This announcement contains inside information

4th July 2016

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

Preliminary Results for the year ended 31 March 2016

Plastics Capital plc (AIM: PLA), the niche plastics products manufacturer, announces its preliminary audited results for the year ended 31 March 2016, which are in line with consensus market expectations.

Financial highlights

	Year ended 31 March 2016 £000	**Year ended 31 March 2015 £000**	**% Change**
Revenue	50,802	39,576	28.4%
EBITDA*	5,886	5,257	12.0%
Profit before tax*	4,061	3,673	10.6%
EPS (p)*+	10.8	10.8	0.0%
DPS (p)	4.4	4.0	10.0%
Operating cash flow*	2,237	3,572	-37.3%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses, and share-based incentive scheme charges (see Notes 4&5).*
+ applying an underlying tax charge of 6% and based on the weighted average number of shares in issue in the year.

- Banking facilities increased and extended post period-end
- Proposed Scrip dividend being offered as alternative to cash dividend of 2.94p

Operational highlights

- Strong revenue and profit before tax growth driven by acquisitions;
- Proforma organic revenue growth of 3.1% achieved in challenging markets;
- Excellent full year contribution from recently acquired Flexipol in the Films Division;
- Good year for new business wins in the Industrial Division;
- Healthy pipeline of new business won still to go into production;
- Increasing investments in new projects;
- Exciting new products in late stages of testing and introduction;
- Good progress on strategic initiatives to deliver long term growth targets;
- Management team strengthened for next stage of growth.

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

"We have made good progress over the last year, overcoming weak demand in certain end markets as well as both currency and adverse raw material price movements in the first half year. Flexipol has performed very well since acquisition and new business is progressing particularly well in the Industrial Division. Profitability and cash flow have remained strong.

"Trading in the current year is in line with management's expectations. We have a number of exciting projects that we will be investing in as the year progresses arising from new business wins and the need for additional capacity. We believe these initiatives will help us to deliver good growth over the next few years. For FY2017, we anticipate 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 five factories in the UK, one in Thailand, two in China and sales offices in the USA, Japan, China and India. Approximately 45 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 490 employees.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review
FY2016 has been another year of strong, acquisition led, revenue growth. We have benefitted particularly from a full year's contribution from Flexipol, which we acquired in November 2014. Organic revenue growth on a pro-forma basis* was 3.1%, which was creditable since 15% of our revenue base has been affected by significant demand deterioration caused by the weakness in the oil industry and mining industries and the economic downturn affecting many emerging economies.

In the Films Division, we achieved 3.9% year-on-year organic growth on a pro-forma basis. Flexipol was slightly ahead of this while Palagan was behind, but both businesses performed satisfactorily. Demand peaks in this Division in the run-up to Christmas, and we were close to capacity over this period despite having added extrusion capacity at the end of the summer months at Flexipol. Both businesses did well to successfully manage this period of high capacity utilisation.

In the Industrial Division, we achieved 2.3% year-on-year growth before adjusting for exchange rates; 1.2% after adjusting for exchange rates. Our mandrel business achieved 4.3% revenue growth despite being exposed to severe weakness in its key markets. Our bearings business enjoyed a 9.9% year-on-year increase in sales before adjusting for exchange rates; a 7.4% increase after adjusting for exchange rates. It has been very encouraging to see growth resuming in this business after a few years of disappointing results. Finally, our matrix business, which had increased sales 7% in the prior year, suffered a 9% reduction in sales as certain emerging market economies like China, Malaysia, Brazil and Russia suffered setbacks, and our distributors reduced stock levels.

Gross margins in our operating subsidiaries have been largely unchanged from prior year. However, the gross margin at the Group level has reduced primarily due to the change in business mix associated with the Flexipol acquisition. Exchange rates have over the year had a modest impact on operating margins - £0.1million benefit, although the variance between H1 and H2 was more significant at approximately £0.3 million.

People costs have increased as we have changed shift patterns and reduced temporary labour to enable us to achieve higher levels of capacity utilisation and operational efficiency overall. We have also added people at head office to strengthen the Group for its next phase of growth. Underlying earnings before interest, tax, depreciation and amortisation increased by 11% over prior year, driven mainly by the acquisitions. Flexipol added 20% to EBITDA but this was counteracted by the impact of lower matrix sales and higher people costs incurred in the year to develop our business through acquisition and organically.

Depreciation increased £0.25 million on the prior year primarily because of the impact of the Flexipol acquisition. Interest costs and tax remain low and similar to prior year. As a result, underlying EPS was unchanged.

Exceptional costs were significantly down on prior years as no acquisitions were undertaken or completed in the year, and mainly reflect successful senior management changes made during the year in the bearings business.

Cash conversion, which is cash flow converted from EBITDA excluding exceptional items, was down on the prior year from 68% to 40%. Higher capital expenditure, up from £1.0 million to £2.3 million, was the main factor causing lower cash conversion and reflects additional expenditure needed to expand capacity and add capabilities in our Films Division and bearings business.

Working capital continues to be well managed at 13.7% of sales. Overall net debt at the end of the year was £10.9 million and net debt leverage 1.84x, which is within our target range of 1.5-2x.

** - "Proforma basis" assumes that Flexipol was owned for all the year ended 31 March 2015.*

Raw Materials

Commodity raw material prices, which affect our Films Division in the near-term, rose sharply during H1 FY2016 and caused a temporary reduction in profitability during H1, as there is a two to three-month delay in our ability to recover raw material price changes through increasing selling prices. In H2, prices moved downwards somewhat and enabled us to recover approximately half of the reduction in profitability that occurred in H1. Overall compared to the prior year, raw material price volatility has reduced profits by about £0.1 million. Prices in Q1 FY2017 have moved upwards again but not at the same pace as seen at the same time last year. At this stage in the year it does not seem as though raw material fluctuations will be a significant factor for H1 FY2017.

In contrast to commodity grades, engineering plastic prices have been relatively stable in price and availability over the last year with some slight price reductions being offered.

New Business

Revenue from new business entering production over the last year was £1.5 million. We continue to suffer from customer related delays to certain projects, although we have found that these customers have continued to order "old" products in greater quantities than planned whilst new models are waiting to go into production. Lost business was low, accounting for only 2.3% of turnover, reflecting very high levels of customer retention across the Group.

Sales conversion has gone extremely well in our mandrel and bearings businesses. In mandrels, we have more than made up for a slump in demand from the oil/gas industry and mining industry by gaining £0.5m of sales from new business in the last two years. In bearings, we have converted some important new projects at new customers which have not yet gone into production, but which we believe will go into production over the next year. The annual sales value of new projects that have been converted, but not yet reached full production, now amounts to £4.8 million. This pipeline is expected to take three to four years to come through.

Acquisitions and Investments

The integration of Flexipol, acquired in November 2014, has been successful. Pro-forma sales and EBITDA are up 5% and 9% respectively. Numerous cost sharing and best practice synergies have been achieved with Palagan, our other film packaging business. Specific areas of improvement include raw material procurement, utility costs and waste management. The full benefit of these will be felt in FY2017. Cross-selling has not progressed as well as we may have hoped, but these sales opportunities remain to be converted. Flexipol's management systems have been appropriately integrated into the Plastics Capital "template" and we now have succession plans in place as a contingency should this become an issue.

Post period-end, we made a small but strategically important investment in Channel Creasing Matrix Inc ("CCM"), an owner–managed manufacturer of creasing matrix and distributor of die-making and box making consumables, based in West Virginia, USA. The agreement signed gives us the right to acquire a controlling stake over the next few years. This investment in CCM is consistent with our stated strategy of forward integrating in the matrix business and is also consistent with the Plastics Capital acquisition model of acquiring related businesses from retiring owner managers. We believe that CCM is a business we will be able to build on in the United States of America.

Strategy & Growth

In early FY2016 we launched a five-year plan with the target of doubling EBITDA over the subsequent five years. This strategic goal links to the LTIP Growth Share awards announced on 2 October 2015 for the senior executive teams across the Group's subsidiaries. Within the five-year plan, we have a number of key initiatives that we believe will drive this growth. These initiatives are continually monitored for progress and are reviewed at regular intervals by the Board. As we move forward so some initiatives are completed and others are brought forward, approved and incorporated into our strategy. It is early days, but progress so far has been satisfactory.

In the Films Division, the most important initiatives in terms of impact are:

- **Expanding the sales of specialist patented products**. To enable full exploitation of products such as "Rip and Flow" and "Rip and Tear", 850 tonnes of additional capacity, which is roughly 7% of the Divisional total, has already been installed in the first half of the financial year for this purpose and a new sales person has been appointed. The first stage of this initiative has been completed successfully and the financial objectives achieved. To enable further expansion, additional extrusion capacity has been approved and will be added this year and two new specialist bags/sacks are under development for introduction this year.
- **Introduction of a new "ultra-high strength wide-width" range of films**. A new conversion line is being installed in H2 2016 which will, together with some innovative extrusion engineering, enable the new range to be produced. This installation was completed in April and sales from the new conversion line are commencing.
- **Cross-selling**. This initiative has progressed but slower than expected. The opportunity remains significant, but customer acceptance has been slow and both businesses have been focused on their own products.

In the Industrial Division, the major initiatives are:

- **Bringing already won Bearings business successfully into production**. Our bearings business has extremely long project gestation periods, with up to five years between tool order and product sales at full run rate. The current pipeline of business that is won but not yet into full production stands at £4.4 million of annualised sales value, all of which should come through over the next five years. This is an improvement of £0.7 million compared to six months ago. The initiative is going well and hinges on good key account management and development, an activity that our bearings business is increasingly effective at.
- **Building on the investment made so far in China.** Our sales teams in Shanghai and Shenzen have identified a number of bearings and mandrels opportunities in China and are close to a number of breakthroughs. In addition, we have developed a catalogue range of injection moulded standard radial bearings that we believe will be particularly suitable for the Chinese market. These are expected to enter production in H1 2017 and should give us a presence in an important part of the market that has been difficult to access to date. However, it is proving difficult to convert bespoke design bearing sales in China.
- **Increasing the Mandrel business development resource.** Our mandrel business has a highly successful business model based on technical expertise and a wide range of solutions for hose manufacturers – the list of potential prospects is substantial. We have recently recruited additional sales and R&D resource in this business to enable us to deepen our competencies and to exploit this opportunity fully. This initiative is on track.
- **Forward integration in Matrix**. There is an opportunity in our creasing matrix activities for profitable growth by getting closer to box-makers and die-makers in the packaging and print consumables industry by moving forward into consumables distribution. We believe this would be best done through investments in our distributors, many of whom are looking for investment and succession. We are currently exploring opportunities and meanwhile are establishing our own distribution activities in the UK, where growth has been strong since we recruited our key

competitor’s head of sales. This initiative is on track – we have invested in CCM, a US matrix and consumables business based in West Virginia; we have expanded our downstream activities in the UK and India; and we have taken control of sales and distribution in the Shanghai region in China.

Obviously any programme of initiatives, such as those listed above, have risks associated to their achievement. For example, we routinely face the possibility of customer inflicted delays and unforeseen technical difficulties, notwithstanding the management processes we have put in place to avoid or mitigate such issues. Attrition (i.e. customer losses) is also a factor that we have considered and made allowances for, but this allowance could be insufficient. Finally, the most potent risk is what happens in the global economy. Our working assumption is for marginal growth (c.2-3%) over the five-year period, but recent experience has shown that even this may be somewhat optimistic.

Banking

We are pleased to report that, post period-end, we have refinanced with Barclays, who have been our bankers for the last five years. We have extended our facilities by three years to June 2021 and increased them by £6 million to £20 million. This refinancing has enabled us to proceed with some of the capital expenditure associated with the initiatives described above. Temporarily we may exceed the maximum of our target range for net debt leverage of 2x, but this should only be the case for the next nine months or so as cash generated pays the debt down. The cost of borrowing is expected to average approximately 325bps over LIBOR for the first year, and reduce thereafter as leverage decreases.

Dividend

Should the proposed final dividend of 2.94p be approved by shareholders, it would bring the total dividend for the year to 4.4p per share. This is 0.4p more than we paid in the prior year. We will be offering shareholders the alternative of taking their dividend in shares. We believe that some shareholders would prefer to see their dividend reinvested in the growth initiatives and acquisition opportunities that the Group is busy pursuing, whilst others would prefer to receive a cash dividend as they have enjoyed in recent prior years. A scrip dividend alternative provides shareholders with this choice.

The Company intends to pay the final dividend of 2.94p to all shareholders on 7 September 2016 in respect of the year ended 31 March 2016. The record date for the dividend is 5 August 2016 and the associated ex-dividend date is 4 August 2016.

Outlook

Trading for FY2017 is currently in line with management’s expectations. Trading continues to follow the slowly improving trend we have seen as FY2016 progressed. We remain very focussed on implementing the key initiatives outlined above as this is what will drive the long term growth of the Group, as well as maintaining day-to-day operational excellence to ensure customer retention and cost efficiency. Integration of our recent investment in CCM is also a priority.

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 another year of good progress in FY2017.

Faisal Rahmatallah
Executive Chairman

Operational Review

	2016	2015
	£000	£000
Films Division		
High strength film packaging	**29,518**	18,642
Industrial Division		
Plastic rotating parts	**11,290**	10,359
Hose consumables	**3,573**	3,426
Packaging consumables	**6,422**	7,149
Turnover per consolidated income statement	**50,803**	39,576

Industrial Products

Bell Plastics ("Bell"), which manufactures hydraulic, industrial and automotive hose mandrels and films, had a very good year overcoming weak end-markets due to the continued downturn in the oil/gas and the mining industry. Sales increased by 4% due to new business, which contributed a 19% increase in sales on the prior year. Without new business sales would have reduced by approximately 15%. During the financial year, we recruited a new Business Development Manager, succeeded in converting our first key account in China and added two new key accounts.

Operationally, Bell had a mixed year. Output was significantly improved as faster line speeds benefitted the business and quality complaints were down about 20% on prior year. Service levels were below our target of 95% on-time, in-full and scrap was higher than prior years. The business is developing new materials and solutions continuously and this creates some operational challenges, which are addressed continuously.

Bell's strategy of focus on technical service and solution selling of a comprehensive range of mandrels and lubricants for the hose market continues to be successful. If end-markets remain subdued, we expect sales growth to be such that we will be close to capacity at certain times of the year. We therefore intend to add 2 additional production lines in the next year at a cost of approximately £0.2 million, so increasing total capacity by approximately 25%. We are looking at various neighbouring property options to accommodate these additional lines. Whilst the volatility of this business is inherent to the markets it serves, we continue to believe that over the long run we will achieve the 10% annual sales growth that has been evident in this business over the last 5 years.

BNL (UK) Limited ("BNL"), which manufactures plastic bearings and other rotating parts, saw sales improve by almost 10% relative to prior year before the effects of exchange rates, 7.4% after. Some of this was related to new projects coming through into production, and some was due to the development of better relationships with certain key accounts. New business wins were boosted particularly by a success in the home appliance sector for the supply of dishwasher basket bearings for a major white goods manufacturer in the USA. We also secured a significant project with another steering column manufacturer, our third key account in this market. Great effort has gone into improving forecasting and predictability and I am very pleased to say that there has been substantial progress in this regard. Surprises do still happen, but the business has developed a mind-set which promotes counter-measures to mitigate these occasional negative impacts as much as possible.

Operational performance has been good, particularly so in our Thailand factory, which continues to increase in importance and has once again passed all customer audits conducted there during the year. The Engineering function has been restructured enabling the product designers to be more involved with customers' design teams, which we have found is a critical factor in winning new business. The R&D department has been completely overhauled to provide more commercially relevant support to the Engineering and Business Development teams.

BNL's strategy is to focus on major accounts and projects in substantial growing application areas where injection moulded plastic ball bearings have clear value-added advantages. These applications include steering columns, instrument control knobs, dishwashers, CCTV cameras, food conveyor systems and water applications. The new business pipeline at BNL (projects already won but not yet in production or not yet at full production rate) has increased from £3.5 million at the end of FY2015 to £4.5 million at the end of FY2016. This business is expected to flow through over the next three to four years. We are working on some substantial new projects with existing and new key accounts which, if successful, could drive further substantial growth in this business.

We have appointed a new Managing Director for this business during the year. Jonathan Wilkinson has joined the Group from AESSEALS where he had been MD for a number of years. Jonathan has first-hand experience of developing a niche engineering-based manufacturer into a substantial international business over the long term. This is precisely the experience and skill set we need to develop BNL. Jonathan commenced employment in early December and has made an excellent start.

C&T Matrix ("C&T"), which manufactures creasing matrix, a consumable used by packaging manufacturers to crease cardboard, in both the UK and in Beijing, was affected by weakness in demand from emerging markets especially China, Brazil, Malaysia, Russia. This is a business where there is a lot of stock in the supply chain especially to distant distributor locations; consequently, reductions in end-market demand can lead to significant de-stocking and a much greater impact on the upstream manufacturer than is evident in the downstream market. However, in the second half of the year our order intake levels stabilised and we have seen a modest improvement as we move into FY2017.

Most encouragingly, where C&T has good influence over its end-markets, we achieved strong growth. In particular this applied in the UK where we hired during the year a new salesperson and started to sell direct with a wider product portfolio and strong technical back-up. We also saw a 40% increase in sales in India where we have our own sales and distribution organisation. We have recently taken a similar step in the Shanghai region in China.

Post period-end we took a 10% stake in Channel Creasing Matrix Inc ("CCM"), a distributor of creasing matrix and other consumables in the US. CCM also manufactures a small amount of creasing matrix under the Channel brand name, the rights for which it owns in the US. Our investment agreement gives us the right but not the obligation to increase our ownership over the coming years. We will continue to explore opportunities to get "closer to the customer" in significant markets around the world and the CCM investment is an example of this strategy.

Operationally C&T had a strong year, reducing costs and downtime and increasing productivity. Delivery performance and consistency of quality were both exceptional with virtually no complaints throughout the year.

C&T's future growth will be based on an expected resumption of organic growth in developing markets, potentially through bolt-on acquisitions in developed countries, and through broadening the range of die-making and die-cutting consumables made available to end users.

Films Division

Our **Films Division** had a good year with pro-forma sales up 3.9% achieved primarily through additional sales of value added products. I am pleased to report that our two businesses have worked together with great co-operation and spirit, which is testament to the quality and values of our senior management team.

Flexipol Limited ("Flexipol"), which was acquired in November 2014, has been fully and successfully integrated into the Group and has continued to make excellent progress. 12% additional extrusion capacity was added during the year, which helped to meet capacity needs during the peak winter season. Towards the end of the financial year, a new conversion line was added to extend our range of specialist sacks, which are being introduced to the market during FY2017. A new high strength film (branded "Flextra") has also been introduced as part of this range extension.

Sales growth at Flexipol has averaged 7% per annum for the last 6-7 years and we believe that this rate of growth is likely to continue over the next 3-4 years. Consequently, we have made plans to extend extrusion capacity further, requiring an investment of approximately £0.75m during FY2017. Flexipol continues to generate a stream of innovative products for the food industry supply chain. In addition to the new products introduced over the last year, we are working on some exciting developments for the milk powder and cheese making industry which we hope will be introduced in the next 12 months.

Palagan Limited ("Palagan"), had a somewhat mixed year with flat volumes and margins. However, the management team have, during the year, adopted some important new approaches which we believe will take the business forward strongly. These changes include:

- The production environment has been upgraded, the shift pattern changed and the use of temporary labour reduced. A considerable amount of training has been provided to improve employee interchangeability. This has resulted in improved operational efficiency and upgraded standards, which has also enabled Palagan to supply Flexipol customers where cross-selling is possible.
- An upgraded IT-enabled approach to sales and customer service. Palagan has always achieved good customer relationships based on excellent delivery turnaround times and now aim to improve further on this as the company grows. Critical to this is the development of new systems currently underway, which will release the sales team to spend more time with customers and enable improved service standards to be maintained operationally.
- The introduction of a new product development process and appointment of a technical director to lead this. Some innovative niche products are already in development for release during the course of FY2017.

Work on synergies between the two businesses has gone well. The annualised value of cost savings, primarily in raw materials and waste handling/recycling, amount to £0.4 million. A full year's benefit of this should start to be felt during FY2017. Cross-selling has achieved sales of £0.25m during FY2016; and whilst this is less than we would like, there has been a lot of preparatory work needed to enable this to take place. Best practice transfer has progressed well and whilst it is difficult to attribute precise figures to this, there is little doubt that both companies are stronger as a result of sharing what they do well.

Financial Review

	2016 £000	2015 £000	Change %
Revenue	**50,803**	39,576	**28.4%**
Gross profit	**16,871**	13,980	**20.7%**
Operating profit	**1,858**	1,511	**23.0%**
Add back: Depreciation	**1,448**	1,211	
Add back: Amortisation	**1,819**	1,405	
Add back: LTIP charge	**401**		
Add back: Exceptional administrative costs	**360**	1,130	
EBITDA before exceptional costs	**5,886**	5,257	**12.0%**
Profit/(loss) before tax	**1,098**	(148)	
Add back: Amortisation of intangible assets & deal fees	**2,164**	1,511	
Add back: LTIP charge	**401**	-	
Add back: Exceptional costs	**360**	1,130	
Add back: Unrealised foreign exchange & derivative losses	**38**	1,179	
Adjusted Profit before tax*	**4,061**	3,672	**10.6%**
Tax credit / (charge)	**124**	(102)	
Profit after tax*	**4,185**	3,570	**17.2%**
Basic adjusted EPS*+	**10.8p**	10.8p	**0.0%**
Basic EPS	**3.5p**	(0.8p)	**(537.5%)**
Capital expenditure	**2,275**	977	**132.9%**
Net debt	**10,852**	11,400	**(4.8%)**

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative losses and share-based incentive scheme charges.

+ - applying an underlying tax charge of 6% (2015: underlying tax charge of 8%) and based on the shares in issue in the year

Revenue

Revenue for the year was £50.8 million which was an increase of 28.4% from £39.6 million in FY2015. On a like-for-like basis (i.e. adjusting for the Flexipol acquisition in the year and exchange rates), revenue increased by 2.6%.

Gross profit

Gross profit was £16.9 million (margin: 33.3%) in FY2016 against £14.0 million (margin: 35.3%) in FY2015. The gross profit margin decreased due to recognising a full year's contribution from Flexipol in which was acquired in November '14 – this business has a gross margin similar to our other films business, but their gross margins are at a lower level compared to the businesses within the Industrial Division.

Exceptional costs

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

- redundancy and restructuring costs associated with the subsidiaries; and
- professional and legal costs associated with investments and the sale and leaseback of the Flexipol property.

Exceptional costs include a credit of approximately £110,000 relating to a release of contingent consideration in relation to the acquisition of Flexipol.

Profitability

EBITDA before exceptional costs was £5.9 million which is 12.0% higher than in FY2015.

Profit after taxation excluding amortisation, exceptional costs, unrealised foreign exchange translation, derivative losses and share-based incentive scheme provisions of £4.2 million compares with the prior year equivalent of £3.6 million, which is an increase of 17.2%.

Taxation

The Group's tax credit for the year is £0.1 million which compares with a tax charge of £0.1 million in FY2015.

Earnings per share

Basic earnings per share are 3.5p compared to (0.8)p in FY2015. This is based on the weighted average number of shares in issue of 35.3 million shares (FY2015: 31.9 million shares). Adjusted earnings per share of 10.8p is unchanged from FY2015.

Capital expenditure

Capital expenditure was £2.3 million in FY2016 which compares with £1.0 million in FY2015. This increase arose because significant investment was made in the year to increase our capacity and capabilities across the Group for future growth. Specific capital expenditure in that year included:

- additional capacity to the Films division through the installation of a new extrusion line and a conversion line; and
- adding an auto-assembly machine for a new bearings project and investment in tooling and the bearings tool room.

Cash flow

In the year, cash generated from operations amounted to £4.4 million (FY2015: £4.0 million). However there was a decrease in cash, cash equivalents and overdrafts of £0.3 million in the year (FY2015: increase of £0.5 million).

Net debt

Net debt at the year-end of £10.9 million (FY2015: £11.4 million) a decrease during the year of £0.5 million. As at 31 March 2016 our net debt leverage was approximately 1.84x based on the current EBITDA of the Group.

Consolidated Income Statement
for year ended 31 March 2016

	Note	**2016**	**2016**	**2016**	**2016**	2015	2015	2015	2015
		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		**50,803**	**-**	**-**	**50,803**	39,576	-	-	39,576
Cost of sales	3	**(33,693)**	**(239)**	**-**	**(33,932)**	(25,838)	242	-	(25,596)
Gross profit		**17,110**	**(239)**	**-**	**16,871**	13,738	242	-	13,980
Distribution expenses		**(2,539)**	**-**	**-**	**(2,539)**	(2,210)	-	-	(2,210)
Administration expenses	3	**(12,168)**	**-**	**(360)**	**(12,528)**	(9,141)	-	(1,130)	(10,271)
Other income	4	**54**	**-**	**-**	**54**	12	-	-	12
Operating profit		**2,457**	**(239)**	**(360)**	**1,858**	2,399	242	(1,130)	1,511
Finance expense	4 / 5	**(722)**	**(38)**	**-**	**(760)**	(480)	(1,179)		(1,659)
Net financing costs		**(722)**	**(38)**	**-**	**(760)**	(480)	(1,179)		(1,659)
Profit/(loss) before tax		**1,735**	**(277)**	**(360)**	**1,098**	1,919	(937)	(1,130)	(148)
Tax credit/(charge)		**124**	**-**	**-**	**124**	(102)	-	-	(102)
Profit/(loss) for the year attributable to equity shareholders of the Company		**1,859**	**(277)**	**(360)**	**1,222**	1,817	(937)	(1,130)	(250)
Basic earnings per share attributable to equity shareholders of the Company	7				**3.5p**				(0.8)p
Diluted earnings per share attributable to equity shareholders of the Company	7				**3.4p**				(0.8)p

Consolidated Statement of Comprehensive Income

for year ended 31 March 2016

	2016 £000	2015 £000
Profit/(loss) for the year	**1,222**	(250)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign currency operations	**5**	218
Total comprehensive income/(expense)	**1,227**	(32)
Total recognised income and expense for the year is attributable to:		
Equity holders of the parent	**1,227**	(32)

Consolidated Statement of Changes in Shareholders' Equity

for year ended 31 March 2016

	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 2014	302	16,570	416	2,640	(200)	3,359	23,087
Total recognised income and expense for the year	-	-	218		-	(250)	(32)
Share issue	51	4,318	-	-	-	-	4,369
Dividends paid	-	-	-	-	-	(1,075)	(1,075)
Balance at 31 March 2015	**353**	**20,888**	**634**	**2,640**	**(200)**	**2,034**	**26,349**

	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 2015	353	20,888	634	2,640	(200)	2,034	26,349
Total recognised income and expense for the year	-	-	5	-	-	1,222	1,227
Reserve correction	-	63	-	-	200	(263)	-
Dividends paid	-	-	-	-	-	(1,460)	(1,460)
Equity-settled share based payment transactions	-	-	-	-	-	207	207
Balance at 31 March 2016	**353**	**20,951**	**639**	**2,640**	**-**	**1,740**	**26,323**

Consolidated Balance Sheet
at 31 March 2016

	Note	**2016**	2015
		£000	£000
Non-current assets			
Property, plant and equipment		**8,130**	8,669
Intangible assets		**22,796**	24,404
		30,926	33,073
Current assets			
Inventories		**4,783**	4,006
Trade and other receivables		**11,945**	11,139
Cash and cash equivalents		**5,488**	4,437
		22,216	19,582
Total assets		**53,142**	52,655
Current liabilities			
Interest-bearing loans and borrowings		**8,067**	5,143
Trade and other payables		**9,315**	8,788
Corporation tax liability		**388**	549
		17,770	14,480
Non-current liabilities			
Interest-bearing loans and borrowings		**8,273**	10,694
Other financial liabilities		**415**	408
Deferred tax liabilities		**361**	724
		9,049	11,826
Total liabilities		**26,819**	26,306
Net assets		**26,323**	26,349
Equity attributable to equity holders of the parent			
Share capital	6	**353**	353
Share premium		**20,951**	20,888
Translation reserve		**639**	634
Reverse acquisition reserve		**2,640**	2,640
Capital redemption reserve		**-**	(200)
Retained earnings		**1,740**	2,034
Total equity		**26,323**	26,349

Consolidated Cash Flow Statement

for year ended 31 March 2016

	2016	2015
	£000	£000
Profit / (loss) after tax for the year	**1,222**	(250)
Adjustments for:		
Income tax (credit)/ charge	**(124)**	102
Depreciation and amortisation	**2,948**	2,616
Financial expense	**760**	1,659
Gain on disposal of plant, property and equipment	**(74)**	13
LTIP charge	**401**	-
Changes in working capital		
(Increase)/decrease in trade and other receivables	**(806)**	53
(Increase)/decrease in inventories	**(777)**	194
Increase/(decrease) in trade and other payables	**937**	(423)
Cash generated from operations	**4,487**	3,964
Interest paid	**(377)**	(374)
Income tax paid	**(275)**	(254)
Net cash inflow from operating activities	**3,835**	3,336
Cash flows from investing activities		
Acquisition of subsidiary and fees (net of cash acquired)	**(300)**	(8,847)
Acquisition of property, plant and equipment	**(2,275)**	(977)
Development expenditure capitalised	**(349)**	(250)
Proceeds from disposal of property, plant and equipment	**1,400**	23
Dividend received	**35**	12
Net cash outflow from investing activities	**(1,489)**	(10,039)
Cash flows from financing activities		
Proceeds from the issue of share capital	**-**	4,736
Net proceeds from new loan	**1,500**	5,281
Repayment of borrowings and fees	**(2,731)**	(1,700)
Dividends paid	**(1,460)**	(1,075)
Net cash (outflow)/inflow from financing activities	**(2,691)**	7,242
(Decrease) / increase in cash, cash equivalents and overdrafts	**(345)**	539
Cash and cash equivalents at 1 April 2015	**4,437**	3,134
Overdraft at 1 April 2015	**(3,908)**	(3,144)
Cash, cash equivalents and overdrafts at 31 March 2016	**184**	529

Notes

1 Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2016 or 2015. Statutory accounts for 2015 have been delivered to the Registrar of Companies, and those for 2016 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 2016.

Going concern

The Financial Reporting Council issued "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" 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 losses of £239,000 in relation to foreign exchange contracts (2015: £242,000 gains).

Administrative expenses

	2016	2015
	£000	£000
Redundancy and restructuring costs (i)	**301**	114
Professional and legal costs (ii)	**120**	877
Release of contingent consideration (iii)	**(110)**	-
Other	**49**	139
	360	1,130

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

(i) redundancy and restructuring costs associated with the subsidiaries; and
(ii) professional and legal costs associated with investments and the sale and leaseback of the Flexipol property; and
(iii) release of contingent deferred consideration accrued in respect of the acquisition of Flexipol

4 Finance expense (excluding foreign exchange)

	2016	2015
	£000	£000
Bank interest	**377**	374
Amortisation of capitalised fees	**345**	106
Financial expenses	**722**	480

5 Finance costs included within foreign exchange costs

	2016	2015
	£000	£000
Net foreign exchange loss	**31**	401
Unrealised losses on derivatives used to manage foreign exchange risk	**7**	778
	38	1,179

Notes *(continued)*

6 Capital and reserves

Share capital

In thousands of shares	Ordinary shares of 1p each **2016**	2015
In issue at 1 April	**35,345**	30,242
Shares issued during the year	**-**	5,103
In issue at 31 March – fully paid	**35,345**	35,345

	2016 **£000**	2015 £000
Allotted, called up and fully paid		
35,342,532 ordinary shares of 1p each (2015: 35,342,532 ordinary shares of 1p each)	**353**	353
	353	353

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

Notes *(continued)*

7 Earnings per share

	2016	2015
	£000	£000
Numerator		
Earnings used in basic and diluted EPS		
Profit / (loss) for the year from continuing operations	**1,222**	(250)
Profit / (loss) for the year	**1,222**	(250)

Earnings used in adjusted EPS have been based on the adjusted profit before tax as detailed in the Financial Review section on page 10. To this has been applied the actual corporation tax charge to calculate the adjusted profit after tax.

Denominator		
Weighted average number of shares used in basic EPS *	**34,463,255**	31,943,212
Weighted average number of shares used in diluted EPS *+	**36,005,262**	32,043,212

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

+ - includes effects of share option schemes

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 at 9.00am on 29 July 2016. Notice of the AGM will be sent to shareholders with the financial statements.