to the establishment of a machined bearings factory in Shanghai.

Finance expenses

	2014	2013
	£000	£000
Bank refinancing	**260**	-
	260	-

Exceptional costs incurred and included in finance expenses in the year relate to the write-off of capitalised deal fees associated with the previous refinancing of the bank debt.

Notes *(continued)*

4 Finance income and expense (excluding foreign exchange)

	2014 **£000**	2013 £000
Interest income	**-**	2
Financial income	**-**	2
Bank interest	**377**	480
Amortisation of capitalised deal fees	**169**	153
Unrealised losses on derivatives used to manage interest rate risk	**1**	13
Financial expenses	**547**	646

5 Finance income / costs included within foreign exchange costs

	2014 **£000**	2013 £000
Unrealised gains on derivatives used to manage foreign exchange risk	**565**	-
	565	-

	2014 **£000**	2013 £000
Net foreign exchange loss	**262**	128
Unrealised losses on derivatives used to manage foreign exchange risk	**-**	210
	262	338

6 Capital and reserves

Share capital

	Ordinary shares of 1p each	
In thousands of shares	**2014**	2013
In issue at 1 April	**27,542**	27,542
Shares issued during the year	**2,700**	-
In issue at 31 March – fully paid	**30,242**	27,542

Notes *(continued)*

6 Capital and reserves *(continued)*

	2014	2013
	£000	£000
Allotted, called up and fully paid		
30,242,532 ordinary shares of 1p each	**302**	275
(2013: 27,542,532 ordinary shares of 1p each)		
	302	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 2014 was 892,614

7 Earnings per share

	2014	2013
	£000	£000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year from continuing operations	**879**	1,303
Profit for the year	**879**	1,303
Denominator		
Weighted average number of shares used in basic EPS *	**27,549,918**	26,649,918
Weighted average number of shares used in diluted EPS *	**27,549,918**	26,649,918

* - 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 Plastics Capital, London Heliport, Bridges Court Road, London, SW11 3BE on 29 July 2014. Notice of the AGM will be sent to shareholders with the financial statements.