6 December 2017

Plastics Capital plc

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

Interim Results for the six months ended 30 September 2017

Plastics Capital (AIM: PLA) the niche plastics products manufacturer, announces the Company's unaudited interim results for the six months ended 30 September 2017 ("H1"), which are in line with management's expectations.

Financial highlights

	Six months ended 30 September 2017 £'000	Six months ended 30 September 2016 £'000	% Change
Revenue	36,462	27,771	+31.3%
EBITDA*	2,572	2,731	-5.8%
Profit before tax*	1,195	1,637	-27.0%
Earnings per share*+ (p)	2.8	4.3	-34.9%
Dividend per share (p)	nil	1.46	-100.0%
Net Debt	14,988	15,123	-0.9%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses and share-based incentive scheme charges*
+ applying an expected tax charge of 10% (2016-17: 6.5%) and based on the weighted average number of shares in issue in the period.

Operational highlights

- 13.5% organic revenue growth
  - Films Division revenue up 18.9% organically, 15.2% in volume terms
  - Industrial Division revenue up 6.9% organically
- Significant costs being incurred to enable sustained growth
- Lower profits reflect planned growth strategy, adverse currency and raw material price movements
- £2.5m invested in development and capacity expansion projects
- Underlying profitability remains strong; constant currency EBITDA up 1.3%
- Benefit of post-Brexit sterling devaluation still to be felt
- Project wins in bearings business continue to build
  - £6.8m of annual sales from won projects still to enter into production
- Interim dividend payment suspended in line with stated strategy to apply cash towards accelerating organic growth

Financial highlights

- Oversubscribed equity placing completed raising £3.54m (net of expenses)

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

"I am pleased to report strong revenue growth across the Group. We have increased investment in business development, new products, production capacity and employee capabilities. Order books are healthy and we anticipate a significant uplift in profitability during the second half of the financial year which should benefit from the seasonal demand upswing and new business coming on stream. However, due to recent delays in ramp-up of two significant bearings projects, we believe that it is unlikely that there will be sufficient time in the second half year to fully recover. That said, due to the strong sales growth in the first half and on a constant currency basis, the Board expects profits before taxation, to be marginally below consensus market expectations, but well ahead of FY 16-17, for the full financial year."

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Notes to Editor

Plastics Capital is a niche manufacturer of specialist plastic products. Applications for these products vary widely and examples include:

- Packaging for the food manufacturing and distribution – films, sacks and pouches
- Steering columns and instrument control knobs in the automotive industry – plastic ball bearings
- Hydraulic and industrial rubber hose manufacture – various types of plastic mandrel
- Cardboard box manufacture – plastic creasing matrices

Plastics Capital's business model is based on understanding customers' problems in depth, and then developing and mass producing proprietary, technical solutions for these problems. As such many projects take significant time to translate initial sale into volume production.

The business operates through two divisions, Films and Industrial, and has the majority of its production in six UK based factories, with a further three factories in Asia and one in West Virginia, USA. Approximately 45% of its £66 million sales, as per FY2017, are made outside the UK to more than 80 countries.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Financial Review

I am pleased to report that Group revenue increased by 31.3% over the same period last year. The key elements of revenue growth in H1 can be summarised as follows:

- Organic growth – 13.5%
- Acquisition – 16.0%
- Foreign Exchange – 1.8%

Following considerable investment in recent years in business development activities and capacity, it is particularly pleasing to report that organic growth has more than doubled over the same period last year, with last year already a doubling on the previous year.

However, profitability has not followed the growth in revenues for the period under review. There are five contributory factors:

- Investments that we have made to accelerate top line organic growth. These investments are of two types: (a) in people to build business, product and process development capability and (b) in machinery to build production capacity. On a like-for-like* basis, people costs have increased by 12% compared to the prior half year, depreciation costs reflecting investments made in capacity have increased 28% and interest costs reflecting the higher average level of debt in H1 are up 44%. These investments, which have resulted in a "step change" in costs, have facilitated the acceleration in organic growth to the rate now being achieved. All of this has been as planned.

- The two distributors of creasing matrix and related consumables which we acquired in the prior year have intrinsically lower profit margins, roughly half that of our manufacturing businesses; we have seen a full half year's contribution from these. We expect to get some costs savings from these acquisitions in H2 as the manufacturing consolidation plan has completed more or less to schedule at the end of H1. This has also been as expected.

- Currency movements have been unfavourable during H1. We have remained hedged for our trading exposure to the dollar and so have not yet felt any benefit from the weakening of sterling following last year's decision to exit the EU. Meanwhile, Sterling's strengthening in H1, in contrast to last year's weakening, has resulted in translational losses compared to last year's gains made. The negative impact of currency on Pro-forma EBITDA** compared to the prior half year has been circa £0.2m. These matters are largely outside of our control and not what we expected.

- Weaker than expected sales in our more operationally geared Industrial Division, particularly bearings and stronger sales than expected in our less operationally geared Films Division. This has the effect of reducing gross margins for the Group overall relative to expectations. Contrary to our internal forecasts, sales of bearings since August have been below expectations due to two large projects for major key accounts falling short of planned production volumes in their ramp-up phases. This is largely outside our control but we believe that this is a temporary lull.

** "Like-for-like" means comparison between years applying a constant exchange rate and assuming no impact from acquisitions.* *** "Pro-forma" means comparison between years assuming no impact from acquisitions*

- Commodity raw material prices in the Films Division rose sharply in Q1 and caused short term margin pressure until we adjusted our prices accordingly. This is a characteristic of this industry and can work the other way as commodity raw material prices are relatively volatile.

Overall, therefore, despite a 31.3% increase in sales, EBITDA was down 5.8% to £2.57m and profit before tax was down 27% to £1.20m compared to the same period in FY16-17. Whilst this appears disappointing, it chiefly reflects our planned growth strategy and adverse currency and raw material price movements. We believe that the benefit of sterling weakness since Brexit will start to be felt in FY18-19; however, as I have indicated before, we must not allow this to make us complacent.

Our effective corporation tax rate is estimated to remain low but increase from 6.5% to 10% for the full year as the Group now has more than 500 employees and so receives less benefit from the R&D tax credit than previously. We believe our effective corporation tax rate will be 10% or less for the foreseeable future.

We issued 3,194,445 shares via a placing at the end of May 2017 at 117p raising approximately £3.54m (net of expenses) during the half year. This capital has assisted the investment strategy that we have been following for the last 2-3 years. Consequently, underlying earnings per share for H1 17-18, compared to H1 16-17, has decreased 34.9% from 4.3p to 2.8p.

Films Division

The Films Division accounted for approximately 53% of Group sales in H1 including a full contribution from Synpac, acquired in July 2016, which has continued to achieve profits in line with our expectations at the time of acquisition. Currency movements during H1 increased material costs as certain films are imported from Europe and converted in the UK; which resulted in the adverse impact on EBITDA due to foreign exchange movements of 4.9%. On a like-for-like basis H1 sales were up 18.9% and EBITDA by 14.8%.

Flexipol performed very well in H1. Organic sales growth increased by 16.4% to £10.2m, with total tonnes sold increasing by 14.4% compared to the previous year. These increases reflect the Group's investments in new products and capacity made over the last two years. Since certain materials are purchased from European suppliers, there has been some small erosion of value added margin during H1 as raw material prices went up faster than sales prices during H1. This was similar to what happened in H1 in the prior year. People and overhead costs have been increased to cope with the growth being experienced but profit margins have remained satisfactory.

Palagan has started to improve its performance following a disappointing FY16-17. Now operating with an increased cost base after the strategic changes made last year, sales have increased by 18.6% to £6.6m and by 14.2% in tonnes sold. Like Flexipol, there has been some slight erosion in value-added margin as raw material prices have increased faster than selling prices during H1. However, profitability for H1 is not materially different from the first half of the prior year and the "direction of travel" is positive. We are pleased with the progress the new team has achieved in a relatively short time and anticipate further improvement to sales and to profitability over the next two years.

Working now with the Flexipol sales team, Synpac is pursuing an aggressive growth strategy, taking advantage of its excellent market reputation and significant spare capacity. Sales in H1 were up an excellent 18.5% compared to prior year on a like-for-like basis. Synpac buys in the vast majority of its raw material as extruded film, rather than raw granules, from Europe and so has suffered more than our other Films businesses from margin erosion due to the strength of the Euro during H1. This is being addressed through price increases implemented towards the end of H1. Nevertheless, Synpac is delivering the profits we expected at the time of acquisition.

Industrial Division

In the period under review, I am pleased to report that revenue in the Industrial Division, which accounted for approximately 47% of Group sales, were 36.5% up on the same period last year. On a like-for-like basis revenues were up 6.9%. This includes a full contribution from CCM and Mito, both distributors and small manufacturers of creasing matrix and related consumables, which were acquired in the prior year. These businesses have added 25.7% to Industrial Division turnover but less to EBITDA; we expect this to significantly improve going forward since the manufacturing consolidation planned for these businesses at the time of acquisition was completed at the end of H1. Currency movements added 3.9% to sales but not to EBITDA as the costs of people employed outside the UK has increased and we suffered translational losses in the period compared to gains in the first half of last year.

Bearings business sales were up 5% in H1 compared to the same period in the prior year; ignoring currency movements the improvement was 0.4%. As stated above, demand resulting from two major projects were significantly below expectations in the last two months of H1. We are expecting some recovery of this in H2 and together with other recently won projects entering production, we expect a resumption of good organic growth at BNL in H2. The new business pipeline at BNL (projects already won but not yet in production or not yet at full production rate) has increased from £5.0m at the end of FY16-17 to £5.7m at the end of H1. This reinforces our view that the slowdown that we have seen in H1 is a temporary matter, even if the two large projects remain slower to ramp up than we have previously expected.

Creasing matrix and related consumables were up 90% in H1 compared to the first six months of the prior year but the vast majority of this was due to acquisitions. Like-for-like sales were up 2.8%. The business has been extremely busy integrating the recent acquisitions and bedding down the recent factory move in China. The small manufacturing operations at CCM and Mito have been closed down and production moved to C&T’s main production facility in Wellingborough. This rationalisation will both reduce costs and free up space and time in these businesses to increase sales.

Our mandrel business has had an exceptional period. Sales were up 39.6% overall of which 5.7% is due to currency movements, meaning like-for-like sales were up 33.9% on the same period in the prior year. Costs have been increased to cope with the new level of sales and two further production lines have been added. As a result, profitability has lagged slightly behind sales but we are very pleased with the business’s achieved growth.

Growth & Investment

We are now two and a half years into our five-year target to double annual EBITDA to £10.5m. This target excludes contributions from acquisitions requiring new equity to be raised. We are now achieving the revenue growth necessary to deliver this target and believe that the EBITDA growth will soon follow.

As we have articulated before, growth necessitates investment. In total in H1, £3.0m has been invested in capital projects or investments in businesses - Synpac, CCM and Mito. I wrote to shareholders in July 2017 to explain where we needed to invest and can report as follows on what has been achieved so far this financial year:

- Customer specific projects - Our bearings business has invested £0.28m during H1 in two new moulding machines dedicated to a major new project won in the home appliance sector which is due to commence in H2 17-18. This was our plan for the full year, but we now anticipate a further £0.3m to be invested as further major projects have been won in the last few months.

- Capacity – We have added two further mandrel lines now making 11 in total. A new high output conversion machine for relatively simple products has been added at Flexipol to broaden their range of products and relieve capacity elsewhere for their more complex products. A further injection moulding machine has been added to the machine park at our bearings business to provide additional capacity generally. It total £0.63m has been invested in the half year on these necessary capacity expansion initiatives. A total of £1.5m of expenditure remains the expectation for the full year.

- New Product Introduction – £0.25m on machinery and test equipment related to new product introduction and patents has been invested in H1 17-18. Some of this has gone to Palagan for new products that they are in the process of introducing and the rest to BNL and C&T. The plan was to invest £0.7m in this area during the full financial year.

- Corporate - We have exercised our option to acquire a further 39% stake in CCM in August'17 for a cost of approximately £0.92m and to provide £0.2m of additional working capital on loan, alongside similar funding from CCM's 51% shareholders to assist the business to expand its geographic reach. Small deferred consideration payments have been made for Synpac and Mito, amounting to £0.45m. This area has progressed more or less as expected when we reported in July 2017.

In addition, £0.48m of expenditure has been made on maintenance and replacement items across all our factories. So, in total for H1 17-18 we have invested £3.0m; this compares to the £4.3m we had planned to invest for the full financial year. We currently expect to continue to invest to the originally planned level, or possibly a little beyond, for the current financial year.

Equity Placing and Debt

As mentioned above, we issued 3,194,445 new shares at the end of May 2017 through an oversubscribed placing to certain institutional investors. This has given us additional financial flexibility to make the investments set out above ahead of the schedule originally anticipated and, potentially, to continue at this higher rate of investment during 2018-19 too.

Net Debt at the end of H1 stood at £15.0m down from £16.5m at the end of FY 16-17, assisted by the funds received from the placing mentioned above and by tight working capital management. Statutory net debt leverage has been maintained at 2.15 times and in the next twelve months we expect will come down to 1.5- 2.0 times, which is the target we have set ourselves. Meanwhile, interest cover is very solid at 8.2 times.

Dividend

At the time of the equity placing in May 2017, we explained that we would suspend dividends payments for at least the next two scheduled payments. The Directors estimated at the time that this will result in a cash saving of approximately £1.7m. The cash saving is being re-invested in the business, alongside the net proceeds of the Placing. Thereafter, the Directors will reconsider the payment of dividends within the overall context of capital allocation decisions then facing the Company.

Outlook

The pattern of trading that we have seen so far this year is continuing in H2, with very strong performance in the Films Division and in our mandrels business, steady performance in our matrix group and slower growth than expected in our bearings business. On the positive, the conversion of projects into confirmed orders in the bearings business has continued at the high levels that we have experienced over the last two years and so we are confident that this business will return to the higher rates of growth that we saw in FY16-17. This, together with what we are achieving in our other businesses, causes the Board to be confident about the outcome for the current financial year and future growth of the Group for the medium to longer term.

Faisal Rahmatallah
Executive Chairman

Plastics Capital plc
Unaudited Consolidated Income Statements and Statements of Comprehensive Income
for the six months ended 30 September 2017 and the six months ended 30 September 2016

	Note	**Before foreign exchange & exceptional items**	**Foreign exchange impact on derivatives**	**Exceptional items**	**Total**	Before foreign exchange & exceptional items	Foreign exchange impact on derivatives	Exceptional items	Total
		2017	**2017**	**2017**	**2017**	2016	2016	2016	2016
		£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue		**36,462**	**-**	**-**	**36,462**	27,771	-	-	27,771
Cost of sales		**(24,836)**	**(404)**	**-**	**(25,240)**	(18,586)	(308)	-	(18,894)
Gross profit		**11,626**	**(404)**	**-**	**11,222**	9,185	(308)	-	8,877
Distribution expenses		**(1,885)**	**-**	**-**	**(1,885)**	(1,376)	-	-	(1,376)
Administration expenses		**(8,293)**	**-**	**(219)**	**(8,512)**	(6,357)	-	(269)	(6,626)
Other income		**-**	**-**	**-**	**-**	36	-	-	36
Operating profit		**1,448**	**(404)**	**(219)**	**825**	1,488	(308)	(269)	911
Financial income	*5*	**-**	**1,179**	**-**	**1,179**	-	-	-	-
Finance expense	*5*	**(438)**	**-**	**-**	**(438)**	(399)	(1,240)	-	(1,639)
Net financing (costs) / income		**(438)**	**1,179**	**-**	**741**	(399)	(1,240)	-	(1,639)
Profit / (loss) before tax		**1,010**	**775**	**(219)**	**1,566**	1,089	(1,548)	(269)	(728)
Tax	*6*	**(101)**	**-**	**-**	**(101)**	(107)	-	-	(107)
Profit / (loss) for the period		**909**	**775**	**(219)**	**1,465**	982	(1,548)	(269)	(835)
Attributable to:									
Equity holders of the parent		**957**	**775**	**(219)**	**1,513**	982	(1,548)	(269)	(835)
Non-controlling interest		**(48)**	**-**	**-**	**(48)**	-	-	-	-
Profit / (loss) for the period		**909**	**775**	**(219)**	**1,465**	982	(1,548)	(269)	(835)
Foreign exchange translation differences		**(232)**	**-**	**-**	**(232)**	(4)	-	-	(4)
Total comprehensive income/(loss)		**677**	**775**	**(219)**	**1,233**	978	(1,548)	(269)	(839)
Earnings per share									
Basic	*8*				**3.9p**				(2.4)p
Diluted	*8*				**3.8p**				(2.4)p

Plastics Capital plc
Consolidated Income Statement and Statement of Comprehensive Income *(continued)*
for the year ended 31 March 2017

	Note	Audited Before foreign exchange & exceptional items 2017 £'000	Audited Foreign exchange impact on derivatives 2017 £'000	Audited Exceptional items 2017 £'000	Audited Total 2017 £'000
Revenue		65,785	-	-	65,785
Cost of sales		(43,703)	(953)	-	(44,656)
Gross profit		22,082	(953)	-	21,129
Distribution expenses		(3,100)	-	-	(3,100)
Administration expenses		(13,852)	-	(907)	(14,759)
Other income		33	-	-	33
Operating profit		5,163	(953)	(907)	3,303
Financial expense	*5*	(1,293)	(1,244)	-	(2,537)
Net financing costs		(1,293)	(1,244)	-	(2,537)
Profit before tax		3,870	(2,197)	(907)	766
Tax	*6*	(227)	-	-	(227)
Profit for the year		3,643	(2,197)	(907)	539
Attributable to:					
Equity holders of the parent		3,536	(2,197)	(907)	432
Non-controlling interest		107	-	-	107
Profit for the year		3,643	(2,197)	(907)	539
Foreign exchange translation differences		607	-	-	607
Total comprehensive income		4,250	(2,197)	(907)	1,146

Earnings per share

	Note	
Basic	*8*	1.5p
Diluted	*8*	1.5p

Plastics Capital plc
Consolidated Balance Sheets

	Unaudited As at 30 September 2017 £000	Unaudited As at 30 September 2016 £000	Audited As at 31 March 2017 £000
Non-current assets			
Property, plant and equipment	**11,677**	9,382	11,057
Intangible assets	**27,339**	24,286	26,376
	39,016	33,668	37,433
Current assets			
Inventories	**7,372**	5,712	6,657
Trade and other receivables	**16,037**	12,556	15,482
Cash and cash equivalents	**4,991**	4,150	4,914
	28,400	22,418	27,053
Total assets	**67,416**	56,086	64,486
Current liabilities			
Interest-bearing loans and borrowings	**6,199**	5,810	6,199
Trade and other payables	**15,082**	9,872	14,502
Corporation tax liability	**445**	495	448
	21,726	16,177	21,149
Non-current liabilities			
Interest-bearing loans and borrowings	**13,781**	13,463	15,037
Other financial liabilities	**98**	1,307	1,277
Deferred tax liabilities	**1,182**	361	1,182
	15,061	15,131	17,496
Total liabilities	**36,787**	31,308	38,645
Net assets	**30,629**	24,778	25,841
Equity attributable to equity holders of the parent			
Share capital	**389**	356	357
Share premium	**24,912**	21,263	21,396
Reverse acquisition reserve	**2,640**	2,640	2,640
Translation reserve	**989**	652	1,246
Retained earnings	**2,036**	(133)	491
Total Parent equity	**30,966**	24,778	26,130
Non-controlling interest	**(337)**	-	(289)
Total equity	**30,629**	24,778	25,841

Plastics Capital plc
Consolidated Cash Flow Statements

	Unaudited Six months ended 30 September 2017 £000	Unaudited Six months ended 30 September 2016 £000	Audited Year ended 31 March 2017 £000
Profit / (loss) after tax for the period	**1,465**	(835)	539
Adjustments for:			
Income tax adjustment	**101**	107	227
Depreciation, amortisation and impairment	**1,448**	1,551	2,525
Financial income	**(1,179)**	-	-
Financial expense	**438**	1,639	2,537
Gain on disposal of plant, property and equipment	**-**	-	(18)
LTIP charge	**80**	-	165
Changes in working capital:			
(Increase) in trade and other receivables	**(555)**	(25)	(2,020)
(Increase) in inventories	**(715)**	(408)	(796)
Increase in trade and other payables	**480**	104	3,080
Cash generated from operations	**1,563**	2,133	6,239
Interest paid	**(392)**	(292)	(725)
Income tax paid	**(104)**	-	(474)
Net cash from operating activities	**1,067**	1,841	5,040
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	**(1,381)**	(2,470)	(4,095)
Acquisition of property, plant and equipment	**(1,650)**	(1,896)	(3,499)
Dividends received	**-**	-	15
Proceeds from disposal of plant, property and equipment	**-**	-	26
Development expenditure capitalised	**(125)**	(125)	(539)
Net cash from investing activities	**(3,156)**	(4,491)	(8,092)
Cash flows from financing activities			
Net proceeds from new loan	**-**	2,641	5,512
Change in borrowings	**(1,156)**	(847)	(1,131)
Equity raise (net)	**3,548**	-	-
Dividends paid	**-**	(1,038)	(1,110)
Net cash from financing activities	**2,392**	1,756	3,271
Increase in cash, cash equivalents and bank overdrafts	**303**	(894)	219
Cash and cash equivalents at 1 April	**4,914**	5,488	5,488
Overdraft at 1 April	**(4,511)**	(5,304)	(5,304)
Cash, cash equivalents and bank overdrafts at 30 September and 31 March	**706**	(710)	403

Plastics Capital plc
Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Retained earnings £000	Total Parent equity £000	Non-controlling interests £000	Total equity £000
Balance at 31 March 2016	**353**	**20,951**	**639**	**2,640**	1,740	**26,323**	**-**	**26,323**
Share issue	3	312	-	-	-	315	-	315
Profit or loss	-	-	13	-	(835)	(822)	-	(822)
Dividends paid	-	-	-	-	(1,038)	(1,038)	-	(1,038)
Balance at 30 September 2016	**356**	**21,263**	**652**	**2,640**	**(133)**	**24,778**	**-**	**24,778**
Share issue	1	133	-	-	-	134	-	134
Profit or loss	-	-	594	-	925	1,519	(107)	1,412
Elimination of non-controlling interests	-	-	-	-	-	-	(182)	(182)
Dividends paid	-	-	-	-	(72)	(72)	-	(72)
LTIP charge					165	165	-	165
Settlement of LTIP 2011					(394)	(394)	-	(394)
Balance at 31 March 2017	**357**	**21,396**	**1,246**	**2,640**	**491**	**26,130**	**(289)**	**25,841**
Share issue	32	3,516	-	-	-	3,548	-	3,548
Profit or loss	-	-	(257)	-	1,465	1,208	48	1,256
Elimination of non-controlling interests	-	-	-	-	-	-	(96)	(96)
LTIP charge					80	80	-	80
Balance at 30 September 2017	**389**	**24,912**	**989**	**2,640**	**2,036**	**30,966**	**(337)**	**30,629**

1 Basis of preparation and accounting policies

Basis of preparation

The interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 30 September 2017 that are effective (or available for early adoption) as at 31 March 2018. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below, which they expect to apply to the annual IFRS financial statements for the year ending 31 March 2018.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the period ending 31 March 2017 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the period ending 31 March 2018.

Accounting policies

The accounting policies applied to the Interim Results for six months ended 30 September 2017 are consistent with those of the Company's annual accounts for the year ended 31 March 2017.

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.

2 Reconciliation of financial highlights table to the consolidated income statement

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	**Change %**
Revenue	**36,462**	27,771	**31.3%**
Gross profit	**11,222**	8,877	**26.4%**
Operating profit	**825**	911	**-9.4%**
Add back: Exceptional cost	219	269	
Add back: Amortisation	418	749	
Add back: Depreciation	1,030	802	
Add back: LTIP charge	80	-	
EBITDA before exceptional costs	**2,572**	2,731	**-5.8%**
Profit / (loss) before tax	**1,566**	(728)	**315.1%**
Add back: Exceptional costs	219	269	
Add back: Amortisation	418	749	
Add back: Capitalised deal fee amortisation	43	107	
Add back: Unrealised foreign exchange & derivate (gains) / losses	(1,179)	1,240	
Add back: LTIP charge	80	-	
Add back: Non-controlling interest loss	48		
Profit before tax*	**1,195**	1,637	**-27.0%**
Taxation	(101)	(107)	
Profit after tax*	**1,094**	1,530	**-28.5%**
Basic adjusted EPS*+	**2.8p**	4.3p	**34.9%**
Basic EPS	**3.9p**	(2.4)p	**-262.5%**
Capital expenditure	**1,650**	1,896	**-13.0%**
Net Debt	**14,988**	15,123	**-0.9%**

* excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains/losses, capitalised deal fee amortisation, share-based incentive scheme charges and non-controlling interests
+ applying an expected tax charge of 10% (2016-17: 6.5%) and based on the average number of shares in issue in the year

3 Operating segment information

The following summary describes the operations in each of the Group's reportable segments:

- Films – includes industrial films
- Industrial – includes hose mandrel, creasing matrix and plastic bearings

	Industrial	Films	Unallocated and reconciling items	Total
	Unaudited Six months to 30 September 2017 £000	**Unaudited Six months to 30 September 2017 £000**	**Unaudited Six months to 30 September 2017 £000**	**Unaudited Six months to 30 September 2017 £000**
External sales*	**17,071**	**19,391**	**-**	**36,462**
Profit before tax**	**181**	**402**	**983**	**1,566**
Depreciation and amortisation	**674**	**348**	**426**	**1,448**
	Unaudited Six months to 30 September 2016 £000	Unaudited Six months to 30 September 2016 £000	Unaudited Six months to 30 September 2016 £000	Unaudited Six months to 30 September 2016 £000
External sales*	12,455	15,316	-	27,771
Profit / (loss) before tax**	635	153	(1,516)	(728)
Depreciation and amortisation	471	303	777	1,551
	Audited Year to 31 March 2017 £000	Audited Year to 31 March 2017 £000	Audited Year to 31 March 2017 £000	Audited Year to 31 March 2017 £000
External sales*	32,472	33,313	-	65,758
Profit / (loss) before tax**	1,887	1,340	(2,461)	766
Depreciation and amortisation	1,057	654	1,149	2,860

** All revenue is attributable to external customers, there are no transactions between operating segments*
*** Profit before tax for unallocated and reconciling items is analysed on Page 16.*

3 Operating segment information *(continued)*

Reconciliation of reportable segment revenue

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Films			
High strength film packaging	**19,391**	15,316	33,313
Industrial			
Packaging consumables	**7,090**	3,667	12,663
Plastics rotating parts	**6,947**	6,614	14,800
Hydraulic hose consumables	**3,034**	2,174	5,009
Turnover per consolidated income statement	**36,462**	27,771	65,785

Reconciliation of reportable segment profit

	Unaudited Six months to September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Total profit for reportable segments	**583**	788	3,227
Unallocated amounts:			
Amortisation	**(418)**	(749)	(604)
Unrealised gains / (losses) on derivatives	**1,179**	(1,240)	(862)
Management charge income	**2,145**	2,125	4,050
FX hedge (loss) on forward contracts	**(404)**	(307)	(953)
Plastics Capital Trading Ltd and Plastics Capital plc costs	**(829)**	(641)	(1,927)
Other foreign exchange costs	**-**	-	(382)
LTIP charge	**(80)**	-	(165)
Net interest costs	**(395)**	(292)	(694)
Deal fee amortisation	**(43)**	(107)	(568)
Exceptional costs	**(219)**	(269)	(406)
Other	**47**	(36)	50
Consolidated profit / (loss) before income tax	**1,566**	(728)	766

4 Exceptional items

Administrative Expenses	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Redundancy & recruitment costs	**70**	-	79
Acquisitions - professional and legal costs	**149**	269	314
Factory relocations	**-**	-	395
Other	**-**	-	119
	219	269	907

5 Financial income and expenses

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Financial expenses:			
Bank interest	**395**	292	725
Amortisation of capitalised deal fees	**43**	107	360
Write-off of capitalised deal fees	**-**	-	208
Financial expenses	**438**	399	1,293
Financial income and expenses included within foreign exchange:			
Net foreign exchange (gains) / losses	**-**	-	382
Unrealised (gains) / losses on derivatives used to manage foreign exchange risk	**(1,179)**	1,240	862
Foreign exchange impact and derivatives	**(1,179)**	1,240	1,244

6 Taxation

The taxation charge is calculated by applying the Directors' best estimate of the annual tax rate for the profit for the period.

7 Dividends

The Directors have not recommended the payment of an interim dividend (30 September 2016: 1.46p).

8 Earnings per share

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Numerator			
(Loss) / profit for the period	**1,465**	(835)	539
Denominator			
Weighted average number of shares used in basic EPS	**37,364,795**	34,512,663	34,957,994
Weighted average number of shares used in diluted EPS	**39,001,714**	36,665,359	36,632,457
Basic earnings per share (total)	**3.9p**	(2.4)p	1.5p
Diluted earnings per share (total)	**3.8p**	(2.4)p	1.5p

9 Accounts

Copies of the interim accounts may be obtained from the Company Secretary at the Registered Office of the Company: London Heliport, Bridges Court Road, London, SW11 3BE.

10 Acquisitions

In the six-month period to 30 September 2017, Plastics Capital made the following payments for acquisitions and investments:

- Synpac Limited - £310,000 paid in July'17 relating to deferred consideration on the acquisition made a year earlier;
- CCM Inc – $1,200,000 paid in August'17 to acquire an additional 39% shareholding in the business; and
- Mito Srl – €150,000 paid in April'17 relating to deferred consideration on the investment made in December'16