The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

2nd July 2018

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

Results for the year ended 31 March 2018

Plastics Capital plc (AIM: PLA), the niche plastics products manufacturer, announces its audited results for the year ended 31 March 2018, which are in line with consensus market expectations.

Financial highlights

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000	% Change
Revenue	76,726	65,785	16.6%
Adjusted EBITDA*	7,032	6,900	1.9%
Adjusted Profit before tax*+	4,185	4,348	-3.7%
Adjusted EPS (p)*	9.5p	11.5p	-17.4%
DPS (p)	0.00p	1.46p	na

** excluding amortisation of intangibles and deal fees, exceptional costs, unrealised foreign exchange translation derivative losses and share-based incentive scheme charges*
+ also excludes non-controlling interests

Financial highlights

- £3.54 million, net of expenses, raised in June 2017 through a placing with institutional investors
- Allocation of internally generated cash flow increased towards organic growth

Operational highlights

- Strong like-for-like organic revenue growth - 13.0% annually
- Record year for Films Division; like-for-like increase in sales 27% and EBITDA* 26%
- Films Division now combined under one management structure
- Record year for mandrel business; sales up 24%, EBITDA* up 17%
- US mandrel factory established and production commenced
- Matrix business increases stake in CCM in USA to 51%
- US and Italian matrix production relocated and consolidated to UK
- Production in China also relocated and harmonised with UK
- Bearings business converts new business worth £17.7m of lifetime sales
- £1.7 million invested in capacity expansion projects

Commenting on these results, Faisal Rahmatallah, Chairman, said:
"FY2018 has been an outstanding year for organic growth, particularly in our films businesses. To capitalise on this, we have recruited and trained new staff, invested in new facilities and equipment, and raised equity capital to make sure that we have scope for further growth as we move into the next financial year. As a result, our operating profit margin has reduced somewhat during the year but we consider this to be a sensible trade-off for the creation of long term shareholder value.

We continue to have a number of exciting projects that we will be investing in as the current financial year progresses. We believe these projects will help us to deliver good growth over the next few years and we anticipate that this year will be another year of good progress."

Plastics Capital plc	**Tel: 020 7978 0574**
Faisal Rahmatallah, Chairman	
Nick Ball, Finance Director	
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Mark Connelly	
Callum Davidson	
Allenby Capital Limited (Joint Broker)	**Tel: 020 3002 2074**
David Hart	

Notes to Editors

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.

The business operates through two divisions, Films and Industrial, and has the majority of its production in six UK based factories, with a further two factories in Asia and one in the United States of America. Approximately 50 per cent. of its £77 million sales are made outside the UK to more than 80 countries.

Further information can be found on www.plasticscapital.com

Chairman's Statement

Review of FY2018

Financial Performance
FY2018 has been a year of record organic revenue growth. Sales have increased 16.6% overall, of which:

- 3.4% was due to acquisitions completed part of the way through the prior year,
- 0.2% was due to exchange rate fluctuation, and
- 13.0% was due to organic revenue growth.

Profitability, measured in terms of EBITDA* to sales ("EBITDA* margin"), has not followed revenue growth largely due to business mix. We generate higher EBITDA* margins in our Industrial Division than our Films Division, and this year revenue growth has been strongest in the Films Division, which has therefore reduced the overall EBITDA* margin down from 10.5% to 9.2%. In addition, our bearings business which has high operational gearing has had a poor year and this has also affected the overall EBITDA* margin negatively.

In terms of organic revenue growth, the Films Division has led the way with 23.2% year-on-year growth. We successfully developed and converted a number of important key accounts during the year. This is driven primarily by having superior products and providing superior service, but we have also benefitted from having added a large amount of new extrusion and conversion capacity in the last two years, and the failure mid-year of a competitor in certain of our sectors.

The EBITDA* margin in the Films Division was unchanged overall year-to-year in spite of fluctuations in raw material prices. Meanwhile, during the year the Films Division recruited and trained 26 new members of staff representing circa 23% of our production workforce. We have also installed and commissioned machinery that has expanded capacity by 24% of the prior year total. The management effort and time required to accomplish all this, whilst customer demand is very strong, is considerable and reflects very favourably on our teams involved

In terms of revenue growth, in the Industrial Division, we achieved a 6.5% increase year-on-year of which 2.3% was due to organic growth, 3.7% was due to acquisitions carried out in the prior year and 0.5% was due to foreign exchange.

Of our three Industrial businesses:

- The mandrel business performed strongest achieving 22.2% organic revenue growth at constant foreign exchange rates. This followed prior year organic growth of 40%. This business has expanded 70% in two years, adding capacity, recruiting and training staff and setting up manufacturing in West Virginia, USA. The EBITDA* margin slightly reduced as costs have been incurred ahead of sales but overall the management team in this business has done an excellent job to keep up with demand growth.
- Our matrix business increased sales 11.4% on the prior year, although organic growth only contributed 1.5% of this; acquisitions accounted for 9.6% and foreign exchange rate movements for 0.3% of the remainder. The EBITDA* margin in this business was negatively affected by the full year impact of the acquisitions of CCM and Mito which are primarily distribution businesses, which have intrinsically lower profitability, and by product mix.

** All references to EBITDA are adjusted measures*
"EBITDA" is stated before LTIP charges and exceptional costs
See page 13 (Financial Review) for reconciliations of (i) presented non-GAAP measures to the GAAP measures including adjusted EBITDA, (ii) net debt; and (iii) organic sales growth.
"Adjusted" means excluding amortisation, exceptional costs, unrealised foreign exchange derivative and loan gains / losses, and LTIP charges
"like-for-like" means comparison between years applying a constant exchange rate (i.e. applying the same foreign exchange rates to both years) and assuming no impact from acquisitions
"pro-forma" means comparison between years assuming no impact from acquisitions

- The bearings business had a disappointing year with sales down 4%, after the 20.5% like-for-like increase in sales enjoyed in the prior year. The reduction in sales was largely attributable to two major projects for key accounts that encountered delays after strong sales in the prior year. Some of this was due to supply-chain pipeline filling in the prior year, and some due to unexpected difficulties that our key accounts experienced in the sales ramp up of these new products. Because we had geared up for growth, the EBITDA* margin for this business fell significantly.

Overall therefore, Group EBITDA* only increased by 1.9% during the year as strong performance in the Films Division was negated by weak performance in our bearings business, which dragged down the Industrial Division.

Depreciation increased £0.4 million or 23.2% on the prior year because of increased capital expenditure during FY2017 and FY2018. Interest costs increased £0.1 million or 7.6% due to a higher average debt level, and a higher lending margin. Our tax charge has increased as we now exceed 500 employees, which is the limit for attaining the maximum benefit from the government's R&D tax credit scheme. As a result, adjusted EPS decreased by 2.0p or 17.4% over the prior year.

Exceptional costs of £1.5 million arose due to certain adjustments to the value of CCM's property, plant and equipment, inventory and liabilities recorded at the date of acquisition and restructuring of certain manufacturing facilities within the Industrials Division.

Working capital was 11.9% of sales at year end, down from 12.6% in the prior year, benefitting from the shorter working capital cycle in our faster growing Films Division. In May 2017 we raised £3.74 million (£3.54 million, net of expenses) through the placing of 3,194,445 new ordinary shares at 117 pence per share, a discount of 4.5% to the prevailing price. Overall net debt at the end of the year was £15.1 million, which was a reduction of £1.2m over the financial year. Net debt leverage was 2.1x, which was slightly above the range we target over the long run of 1.5-2x. Interest cover remained comfortable at 11.7x.

New Business Performance

Revenue from new business entering production over the last year was £3.9 million up from £2.2 million in FY2017. We have seen new business entering production in our specialist sacks and mandrels businesses in particular. Lost business in the year was low, accounting for less than 1% of turnover, reflecting very high levels of customer satisfaction and therefore retention across the Group.

Although our bearings business had a difficult year in terms of invoiced sales, project conversions were strong at nearly £18 million of lifetime sales. We have reassessed the future value of the two projects that have caused the sales shortfall in FY2018 for the bearings business, which has reduced the annual sales value of the pipeline of projects that have been converted but not yet reached full production by £0.3 million. Together with the new business converted in FY2018 this pipeline now amounts to £5.2 million. The pipeline was £5.5 million at the end of FY2017 and so remains strong; we expect this pipeline to take 3-5 years to come through.

Acquisitions and Investments

No new acquisitions or investments were made in FY2018. However, investment expenditure continued on the three acquisitions we have most recently completed.

In July 2017, we paid £0.31 million deferred consideration for Synpac, which was acquired in July 2016 for £3.1 million of which 10% was deferred for 12 months. Sustainable EBITDA* was estimated at the time to be £0.6 million. Synpac which operationally has become part of Flexipol has enjoyed strong growth since its acquisition and has exceeded our expectations. Further development is underway.

We increased our stake in CCM, based in West Virginia, from 10% to 51% at a cost of £0.92 million. The remaining 49% will be bought after three years with the amount payable in total depending on performance in the meantime. CCM's performance has been a little disappointing since our first investment, but there is time to improve this before our investment is complete. We are, however, very pleased with the manufacturing rationalisation steps that have taken place to bring matrix production back to the UK and replace it with mandrel production in West Virginia.

We also transferred the manufacturing assets of Mito, which was acquired in FY2017, from Italy to Wellingborough. This went very smoothly and production of Mito's excellent range of matrix products is now part of C&T's overall offering to its worldwide distributors.

Banking

We have made various minor changes to our facilities with Barclays to accommodate the investments being made across our businesses. Barclays have been good business partners helping us to manage growth and the risks associated with this. Current facilities are £21 million in total and extend to June 2021. The cost of borrowing over the year averaged approximately 350bps over LIBOR and will reduce as leverage decreases.

Capital Allocation

In my report last year, I articulated four areas for investment during FY2018, as follows:

- Customer specific projects - in FY2017 our bearings business won a significant project requiring two new injection moulding machines estimated to amount to £0.3 million. This expenditure was incurred in FY2018 as planned with a slight saving. The project is now up and running as forecast.

- Capacity expansion - £1.8 million was invested in capacity expansion during the year, which was £0.3 million more than anticipated, reflecting the strong growth we have achieved during the year. In the Films Division:
    - We upgraded four extrusion lines at Palagan and one at Flexipol.
    - We also added a new conversion machine at Flexipol.

  In the Industrial Division:
    - We added two new extrusion lines for our mandrels business and expanded into premises adjacent to our existing factory; additionally, in the US, we installed two new mandrel extrusion lines.
    - Two injection moulding machines were added at the bearings business in anticipation of growing demand.
    - We added a new extrusion line to our Chinese matrix operations and capacity in the UK matrix operations to incorporate Mito's matrix business.

- New product introduction - £0.7 million was invested as planned during FY2018 in product and capability development, with the two thirds going to the Films Division where the opportunities for new products and capabilities are closer to commercialisation.

- Corporate – as discussed above, we invested £1.2 million in increasing our stake in CCM to 51% and in discharging the deferred consideration on Synpac. Further expenditure was incurred in restructuring manufacturing operations between Mito, CCM and C&T in Wellingborough as well as between Bell and CCM. £0.2 million of this has been taken to exceptional items. We therefore underspent in this area by £0.4 million compared to expectation at the same time last year.

In total, therefore we have spent approximately £4.1 million in these investment areas compared to the £4.3 million estimated 12 months ago. In addition, maintenance capital expenditure amounted to £0.9 million compared to the £1.0 million we estimated a year ago. An additional £0.8 million further expense was incurred on one-offs to restructure and relocate matrix operations from the USA and Italy to the UK, to set up mandrel production in the USA, restructure the production team at Palagan and for the costs associated with the investments we have made in FY2018. This amounts to a total of £5.8 million invested during the year and was funded by free cash flow (before maintenance capex) of £3.5 million, and an equity raise of £3.5 million, with the balance reducing net debt by £1.2 million.

Strategy & Growth

Plastic Waste

There has been considerable publicity about the need to reduce plastic waste, particularly in our oceans. This has given many people, including us, pause for thought. Most of this concern has centred around single-use consumer plastics such as plastic bottles, carrier bags, straws and the like. None of our products fall into this category as they are either components or consumables supplied to other businesses early in the supply chains of finished products. Consequently, we believe that this is an issue which we must respond to but not one which materially threatens our business. So, we have reassessed our approaches to plastic waste in all our businesses and have developed strategies for increasing recycling and reusability in each. Certain of these initiatives are to increase internal recycling of our own waste, whilst others are to assist our customers to achieve higher levels of recycling with the products we supply. The latter particularly offers many technical challenges but we believe that over time significant improvements will be made, many of which will offer us opportunity for product differentiation and added value.

Key Initiatives

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. We are behind our target but with good potential to catch up and to achieve it.

Within the five-year plan, we have a number of strategic initiatives that are continuously monitored and reviewed every six months by the Board. As we move forward some initiatives are completed, some evolve into new areas while others are brought forward, approved and incorporated into our strategy. Our goal is to manage our businesses dynamically towards achieving our long- term objectives and not to fall into the trap of rigidly managing to a strategic plan.

The most important initiatives within the latest plan in terms of impact over the five-year period to 2020 are:

- In our Films Division - expanding sales of specialist sacks, liners and pouches. This initiative has received considerable additional resource over the last two years and is achieving strong sales growth supported by efficient operational performance. We have added to the product range and plan to continue to invest to develop the range further.

- Developing new bearings projects with major OEMs and bringing already won business successfully into production. This initiative has had mixed results to date. We have converted many new projects into won business over the last three years, sufficient to drive strong growth in the next few years. However, we have had some setbacks in bringing previously won business into production at the expected rates. In particular, two projects with large OEMs, one for ATMs and the other for domestic appliances have not yet achieved the sales levels that were forecast by our customers. We have reassessed these projects in terms of what we now believe they will deliver and incorporated all recently won business into our pipeline of business that is won, but not yet into full production. This now stands at £5.2 million of annualised sales value, all of which should come through over the next three to five years. This is £0.3m lower than compared to twelve months ago. However, further excellent project opportunities with key accounts are in the pipeline for conversion. The initiative hinges on key account management and development, as well as clever design engineering and technical support.

- Developing new business in mandrels globally through the provision of in-depth technical service and product customization. This initiative is progressing well. We have achieved considerable growth over the last two years through new customers, particularly in North America. We need to continue to develop superior technical solutions for our customers generally and find ways to expand sales in the Asia Pacific region, particularly China.

- Forward integration and product range diversification in matrix. This initiative is on track in terms of sales growth but not, so far, in terms of profitability. The businesses we have invested in, such as CCM and Mito, have intrinsically lower profit margins than our manufacturing businesses. Although this is in their nature, we believe that because our acquisition strategy involved deferred contingent payments over a number of years there is a high degree of "self-correction" with respect to the investment returns that will be achieved on these investments. Nevertheless, we are targeting margin improvements in this area, some of which we hope will come from new products that have been introduced this year.

Obviously, any programme of initiatives, such as those listed above, has 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 unpredictable and impactful risk is what happens in the global economy. Our working assumptions over the long term are for slow growth (c.2-3% annually) and that current exchange rates remain broadly unchanged. We believe that both these assumptions are reasonable but they may prove to be incorrect, particularly over short periods.

Capital Allocation - Looking Ahead

The investment pipeline during FY2019 supports our growth strategy and can be set out under the same headings as above:

- Customer specific projects – With the investments made over recent years and having had a weaker than expected year in FY2018, our bearings business has sufficient capacity to cope with its anticipated growth over the next twelve months. Our other businesses do not invest for specific customer specific projects.

- Capacity - We need to continue to add capacity, particularly in the Films Division, as we continue to win and develop new business. We would also like to manufacture certain films we currently purchase and convert because we do not have sufficient extrusion capacity. Finally, we would also like to make some investments to increase the interchangeability of production between our factories in Dunstable (Palagan) and Haslingden (Flexipol) to improve efficiencies. There is also some investment needed to conclude the expansion of mandrel production we have made over the last two years. In total about £1.8 million is earmarked for these areas during FY2019.

- New Products - Some of the capacity improvement investment described above will bring improved processing capabilities, so enabling the introduction of new products, such as "superstrong" films, or sacks with barrier properties. We have allocated £1.1 million expenditure to enable new products to be developed and introduced during FY2019 and beyond.

- Corporate – No corporate investments are in the pipeline for the current year. We are not due to increase our stakes in CCM or Mito during the current financial year. Other interesting opportunities are some way off being consummated. We are, however, establishing a 50/50 joint venture for matrix and consumables sales in the Shanghai region with a local Chinese partner, which may require some investment. £0.1 million start-up costs are expected.

The total capital required, if all these expenditures come through as anticipated, would be approximately £3.0 million. Added to this, in FY2019 we expect a further £1.0 million of replacement and/or efficiency improvement capital expenditure. All of this expenditure can be accommodated by the cash flow we expect to generate during the year and our current debt facilities leaving some financial flexibility for other contingencies.

Dividend
We have considered whether to reintroduce dividend payments but given the strong organic growth we are achieving and the potential for making further investments for acquisitive and/or organic growth, we believe it would be unwise to do so at the present time. This will be kept under review.

Outlook
Trading in Q1 FY2019 has been relatively good, making up for weak momentum at the end of FY2018. The bearings business has not suffered the same disappointing start to the year as in FY2018, although there is still some way to go for us to be satisfied that the right momentum is being achieved in this business.

In the Films Division, since production capacity between our businesses was increasingly being shared, we have decided to bring them together under one management team. This will enable us to utilise capacity in the most efficient way possible and to improve margins across the division.

We will see also some improvement to margins as losses, that we have incurred over the last two years, from currency hedges taken out pre-Brexit, fall away.

Finally, and most importantly, we have spent some considerable time across the entire Group endeavouring to articulate the "core values" of Plastics Capital; a one-page version of these is included at the front of this annual report and can be found on our website. This started with the entire senior management team of some 40 people and has now extended through the entire organisation. We believe these values, which are already held strongly throughout the organisation will enable day-to-day decisions and activities to be undertaken in the right way for the long-term health of the business and its stakeholders as we continue to grow.

The Board wishes to extend its sincere thanks to the Group's employees, who have responded to new challenges extremely well. It has been a very busy year and a huge amount of hard work has been put in by all. I am pleased to report that we continue to be highly profitable and cash generative as a Group and that we are now on a growth track. We look forward to another year of good progress in FY2019.

Faisal Rahmatallah
Chairman

Operational Review

	2018	2017
	£000	£000
Industrial Division	34,464	32,472
Films Division	42,262	33,313
Turnover per consolidated income statement	76,726	65,785

Industrial Division

Bell Plastics ("Bell") had another record year of sales growth, having achieved 24% growth over the prior year, driven by strong demand and winning new customers for hose mandrels in Europe and the USA. Sales growth in North America exceeded 60% and the business there is now underpinned by a mandrel manufacturing capability based in our Martinsburg facility in West Virginia which came on stream at the end of the financial year.

In addition to the mandrel capacity installed in the USA, we added a further 20% mandrel capacity into the UK, to improve lead times and to facilitate growth going forward. We also invested considerable time and effort in a programme to improve output by reducing unplanned machine downtime and by increasing running speed. There is now sufficient capacity for Bell's foreseeable future demand over the next two years.

The growth achieved has necessitated steps being taken to enlarge and strengthen our operational team. We have added 30% new production staff, all of whom have required training in Bell's bespoke production technology. We expect to continue to strengthen the operational management structure over the next year in order to consolidate the improvements made.

New product development is an important factor of Bell's future growth plans. Two important products were developed and added to the portfolio; a new mandrel material which improves our customers' hose manufacturing process, notably around mandrel ejection. The second product, a new abrasion resistant film, Ultra XLPE, has been developed to help improve hydraulic and industrial hose abrasion resistance, whilst enabling hose cost reduction. Importantly, Ultra XLPE has shown significant promise for improving the anti-abrasion performance of rubber materials in other applications, notably for conveyor and transmission belts. A patent application for this product has been filed.

Bell's strategy is based on continuing support for existing and new customers to assist them to improve their products and manufacturing processes. The USA market will be a particular focus, supported by the mandrel manufacturing facility there, and so will Asia be through local warehousing. Ultra XLPE film is being introduced to existing and new customers in the core hose market and the significant potential in rubber belt applications will continue to be explored.

BNL (UK) Limited ("BNL"), which manufactures plastic ball bearings and related assemblies, had a disappointing year with product sales down 2.8% on the previous year (4.3% at constant exchange rates). In the first half of FY2018, the business suffered from delays in the ramp-up of two large projects for major multi-national customers. The final quarter of the year saw volumes and turnover increase within these key accounts, moving closer to expectation. It is also worthy of note that the slightly disappointing result followed a year of outstanding growth in FY16-17 and the three-year cumulative annual growth rate remains above 11%.

New business wins in the year were again healthy, with newly converted projects expected to deliver over £17.7 million in lifetime sales; a third consecutive year when conversion of projects has been significantly ahead of current annual turnover. Project wins were spread broadly across our geographic markets but were strongest within Europe and Asia. The most significant new business was again with a UK based manufacturer within the domestic appliance sector. This second significant project win with this customer illustrates the improvement in the business's approach to Key Account Management as a result of previous investments in the management team.

It is pleasing to report that our business in Japan provided a significant contribution to new business conversions during the year; a turnaround in this key market. A wider spread of key accounts within the Asian region is being sought to ensure less dependency on any one customer/sector in the future.

The newly converted business pipeline remains healthy, with projects won but not yet in full production (or not at full production rate) at just over £4.6 million. This business is expected to flow through over the next three to four years. In addition, the future business pipeline of projects nearing conversion remains very healthy.

Growth in the second half of the year saw ongoing investment in capacity to meet the needs of customers. Installations of two further injection moulding cells represented an uplift in capacity of 5%. In addition, as part of the overall operational excellence strategy, a "Lean Manufacturing" initiative was introduced with a formal continuous improvement process and the roll out of various Lean tools. It is expected that the combination of investment in capacity and minimisation of waste should support the anticipated growth in the coming year without further major capital investment.

Previous investment in a "catalogue range" of standard bearings has proven valuable. Whilst sales through third-party distribution remain slower than originally planned, the presentation of this standard range within existing Key Accounts is gaining traction. Several customers had these standard bearings in their test cycles at the end of the financial year; a key target for the coming year is to convert these opportunities into ongoing supply.

Further progress was also made on our Knowledge Transfer Partnership (KTP) with Bradford University. Improvements in product capability have been proven within our state of the art test facilities and the final quarter of the year saw the first presentations of this capability to several key accounts. These investments in R&D will enable new products to be introduced to work at significantly higher temperatures, loads and speeds, widening the envelope of addressable applications. This progress has re-emphasised BNL's technical expertise in this niche market, ensuring that we continue to be recognised as the global technology leader for bespoke polymer bearing solutions.

C&T International ("C&T"), the world's largest manufacturer of creasing matrix, increased turnover 11.4% chiefly through full year contributions from acquisitions made in the prior year. Thanks to investments made in recent years, we have manufacturing operations in UK and China, and sales and distribution businesses in the UK, USA, Italy, India and China. We also have an enviable network of distributors with whom we have long term relationships and who operate in over 80 countries throughout the world.

In the UK, we have continued to build market share through our direct technical sales approach and by gradually broadening the range of die supply products to both box convertors and die makers. We strengthened our UK sales team during the year, leading to further sales growth, particularly in the North of England, Scotland and Ireland.

In China, our move from Beijing to a new factory in Tianjin has, after some initial teething problems, reached the quality and service standards needed, and has allowed us to achieve significant cost savings thanks to the new factory layout and more efficient use of labour. At the beginning of FY2019 we established a new joint venture with a highly regarded local partner to strengthen our sales and distribution effort in the Shanghai region and we anticipate volume growth within this territory throughout the year.

In the US and Italy, we have increased our shareholding in CCM and Mito respectively and have spent much time with the local management teams to improve the sales and profitability of these companies. A key strategy has been the centralisation of all manufacturing to our UK facility to allow CCM and Mito to

focus on sales development. A significant improvement has been made to the financial performance of these companies in H2 and we anticipate continued progress in FY2019.
Product innovation is a key element of C&T International's growth plans and we launched the new Speedpin and Kingpin products to considerable acclaim in our industry during FY2018. Both these products bring important production cost savings to the box convertor by reducing machine downtime and improving throughput. Initially launched in the UK, we will also be launching these new products in Europe and overseas in Q1 of FY2019.

C&T's future growth will come from continual improvement of its technical sales service, further broadening of its product range and forward integration in key territories through acquisition or joint ventures.

Films Division

Flexipol Group ("Flexipol") has had a record year with revenue up 26.4% as the business took full advantage of industry capacity constraints created by the demise of a significant competitor in August 2017. Thirteen new key accounts, that is customers with annual sales of more than £0.1 million per annum, were converted during the year, which is also a record.

New capacity, which was installed during the early part of FY2018, enabled Flexipol to react quickly to this situation winning considerable amounts of new business which has been converted to strong, long term trading relationships with selected new customers. The level of revenue growth mentioned above which mainly occurred in just eight months of the year put very heavy demands on the operational side of the business. A total of 26 new staff were recruited during the year, all of who needed training and development to work to our operating standards.

Toward the latter part of the financial year, it became necessary to work closely with Palagan to ensure that overall demand for both businesses could be met from the two factories to the extent considered optimal. Harmonisation of operating and logistics standards has been necessary, and there will be an increasing need for this moving forward. By combining the strengths of the two businesses under one management structure, it is expected that the businesses will learn for one another and improve substantially.

Sales activities have been extended into Australia and New Zealand, a process which started by following one of our key accounts with operations in that region. Flexipol have been successful in converting several major blue-chip food companies in this region who have been interested in gradually moving away from paper sack packaging to speciality polythene sack alternatives.

Towards the end of the financial year, we invested in a high quality eight colour printing press enabling Flexipol to move into market sectors which it was previously unable to supply. Going forward, further investment in extrusion and conversion capacity will ensure that this growth opportunity can be maximised.

Synpac has also had a very strong year with top line sales increasing by 19.6%, mainly due to the enthusiasm and commitment of the dedicated sales team. The strong Euro has been detrimental to Synpac's margins as its products are made from barrier films generally bought in from European suppliers. Nevertheless, Synpac has contributed well with profitability in line with expectations. Going forward, new product development work utilising Flexipol's barrier film capability will help Synpac to differentiate its product range as well as grow and increase gross profit margins.

Palagan Limited ("Palagan") recovered well from a decline in sales in FY2017; both volume and revenue were up by 15% and 18% respectively. Some of this increase was due to work transfer from Flexipol in the wake of Flexipol's surge in volume during H2 FY2018. However, on its own account Palagan also did well to build sales with new business wins and new products contributing approximately £0.8 million of sales. An internal sales team was introduced last year to handle much of the day-to-day account management and this has enabled the external sales team to increase its focus on winning new customers.

The workforce and operational management team has been transformed during the year following the senior management changes made in the prior year. The factory is making improvements in all areas – people, equipment and systems. Productivity has increased by 20%, scrap has reduced, and quality has been maintained at high standards. The business is now being positioned to manufacture higher value-added products, which are gradually being introduced.

Palagan's growth is being supported by a £1m investment in five new bespoke bag making machines which will improve output further and enable the manufacture of higher value-added products and very high strength products. The first two of these machines have already been largely installed, with the other three due to be installed in H2 FY2019.

Palagan is the centre of the Group's drive to increase internal recycling; equipment has recently been installed there from Flexipol to carry this out for the Films Division. 9% of what the Group produces is scrap and the majority of this created in the Films Division and has in the past gone to recyclers. This will change over the next two years as the Group's target is to reach 50% internal recycling this year and the following year (i.e. FY2020) to reach 80%. It is a key part of the programme that the Group is developing to reduce waste and improve recycling.

Financial Review

	2018 £000	2017 £000	Change %
Revenue	**76,726**	65,785	**16.6%**
Gross profit	**24,088**	21,129	**14.0%**
Operating profit	**3,369**	3,303	**2.0%**
Add back: Depreciation	**2,119**	1,720	
Add back: Amortisation	**1,118**	805	
Add back: LTIP charge	**94**	165	
Add back: Exceptional administrative costs	**1,452**	907	
Less: Foreign exchange non-cash realised gain	**(1,120)**	-	
Adjusted EBITDA	**7,032**	6,900	**1.9%**
Profit before tax	**2,762**	766	
Add back: Amortisation of intangible assets	**1,118**	805	
Add back: Amortisation and write off of capitalised deal fees	**89**	568	
Add back: LTIP charge	**94**	165	
Add back: Exceptional costs	**1,452**	907	
Add back: Unrealised foreign exchange & derivative (gain)/loss	**(263)**	1,244	
Less: Foreign exchange non-cash realised gain	**(1,120)**	-	
Add back: Non-Controlling interests charge / (credit)	**353**	(107)	
Less: Non-controlling interest's exceptional charge	**(300)**		
Adjusted Profit before tax*	**4,185**	4,348	**-3.7%**
Current year tax charge+	**(525)**	(227)	
Adjusted Profit after tax*	**3,660**	4,121	**-11.2%**
Basic adjusted EPS*+	**9.5p**	11.5p	**-17.4%**
Basic EPS	**5.7p**	1.5p	**280.0%**
Capital expenditure	**3,705**	3,499	**-5,9%**
Net debt	**15,125**	16,322	**7.3%**

* excluding amortisation of intangibles and deal fees, exceptional costs, unrealised foreign exchange translation derivative gains and losses and share-based incentive scheme charges and non-controlling interests

+ applying an underlying tax charge of 13% (2017: underlying tax charge of 6.5%) and based on weighted average shares in issue in the year. The underlying tax charge for 2018 excludes deferred tax, overseas tax and any prior year adjustments which management believe is a truer representation of the tax attributable to the 2018 Adjusted profit.

Revenue

Revenue for the year was £76.7 million which was an increase of 16.6% from £65.8 million in 2017. On a like-for-like basis (i.e. adjusting for the Synpac, CCM and Mito acquisitions and at constant exchange rates i.e. applying the same foreign exchange rates to both years), revenue increased by approximately 13%.

Alternative Performance Measure: Organic Revenue Growth reconciliation	£000	Change on Prior year %
Actual Revenue 2017	**65,785**	
Synpac acquisition (acquired July 2016)	1,211	
CCM acquisition (acquired May 2016)	356	
Mito acquisition (acquired December 2016)	670	
Proforma Revenue 2017	**68,022**	**3.4%**
Foreign Exchange impact	152	
Proforma and Constant Foreign Exchange Revenue 2017	**68,174**	**0.2%**
Organic revenue	8,552	
Actual Revenue 2018	**76,726**	**13.0%**

Gross profit

Gross profit was £24.1 million (margin: 31.4%) in 2018 against £21.1 million (margin: 32.1%) in 2017. After adjusting for the foreign exchange non-cash realised gain of £1.1 million, the gross profit margin decreased primarily due to the impact of business mix as a higher proportion of sales related to the Films Division and the investments in CCM and Mito, which are lower margin businesses.

Exceptional costs

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

- redundancy and restructuring costs associated with the Palagan production team;
- professional and legal costs associated with the acquisitions of Channel Creasing Matrix ("CCM") and Mito;
- business-wide restructuring of production operations within the Industrial Divisions; and
- an exercise undertaken in 2017-18 to assess the fair value of assets and liabilities on the opening balance sheet of CCM, following Plastics Capital initial 10% investment as at May'16. This highlighted certain adjustments to the value of property, plant & equipment, inventory and liabilities recorded at the date of acquisition. The impact has been recorded as an exceptional charge of £0.6 million in the 2018 consolidated income statement.

It is anticipated that this adjustment to CCM's net assets, as recorded at the date of acquisition, will be taken into account in the agreement of the final purchase price to be paid for the remaining 49% in CCM in 2021.

Profitability

EBITDA before LTIP charge, exceptional costs and non-cash realised gains was £7.0 million which is 1.9% higher than in 2017.

Profit before taxation of £2.8 million compares with the prior year equivalent of £0.8 million, which is an increase of 261%.

Adjusted profit before taxation (excluding amortisation of intangibles and deal fees, exceptional costs, unrealised foreign exchange translation derivative losses and share-based incentive scheme charges) of £4.2 million compares with the prior year equivalent of £4.3 million, which is a decrease of 3.7%.

Taxation

The Group's tax charge for the year was £0.9 million which compares with a tax charge of £0.2 million in 2017.

Earnings per share

Basic earnings per share were 5.7p compared to 1.5p in 2017.

Capital expenditure

Capital expenditure was £3.7 million in 2018 which compares with £3.5 million in 2017. As in the previous year, significant investment has been made to increase capacity and capabilities across the Group for future growth. Specific capital expenditure in the year included:

- additional capacity in the Films division through upgrades of existing extrusion lines, a new conversion line and print press;
- adding new extrusion lines at Bell Plastics to meet increased demands from existing and new customers; and
- adding new injection moulding machines for a new bearings project and further investment in tooling.

Cash flow

In the year, cash generated from operations amounted to £4.5 million (2017: £6.2 million). There was a decrease in cash and cash equivalents of £0.5 million in the year (2017: increase of £0.2 million).

Equity

On 31st May 2017, the Company undertook a share placing to raise approximately £3.74 million, before expenses, by way of issuing 3,194,445 new ordinary shares at £1.17 per share.

The net proceeds of the placing (approximately £3.54 million), were applied towards the increase of the Company's stake in the CCM and to invest in further growth capital expenditure to increase capacity to satisfy increasing demand for the Group's products and thereby accelerate organic growth.

On 3rd October 2017, Andrew Walker, Non-Executive Director, exercised options over 50,000 ordinary shares of 1p each in the Company at an exercise price of £1.00 per new Ordinary Share pursuant to the Options Agreement dated 27 November 2007. Following Admission on 9 October 2017, the total number of shares in the Company was 38,995,151.

Net debt

Net debt at the year-end was £15.1 million (2017: £16.3 million), a decrease during the year of £1.2 million as debt. As at 31 March 2018 net debt leverage was approximately 2.1x based on the current EBITDA of the Group.

	2018	2017
Alternative Performance Measure: Net debt reconciliation	£000	£000
Cash and cash equivalents	(4,854)	(4,914)
Current Liabilities: Interest bearing loans and borrowings	7,206	6,199
Non-current Liabilities: Interest bearing loans and borrowings	12,771	15,037
Net Debt	**15,123**	**16,322**

Consolidated Income Statement
for year ended 31 March 2018

	Note	2018 Before foreign exchange impact on derivatives and loans & exceptional items	2018 Foreign exchange impact on derivatives and loans	2018 Exceptional items	2018 Total	2017 Before foreign exchange impact on derivatives and loans & exceptional items	2017 Foreign exchange impact on derivatives and loans	2017 Exceptional items	2017 Total
		£000	£000	£000	£000	£000	£000	£000	£000
Revenue		76,726	-	-	76,726	65,785	-	-	65,785
Cost of sales	3	(53,146)	508	-	(52,638)	(43,703)	(953)	-	(44,656)
Gross profit		23,580	508	-	24,088	22,082	(953)	-	21,129
Distribution expenses		(3,542)	-	-	(3,542)	(3,100)	-	-	(3,100)
Administration expenses	3	(15,727)	-	(1,452)	(17,179)	(13,852)	-	(907)	(14,759)
Other income		2	-	-	2	33	-	-	33
Operating profit		4,313	508	(1,452)	3,369	5,163	(953)	(907)	3,303
Finance credit/(expense)	4 / 5	(870)	263	-	(607)	(1,293)	(1,244)	-	(2,537)
Net financing costs		(870)	263	-	(607)	(1,293)	(1,244)	-	(2,537)
Profit/(loss) before tax		3,443	771	(1,452)	2,762	3,870	(2,197)	(907)	766
Tax charge		(945)	-	-	(945)	(227)	-	-	(227)
Profit for the year		2,498	771	(1,452)	1,817	3,643	(2,197)	(907)	539
Attributable to:									
Equity holders of the Parent		2,551	771	(1,152)	2,170	3,536	(2,197)	(907)	432
Non-controlling interest		(53)	-	(300)	(353)	107	-	-	107
Profit for the year		2,498	771	(1,452)	1,817	3,643	(2,197)	(907)	539
Basic earnings per share attributable to equity shareholders of the Company	8				5.7p				1.5p
Diluted earnings per share attributable to equity shareholders of the Company	8				5.6p				1.5p

Consolidated Statement of Comprehensive Income
for year ended 31 March 2018

	2018	2017
	£000	£000
Profit for the year	**1,817**	539
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign currency operations	**(267)**	607
Total comprehensive income	**1,550**	1,146
Total recognised income and expense for the year is attributable to:		
Equity holders of the parent	**1,903**	1,039
Non-controlling interest	**(353)**	107

Consolidated Statement of Changes in Shareholders' Equity
for year ended 31 March 2018

	Share capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Retained earnings £000	Total parent equity £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2016	353	20,951	639	2,640	1,740	26,323	-	26,323
Total recognised income and expense for the year	-	-	607	-	539	1,146	(107)	1,039
Elimination of non-controlling interest	-	-	-	-	-	-	(182)	(182)
Issue of share capital	4	445	-	-	(449)	-	-	
Dividends paid	-	-	-	-	(1,110)	(1,110)	-	(1,110)
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 capital £000	Share premium £000	Translation reserve £000	Reverse acquisition reserve £000	Retained earnings £000	Total parent equity £000	Non-controlling interest £000	Total equity £000
Balance at 31 March 2017	**357**	**21,396**	**1,246**	**2,640**	**491**	**26,130**	**(289)**	**25,841**
Total recognised income and expense for the year	**-**	**-**	**(267)**	**-**	**2,170**	**1,903**	**(353)**	**1,550**
Transactions with non-controlling interest	**-**	**-**	**-**	**-**	**(584)**	**(584)**	**643**	**59**
Issue of share capital	**32**	**3,564**	**-**	**-**	**-**	**3,596**	**-**	**3,596**
LTIP charge	**-**	**-**	**-**	**-**	**94**	**94**	**-**	**94**
Balance at 31 March 2018	**389**	**24,960**	**979**	**2,640**	**2,171**	**31,139**	**1**	**31,140**

Transactions with non-controlling interests

- The £584,000 parent equity transactions comprise the purchase of additional equity interest in CCM from the NCI upon exercise of a call option of £897,000 (see note 32) less the associated reduction in NCI share of CCM from 90% to 49% of £313,000.

- The £643,000 transactions with NCI include:
    - an adjustment to the NCI share of intangible assets (£1,141,000 – see note 7) and associated deferred tax (£178,000) which was in relation to a prior year acquisition (net £956,000).
    - net of the associated reduction in NCI share of £313,000 noted above.

Consolidated Balance Sheet
at 31 March 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment		**12,444**	11,057
Intangible assets	**6**	**26,989**	26,376
		39,433	37,433
Current assets			
Inventories		**8,656**	6,657
Trade and other receivables		**16,979**	15,482
Other financial assets		**421**	-
Cash and cash equivalents		**4,854**	4,914
		30,910	27,053
Total assets		**70,343**	64,486
Current liabilities			
Interest-bearing loans and borrowings		**7,206**	6,199
Trade and other payables		**16,949**	14,502
Corporation tax liability		**922**	448
		25,077	21,149
Non-current liabilities			
Interest-bearing loans and borrowings		**12,771**	15,037
Other financial liabilities		**-**	1,277
Deferred tax liabilities		**1,355**	1,182
		14,126	17,496
Total liabilities		**39,203**	38,645
Net assets		**31,140**	25,841
Equity attributable to equity holders of the parent			
Share capital	7	**389**	357
Share premium		**24,960**	21,396
Translation reserve		**979**	1,246
Reverse acquisition reserve		**2,640**	2,640
Retained earnings		**2,171**	491
Total parent equity		**31,139**	26,130
Non-controlling interest		**1**	(289)
Total equity		**31,140**	25,841

Consolidated Cash Flow Statement
for year ended 31 March 2018

	2018	2017
	£000	£000
Profit after tax for the year	**1,817**	539
Adjustments for:		
Income tax charge/(credit)	**945**	227
Depreciation and amortisation	**3,237**	2,525
Financial expense	**607**	2,537
Foreign exchange non-cash realised gain	**(1,120)**	-
Loss/(gain) on disposal of plant, property and equipment	**125**	(18)
LTIP charge	**94**	165
Changes in working capital		
(Increase) in trade and other receivables	**(1,497)**	(2,020)
(Increase) in inventories	**(1,998)**	(796)
Increase in trade and other payables	**2,284**	3,080
Cash generated from operations	**4,494**	6,239
Interest paid	**(780)**	(725)
Income tax paid	**(566)**	(474)
Net cash inflow from operating activities	**3,148**	5,040
Cash flows from investing activities		
Acquisition of subsidiary and fees (net of cash acquired)	**(1,207)**	(4,095)
Acquisition of property, plant and equipment	**(3,705)**	(3,499)
Development expenditure capitalised	**(496)**	(539)
Proceeds from disposal of property, plant and equipment	**-**	26
Dividend received	**2**	15
Net cash (outflow) from investing activities	**(5,406)**	(8,092)
Cash flows from financing activities		
Net proceeds from new loan	**572**	5,512
Issue of share capital	**3,546**	-
Repayment of borrowings and fees	**(2,393)**	(1,131)
Dividends paid	**-**	(1,110)
Net cash inflow from financing activities	**1,725**	3,271
(Decrease)/increase in net cash and overdraft	**(533)**	219
Net cash at 1 April	**4,914**	5,488
Overdraft at 1 April	**(4,511)**	(5,304)
Net cash and overdraft at 31 March	**(130)**	403

Notes

1 Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2018 or 2017. Statutory accounts for 2017 have been delivered to the Registrar of Companies, and those for 2018 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 2018.

Going concern

The Financial Reporting Council issued "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks - Guidance for directors of companies that do not apply The UK Corporate Code" in April 2016 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 Group has banking arrangements with Barclays until June 2021 which include an overdraft facility, revolving credit facility, senior loans and asset finance. These facilities together with the strong cash generation of the business are felt adequate to provide the Group with the necessary headroom.

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

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangible assets are arrived at by using appropriate valuation techniques.

Acquired intangible assets recognised by the Group have a finite useful life and are carried at cost, less accumulated amortisation and impairment losses. Their useful economic lives and the methods used to determine the cost of intangible assets acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Trademarks and brands	5 - 20 years	Relief from royalty
Intellectual property rights	7 years	Replacement cost
Distributor and customer relationships	7 - 15 years	Excess earnings
Technology	5 – 7 years	Relief from royalty

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.

Notes *(continued)*

Inventory

Inventories are stated at the lower of cost and net realisable value.
In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Exceptional costs, foreign exchange costs and presentation of the financial statements

The Group is required to make judgements in determining its policy for the disclosure and presentation of exceptional costs and foreign exchange costs. These judgements are made in order to facilitate the understanding of the performance of the Group.

2 Accounting policies

Plastics Capital plc (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Italy, 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

Administrative expenses

	2018 £000	2017 £000
Redundancy and restructuring costs (i)	**192**	79
Professional and legal costs (ii)	**278**	314
Factory relocations and set-ups (iii)	**362**	395
Restatement of CCM's opening balance sheet (iv)	**620**	
Other	**-**	119
	1,452	907

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

(i) redundancy and restructuring costs associated with the Palagan production team (and in the prior year costs in other subsidiaries);
(ii) professional and legal costs associated with the acquisitions of CCM and Mito (and CCM, Mito and Synpac in the prior year);
(iii) business wide restructuring within the Industrial Divisions (and relocation of two Chinese factories in the prior year); and
(iv) an exercise was undertaken in 2017-18 to assess the fair value of assets and liabilities on the opening balance sheet of CCM, following Plastics Capital initial 10% investment in May 2016. This highlighted certain adjustments to the value of property, plant & equipment, inventory and liabilities recorded at the date of acquisition. The impact has been recorded as an exceptional charge of £0.6 million in the 2018 consolidated income statement – if this exercise had occurred within 12 months then the opening balance sheet would have been restated.
It is anticipated that this adjustment to CCM's net assets, as recorded at the date of acquisition, will be taken into account in the agreement of the final purchase price to be paid for the remaining 49% in CCM in 2021.

Notes *(continued)*

4 Finance expense / (credit) (excluding foreign exchange)

	2018	2017
	£000	£000
Bank interest	**789**	725
Interest received	**(8)**	-
Write off of bank arrangement fees	**-**	208
Amortisation of bank arrangement fees	**89**	360
Financial expenses	**870**	1,293

5 Finance (credit) / expense included within foreign exchange costs

	2018	2017
	£000	£000
Net foreign exchange loss	**315**	382
Unrealised (gains) / losses on derivatives used to manage foreign exchange risk	**(578)**	862
	(263)	1,244

6 Intangibles

	Goodwill	Technology	Intellectual property rights	Distributor & customer relationships	Trademarks and brands	Development costs	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
Balance at 31 March 2016	18,458	3,146	1,175	8,691	2,007	1,423	34,900
Acquisitions	1,739	-	-	1,670	437	-	3,846
Additions	-	-	-	-	-	539	539
Balance at 31 March 2017	20,197	3,146	1,175	10,361	2,444	1,962	39,285
Additions	-	-	94	982	159	496	1,731
Balance at 31 March 2018	**20,197**	**3,146**	**1,269**	**11,343**	**2,603**	**2,458**	**41,016**
Amortisation & impairment							
Balance at 31 March 2016	313	2,848	1,175	5,336	1,807	625	12,104
Amortisation for the year	-	52	-	427	93	233	805
Balance at 31 March 2017	313	2,900	1,175	5,763	1,900	858	12,909
Amortisation for the year	-	52	3	612	137	314	1,118
Balance at 31 March 2018	**313**	**2,952**	**1,178**	**6,375**	**2,037**	**1,172**	**14,027**
At 31 March 2018	**19,884**	**194**	**91**	**4,968**	**566**	**1,286**	**26,989**
At 31 March 2017	19,884	246	-	4,598	544	1,104	26,376

Additions to distributor and customer relationships of £982,000 and trademarks and brands of £159,000 relate to an adjustment in respect of a prior year acquisition. Additions to distributor and customer relationships of £982,000 and trademarks and brands of £159,000 relate to an adjustment in respect of a prior year acquisition. The additions to intangible assets in the prior year accounted for the Group's ownership percentage of intangibles rather than 100% of the fair value of the intangible asset. This adjustment increases the value of intangible assets with a corresponding credit entry to NCI. This adjustment has been treated as a current year item, on the basis that the net adjustment to intangible assets and NCI is has no overall material impact on the prior year reported numbers.

Notes *(continued)*

Goodwill is allocated to the following cash generating units ("CGU"):

	Discount factor	**2018**	Discount factor	2017
	%	**£000**	%	£000
Bell Plastics	***10.3***	**4,529**	*10.3*	4,529
BNL Group	***10.5***	**1,178**	*10.5*	1,178
C&T International	***11.3***	**9,042**	*11.3*	9,042
Palagan	***11.6***	**3,563**	*11.6*	3,563
Flexipol Group	***11.6***	**1,572**	*11.6*	1,572
		19,884		19,884

Management have performed impairment reviews on the carrying value of goodwill as at 31 March 2018. For the purpose of impairment testing goodwill is allocated to each CGU which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The carrying amounts of goodwill for each CGU are as above. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit.

The calculation of the value in use was based on the following key assumptions:

- Cash flow projections covering a four-year period to 31 March 2022 - the projections are based on the budget for 2019. This has been prepared using a bottom-up approach for each subsidiary with sales and gross margins determined on a product by product basis. Sales growth rate assumptions, based on sensitised historic growth rates, have been applied to all CGUs as follows:
  - Bell Plastics – 5%
  - BNL Group – 4%
  - C&T International – 4%
  - Palagan – 5%
  - Flexipol Group – 6%
  - After the fourth year then a sales growth rate of 3% has been applied in perpetuity.

- The above discount factors have been applied in determining the recoverable amounts.
- Management have performed a sensitivity analysis and, in most CGUs, a reasonable possible change in key assumptions would not lead to an impairment. The following changes to discount rates would lead to an impairment:
  - Bell Plastics – 15.4%
  - BNL Group – 14.2%
  - C&T International – 12.0%
  - Palagan – 14.0%
  - Flexipol Group – 22%

Sales growth would have to reduce below zero in all CGUs to cause an impairment other than in C&T International where sales growth of <2.5% would lead to an impairment.

7 Capital and reserves

Share capital

In thousands of shares	**Ordinary shares of 1p each 2018**	2017
In issue at 1 April	**35,751**	35,345
Shares issued during the year	**3,244**	406
In issue at 31 March – fully paid	**38,995**	35,751

Notes *(continued)*

	2018 **£000**	2017 £000
Allotted, called up and fully paid		
38,995,151 (2017: 35,750,706) ordinary shares of 1p each	**389**	357
	389	357

On 26 May 2017, the Company undertook a Placing to raise £3.74 million, before expenses, by way of a Placing of 3,194,445 new Ordinary Shares at £1.17 per Placing Share. Following Admission of the Placing Shares on 31 May 2017, the total number of shares in the Company was 38,945,151.

On 3 October 2017, Andrew Walker, Non-Executive Director, exercised options over 50,000 ordinary shares of 1p each in the Company at an exercise price of £1.00 per new Ordinary Share pursuant to the Options Agreement dated 27 November 2007. Following Admission on 9 October 2017, the total number of shares in the Company was 38,995,151.

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

8 Earnings per share

	2018 **£000**	2017 £000
Numerator		
Earnings used in basic and diluted EPS		
Profit for the year attributable to the equity holders of the parent	**2,170**	539
Adjusted Earnings used in adjusted EPS (see Financial Review)	**3,660**	4,121

Earnings used in adjusted EPS have been based on the adjusted profit before tax as detailed in the Financial Review section on page 13. 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 and EPS *	**37,922,211**	34,957,994
Weighted average number of shares used in diluted EPS *+	**39,043,589**	36,632,457

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

+ - includes effects of share option schemes

Notes *(continued)*

Earnings per share

	2018	2017
	pence	pence
Basic	**5.7p**	1.5p
Diluted	**5.6p**	1.5p
Adjusted	**9.5p**	11.5p

9 Annual General Meeting

It is intended that the Annual General Meeting ("AGM") will take place at Plastics Capital, Room 1.1, London Heliport, Bridges Court Road, London, SW11 3BE at 2.00pm on Monday 30 July 2018. Notice of the AGM will be sent to shareholders with the financial statements.