3rd December 2018

Plastics Capital plc

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

Interim Results for the six months ended 30 September 2018

Plastics Capital (AIM: PLA) the niche plastics products manufacturer, announces the Company's unaudited interim results for the six months ended 30 September 2018 ("H1") or ("HY18-19"), which are in line with management's expectations.

Financial highlights

	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000	% Change
Revenue	40,633	36,462	11.4%
EBITDA*	3,673	2,572	42.8%
Profit before tax*+	2,096	1,195	75.4%
Earnings per share*+^ (p)	4.7	2.8	67.9%
Dividend per share (p)	Nil	Nil	n/a
Net debt	15,748	14,989	-5.1%

** excluding amortisation, exceptional costs, unrealised foreign exchange translation and derivative gains / losses and share-based incentive scheme charges*
+ also excludes non-controlling interests
^ applying an expected tax charge of 13% (2017-18: 10%) and based on the weighted average number of shares in issue in the period.

Operational highlights

- 12.1% organic revenue growth at constant currency
  - Films Division revenue up 12.0% organically, 11.1% in volume terms
  - Industrial Division revenue up 12.2% organically at constant currency
- EBITDA up 29.0% at constant currency driven mainly by Industrial Division
  - Bearings projects flowing through to product sales as anticipated
  - Prior year matrix business acquisitions progressing well
- Integration of Films Division progressing as planned; full benefits still to be felt
- Further £2.1 million invested in capability and capacity expansion projects for future growth
- Project wins in bearings business continue to build
  - £5.8 million of annual sales from projects won but still to enter production

Commenting on these results, Faisal Rahmatallah, Chairman, said:
"I am pleased to report continued strong organic revenue growth across the Group. This is now being reflected in improved profitability as the mix of revenues in our two divisions has rebalanced and because we are now feeling the full effect of Sterling's devaluation in 2016 after the Brexit vote. Meanwhile we have continued to invest heavily in business development, new products, production capacity and employee capabilities. Order books are healthy and we expect good sales growth to continue for the foreseeable future if economic conditions remain satisfactory. The

Board anticipates that profits for the full financial year will be ahead of FY17-18 and in line with consensus market expectations."

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Notes to Editor

Plastics Capital is a niche manufacturer of specialist 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 – ball bearings
- Hydraulic and industrial rubber hose manufacture – various types of mandrel
- Cardboard box manufacture – 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 50% of its £80 million sales, as per current run-rate, are made outside the UK to more than 80 countries.

Further information can be found on www.plasticscapital.com

** All references to EBITDA are adjusted measures*
"EBITDA" is stated before LTIP charges and exceptional costs
See page 14 (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

Chairman's Statement

Financial Review

I am pleased to report that Group revenue continues to increase at double digit rates due to strong organic growth. The HY18-19 comparison with HY17-18 reflects 11.4% growth and is unaffected by acquisitions as none were concluded in the period. Foreign exchange has negatively impacted sales by 0.7%; so organic growth was 12.l% at constant currency.

This rate of organic growth has been achieved relatively equally across our Films and Industrial Divisions at 12.0% and 12.2%, respectively. It is pleasing to note that this represents a good improvement in performance from the Industrial Division, compared to HY17-18 when our bearings business suffered delays in two important new product introductions by customers. No similar delays have been incurred this year and these two important product introductions have now progressed satisfactorily and have also been added to by other business wins. The rate of growth in the Films Division, whilst still very good, is less than the 20% achieved last year; this followed the last year's step change in performance assisted partly by a key competitor failing during HY17-18.

As we have frequently reported, operational gearing is greatest in our Industrial Division and so strong balanced growth across our two Divisions in HY18-19 has led to good profit improvement at Group level, compared to HY17-18 when growth was primarily achieved in the Films Division. Group EBITDA was up 42.8% at actual currency rates compared to HY17-18.

We have benefitted during this half year period, for the first time, from the devaluation in sterling that occurred post the Brexit referendum. As previously reported, until June 2018, we had $/£ forward contracts in place that had been entered into at the pre-referendum levels of approximately $1.50/£; since then, these have been replaced with contracts at an average level of approximately $1.32/£. As a result, EBITDA for HY18-19 benefited by 13.7% due to currency movements and was up 29.1% in constant currency terms compared to the prior year interim period.

Profit before tax was up 75.4% and earnings per share increased by 67.9%, reflecting the gearing of the business. At the end of September 2018, net debt increased marginally from £15 million to £15.7 million compared to the prior period end and interest costs changed only marginally. Meanwhile depreciation increased 14.3%, reflecting our greater reinvestment rate to enable capacity expansion to support sales growth. Our effective corporation tax rate is estimated to be 13% for the full year, the same rate as for FY17-18 and this is reflected in the half year tax provision.

Films Division

The Films Division accounted for approximately 53.4% of Group sales in HY18-19. In value terms, sales were up 12% and in volume terms up 11.1%. Raw material prices were stable during the half year and so the increase in sales value per ton reflected a more favourable product mix, which is part of the strategy for this business. People and overhead costs in the Films Division for the half year increased by 17.9%, which was significantly ahead of revenues. This reflects the extra costs we have incurred to recruit and train new staff, to upgrade and maintain production machinery, to expand logistics infrastructure and to undertake numerous engineering projects associated with capacity expansion to cope with the strong growth that we are experiencing.

The management of the Division has been integrated in HY18-19, and we have moved from three separate businesses each with their own sales forces and factories, to one commercial team with three factories producing specialist products suited to the different specialist production machinery at each site. Administrative functions such as customer service and accounting are present at each site whilst raw material procurement is carried out centrally. It will take another 6-18 months for all the management and system changes to bed down fully, but nevertheless we are confident that the direction we are taking towards product specialisation in the different factories, sensible centralisation of divisional functions and a combined sales team that is able to provide full technical sales advice on all our product capabilities, is the right way forward.

Industrial Division

In the period under review, I am particularly pleased to report that revenues in the Industrial Division, which accounted for approximately 46.6% of Group sales, were up 10.9% on the same period last year. On a like-for-like basis revenues were up 12.2% as currency movements reduced sales by 1.3%. Profitability recovered significantly as gross margins and overheads remained similar to the prior period.

Bearings business sales were up 18% in HY18-19 compared to the same period in the prior year; ignoring currency movements the improvement was 19.7%. In the prior year we suffered unexpected shortfalls in demand from two substantial projects from key accounts; these shortfalls have now partly reversed. Meanwhile new projects and increased demand from other key accounts have moved into production. The new business pipeline (projects already won but not yet in production or not yet at full production rate) has also increased to £5.8 million. We believe that this business is on a healthy growth trajectory whilst acknowledging that periodic unexpected demand fluctuations will be inevitable.

Creasing matrix and related consumables were up 10.8% in HY18-19 compared to the first six months of the prior year, with like-for-like sales up 12.1%. After the factory rationalization programme in the prior year, management has been able to focus on driving sales and profitability and has achieved promising improvements in all areas. Much more remains to be done in our Chinese and US businesses, both of which are substantial markets where we are presently under-represented.

Our mandrels business was unable to sustain the exceptional growth attained over the prior 18 months. Like-for like sales were down 5%. Much of this was due to our delivery response times improving from 12 to 4 weeks following the addition of capacity that we have made over the last 18 months. Inevitably customers have taken the opportunity to destock; however, we believe that this is a temporary situation and we expect to see more balanced demand in the second half. New business wins continue to proceed satisfactorily in this area and we now have substantial additional capacity to respond to new opportunities as needed.

Capital Expenditure

Significant investment continues to be made to add new product capabilities and additional capacity.

At our Films Division factory in Haslingden, Lancashire, we have acquired and installed a substantial eight-colour printing press which will substantially improve our ability to provide key accounts with high value-added printed sacks. We have also acquired and are in the process of installing a 2,800 tonne multi-layer extrusion line which will enable our expansion into extended life packaging. We have also expanded our footprint at this location by adding a new warehouse and office unit to create additional logistics capacity and to provide a much-enlarged office space for the substantial team now operating from this site.

At our Films Division factory in Dunstable, Bedfordshire, we have added one of four new conversion machines planned for this financial year, and we have also added a 1,000 tonne extrusion line and a recycling/reprocessing unit, both of which have been relocated from the Haslingden site. In total, capital expenditure into the Films Division in the half year amounted to £1.9 million.

Less investment has been needed in the Industrial Division than the Films Division in HY18-19. A total of only £0.6 million of investment so far, of which £0.2 million was for a customer specific project in the bearings business and the remainder was primarily maintenance capital expenditure. We anticipate total capital expenditure for FY18-19 will be approximately £4 million, slightly more than the £3.7 million in FY17-18 and believe that this remains a realistic estimate.

Strategy

Plastic Waste

Public opinion regarding the blight of plastic waste, particularly in our oceans, has intensified since we last reported results in July 2018. The main scourges are understandably viewed as single use, consumer plastics and the inability of our recycling systems to handle and reprocess these effectively. We are therefore not "in the eye of this storm" as our products are all industrial products sold to other industrial businesses and not used by consumers.

However, we cannot be complacent and are doing everything we can to reduce waste in four main ways:

1. increased internal recycling to reduce the amount of waste we create for others to recycle;
2. enabling our customers to use less plastic through the introduction of thinner stronger films;
3. assisting our customers to recycle more; and
4. in the longer run, finding materials that will recycle more easily or degrade safely.

In his recent Budget, the Chancellor announced a new tax which will be applied from 2022 to manufactured or imported plastic packaging that does not contain at least 30% recycled content. This measure will be subject to a consultation process in the meantime. This announcement begs a lot of questions. The consultation process and time allowed for its introduction are clearly helpful to make sure it is a practical measure having the effects intended and that it enables industry participants to make such adjustments as are appropriate to minimize unintended undesirable side effects.

Targets

We are now three and a half years into our five-year target to double annual EBITDA to £10.5 million. This target excludes contributions from acquisitions requiring new equity to be raised. We are now achieving both the rate of revenue and profit growth that should enable this target to be achieved. However, what was originally intended to be a target to guide long-term strategy when we started this process in 2015, is now a short-term target and risks causing management to focus excessively on the short-term. As such, this target has served its purpose by helping to "kick-start" the strong organic growth we are reporting now. Consequently, we have set a new five-year target – to achieve £15 million EBITDA by end FY23-24; once again, this excludes acquisitions requiring new equity to be raised.

Each of our businesses has the potential to maintain this rate of growth and profitability over the long run. They all benefit from operating in niche markets in which they provide superior products and technical expertise. In most cases, they serve only a relatively small proportion of the key accounts that are present, and they provide each with only a subset of their product needs. So, opportunities for growth are good. Additionally, our businesses are continually developing and introducing innovative products to these accounts; these provide further opportunities for revenue growth and additional profit. Increased investment to enable the growth then results. This investment is in new facilities, machinery and equipment and in highly committed and talented teams and a virtuous circle should then ensue.

We are mindful over the risks in the short-term associated with global economic conditions and with any dislocation for UK based manufacturers associated with Brexit. We are working with our customers and suppliers to try to minimise the risk of possible disruptions to supply. So far, we have not discerned any negative trends affecting our businesses and our working assumptions remain for slow economic growth over the long term and current exchange rates remaining broadly unchanged. It is of course possible that Brexit could result in customs delays, additional duties and exchange rate instability, but, due to the uncertainty, we are unable to plan for this with any degree of accuracy but will be ready to react accordingly when more is clear.

Key Initiatives

As we have set out before, delivery of our strategy hinges on successful pursuit of a handful of key initiatives by each of our businesses. These dynamically change as they are implemented, we receive feedback on their progress and new opportunities and threats emerge.

The key initiatives now driving our strategy in the Films Division are as follows:

- The introduction of new multilayer films which will enable a new range of sacks and pouches with extended life properties to be produced in-house.
- The introduction of a new range of very high strength films, enabled by recently installed conversion machinery, that will further improve the competitiveness of our less specialized products.
- The introduction of a patented sack with a special air release mechanism that provides a superior solution to double-skin polythene/paper sacks currently used for packing powders.
- An increased focus on export markets, with particular emphasis on Northern Europe and Australia.
- An increase in internal recycling of plastic scrap and waste material with an objective of recycling and reusing internally 75% of the plastic scrap we produce.

In the Industrial Division, we are pursuing the following key initiatives:

- The roll-out of our innovative plastic bearing solutions for key accounts in our core applications like steering columns, instrument controls, domestic appliances, video conferencing cameras, conveyors and shower enclosures.
- The introduction of a range of plastic bearings that can operate at higher loads, temperatures and speeds than has hitherto been the case, so widening the range of applications and available market that can be served.

- Forward integration in the matrix business and using this to increase both the range of customers we serve directly and the range of products we can offer.
- Improvement in the security and speed of supply of bespoke mandrels to key accounts, particularly those based in the USA and Asia.
- The introduction of new abrasion resistant films suitable for hose coverings, transmission belts and conveyor belts.

Capital Allocation

In the year to date, all internally generated cash flow after meeting interest and tax and debt repayments has been reinvested in the organic growth of the business. We estimate that our marginal return on capital is running at 20% and that this represents a good rate of return in the current environment. Given the opportunities for growth and this rate of return, the Board is not proposing to declare a dividend.

As we look towards next year, we can already see the opportunity to invest in further product capabilities in the Films Division and to expand our production footprint and hence our capacity in Thailand, where many of our plastic bearings are produced. Further opportunities to reinvest are likely to come forward as we conclude next year's budgeting process. It is likely that any surplus cash flow after reinvestment will be used to pay down debt so improving the financial flexibility of the business going forward.

Company Name

We have recognised that, at its core, our business relies not on plastics technology but on the ability to find innovative solutions to our customers' problems in niche market applications. For reasons of sustainability and to minimise plastic waste, we must consider using any materials in our products whether or not they are plastic, if they are more environmentally sustainable and can meet our specifications in other ways. For example, biodegradable films made from plant-based extracts may form part of the solutions we offer to customers increasingly in the future.

To signal the importance we give to this matter we are proposing changing the Company name to Synnovia plc, which signifies our core competence - the synthesis of innovative solutions. We will be seeking shareholder approval for this name change at a General Meeting to be held on 20th December 2018 and further details will be sent to shareholders in due course.

Outlook

H2 18-19 has commenced favourably with the usual seasonal upturn in the Films Division and continued good performance in the Industrial Division. We have seen an improvement in the order book in our mandrel business which was the only part of the Group that had a weaker than expected first half and we are hopeful that this will be sustained. However, these are uncertain times – trade wars, Brexit and plastic waste are all factors, amongst others, that give us pause for thought. If these factors remain benign or at least we are given sufficient time for us to adapt, the Board remains confident about the outcome for the current financial year and future growth of the Group for the medium to longer term.

Faisal Rahmatallah
Chairman

Plastics Capital plc
Unaudited Consolidated Income Statements and Statements of Comprehensive Income

for the six months ended 30 September 2018 and the six months ended 30 September 2017

	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
		2018	**2018**	**2018**	**2018**	2017	2017	2017	2017
		£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue		**40,633**	**-**	**-**	**40,633**	36,462	-	-	36,462
Cost of sales		**(27,752)**	**(4)**	**-**	**(27,756)**	(24,836)	(404)	-	(25,240)
Gross profit		**12,881**	**(4)**	**-**	**12,877**	11,626	(404)	-	11,222
Distribution expenses		**(1,892)**	**-**	**-**	**(1,892)**	(1,885)	-	-	(1,885)
Administration expenses		**(8,918)**	**-**	**-**	**(8,918)**	(8,293)	-	(219)	(8,512)
Other income		**-**	**-**	**-**	**-**	-	-	-	-
Operating profit		**2,071**	**(4)**	**-**	**2,067**	1,448	(404)	(219)	825
Financial income	*5*	**4**	**-**	**-**	**4**	-	1,179	-	1,179
Finance expense	*5*	**(454)**	**(712)**	**-**	**(1,166)**	(438)	-	-	(438)
Net financing (costs) / income		**(450)**	**(712)**	**-**	**(1,162)**	(438)	1,179	-	741
Profit / (loss) before tax		**1,621**	**(716)**	**-**	**905**	1,010	775	(219)	1,566
Tax	*6*	**(272)**	**-**	**-**	**(272)**	(101)	-	-	(101)
Profit / (loss) for the period		**1,349**	**(716)**	**-**	**633**	909	775	(219)	1,465
Attributable to:									
Equity holders of the parent		**1,346**	**(716)**	**-**	**630**	957	775	(219)	1,513
Non-controlling interest		**3**	**-**	**-**	**3**	(48)	-	-	(48)
Profit / (loss) for the period		**1,349**	**(716)**	**-**	**633**	909	775	(219)	1,465
Foreign exchange translation differences		**222**	**-**	**-**	**222**	(232)	-	-	(232)
Total comprehensive income/(loss)		**1,571**	**(716)**	**-**	**855**	677	775	(219)	1,233

Earnings per share

	Note	2018	2017
Basic	*8*	**1.6p**	3.9p
Diluted	*8*	**1.6p**	3.8p

Plastics Capital plc
Consolidated Income Statement and Statement of Comprehensive Income *(continued)*
for the year ended 31 March 2018

	Note	Audited Before foreign exchange & exceptional items 2018 £'000	Audited Foreign exchange impact on derivatives 2018 £'000	Audited Exceptional items 2018 £'000	Audited Total 2018 £'000
Revenue		76,726	-	-	76,276
Cost of sales		(53,146)	508	-	(52,638)
Gross profit		23,580	508	-	24,088
Distribution expenses		(3,542)	-	-	(3,542)
Administration expenses		(15,727)	-	(1,452)	(17,179)
Other income		2	-	-	2
Operating profit		4,313	508	(1,452)	3,369
Financial expense	*5*	(870)	263	-	(607)
Net financing costs		(870)	263	-	(607)
Profit before tax		3,443	771	(1,452)	2,762
Tax	*6*	(945)	-	-	(945)
Profit for the year		2,498	771	(1,452)	1,817
Attributable to:					
Equity holders of the parent		2,551	771	(1,152)	2,170
Non-controlling interest		(53)	-	(300)	(353)
Profit for the year		2,498	771	(1,452)	1,817
Foreign exchange translation differences		(267)	-	-	(267)
Total comprehensive income		2,231	771	(1,452)	1,550

Earnings per share

	Note	Audited Total 2018
Basic	*8*	5.7p
Diluted	*8*	5.6p

Plastics Capital plc
Consolidated Balance Sheets

	Unaudited As at 30 September 2018 £000	Unaudited As at 30 September 2017 £000	Audited As at 31 March 2018 £000
Non-current assets			
Property, plant and equipment	**13,976**	11,677	12,444
Intangible assets	**26,607**	27,339	26,989
	40,583	39,016	39,433
Current assets			
Inventories	**9,071**	7,372	8,656
Trade and other receivables	**16,879**	16,037	16,979
Other financial assets	**-**	-	421
Cash and cash equivalents	**5,113**	4,991	4,854
	31,063	28,400	30,910
Total assets	**71,646**	67,416	70,343
Current liabilities			
Interest-bearing loans and borrowings	**9,122**	6,199	7,206
Trade and other payables	**16,161**	15,082	16,949
Corporation tax liability	**936**	445	922
	26,219	21,726	25,077
Non-current liabilities			
Interest-bearing loans and borrowings	**11,739**	13,781	12,771
Other financial liabilities	**143**	98	-
Deferred tax liabilities	**1,469**	1,182	1,355
	13,351	15,061	14,126
Total liabilities	**39,570**	36,787	39,203
Net assets	**32,076**	30,629	31,140
Equity attributable to equity holders of the parent			
Share capital	**389**	389	389
Share premium	**24,960**	24,912	24,960
Reverse acquisition reserve	**2,640**	2,640	2,640
Translation reserve	**1,201**	989	979
Retained earnings	**2,829**	2,036	2,171
Total Parent equity	**32,019**	30,966	31,139
Non-controlling interest	**57**	(337)	1
Total equity	**32,076**	30,629	31,140

Plastics Capital plc
Consolidated Cash Flow Statements

	Unaudited Six months ended 30 September 2018 £000	Unaudited Six months ended 30 September 2017 £000	Audited Year ended 31 March 2018 £000
Profit / (loss) after tax for the period	**633**	1,465	1,817
Adjustments for:			
Income tax adjustment	**272**	101	945
Depreciation, amortisation and impairment	**1,578**	1,448	3,237
Foreign exchange non-cash realised loss / (gain)	**712**	(1,179)	(1,120)
Financial expense / (credit)	**450**	438	607
Loss/(gain) on disposal of plant, property & equipment	**-**	-	125
LTIP charge	**28**	80	94
Changes in working capital:			
Decrease / (Increase) in trade and other receivables	**100**	(555)	(1,497)
(Increase) in inventories	**(415)**	(715)	(1,998)
(Decrease) / Increase in trade and other payables	**(788)**	480	2,284
Cash generated from operations	**2,570**	1,563	4,494
Interest paid	**(403)**	(392)	(780)
Income tax paid	**(144)**	(104)	(566)
Net cash from operating activities	**2,023**	1,067	3,148
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	**-**	(1,381)	(1,207)
Acquisition of property, plant and equipment	**(2,565)**	(1,650)	(3,705)
Dividends received	**-**	-	2
Proceeds from disposal of plant, property and equipment	**-**	-	-
Development expenditure capitalised	**(125)**	(125)	(496)
Net cash from investing activities	**(2,690)**	(3,156)	(5,406)
Cash flows from financing activities			
Net proceeds from new loan	**-**	-	572
Change in borrowings	**382**	(1,156)	(2,393)
Issue of share capital	**-**	3,548	3,546
Dividends paid	**-**	-	-
Net cash from financing activities	**382**	2,392	1,725
Increase in cash, cash equivalents and bank overdrafts	**(285)**	303	(533)
Cash and cash equivalents at 1 April	**4,854**	4,914	4,914
Overdraft at 1 April	**(4,984)**	(4,511)	(4,511)
Cash, cash equivalents and bank overdrafts at 30 September and 31 March	**(415)**	706	(130)

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 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	1,265
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**
Share issue	-	-	-	-	-	-	-	-
Profit or loss	-	-	(10)	-	705	695	-	695
Non-controlling interests	-	-	-	-	(584)	(584)	338	(246)
LTIP charge	-	-	-	-	14	14	-	14
Adjustment	-	48	-	-	-	48	-	48
Balance at 31 March 2018	**389**	**24,960**	**979**	**2,640**	**2,171**	**31,139**	**1**	**31,140**
Profit or loss	-	-	222	-	630	852	3	855
Non-controlling interests	-	-	-	-	-	-	53	53
LTIP charge	-	-	-	-	28	28	-	28
Balance at 30 September 2018	**389**	**24,960**	**1,201**	**2,640**	**2,829**	**32,019**	**57**	**32,076**

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 2018 that are effective (or available for early adoption) as at 31 March 2019. 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 2019.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the period ending 31 March 2019 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 2019.

Accounting policies

The accounting policies applied to the Interim Results for six months ended 30 September 2018 are consistent with those of the Company's annual accounts for the year ended 31 March 2018.

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 Reconciliations

Financial highlights table to the consolidated income statement

	Unaudited Six months to 30 September 2018 £000	Unaudited Six months to 30 September 2017 £000	**Change %**
Revenue	**40,633**	36,462	**11.4%**
Gross profit	**12,877**	11,222	**14.7%**
Operating profit	**2,067**	825	**150.5%**
Add back: Exceptional cost	-	219	
Add back: Amortisation	401	418	
Add back: Depreciation	1,177	1,030	
Add back: LTIP charge	28	80	
EBITDA before exceptional costs	**3,673**	2,572	**42.8%**
Profit before tax	**905**	1,566	**-42.2%**
Add back: Exceptional costs	-	219	
Add back: Amortisation	402	418	
Add back: Capitalised deal fee amortisation	52	43	
Add back: Unrealised foreign exchange & derivate (gains) / losses	712	(1,179)	
Add back: LTIP charge	28	80	
Add back: Non-controlling interest (gain)/loss	(3)	48	
Profit before tax*	**2,096**	1,195	**75.4%**
Taxation	(272)	(101)	
Profit after tax*	**1,824**	1,094	**66.7%**
Basic adjusted EPS*+	**4.7p**	2.8p	**67.9%**
Basic EPS	**1.6p**	3.9p	**-59.0%**
Capital expenditure	**2,565**	1,650	**55.5%**
Net Debt	**15,748**	14,989	**-5.1%**

* 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 13% (2017-18: 10%) and based on the average number of shares in issue in the year

Revenue

Alternative Performance Measure: Organic Revenue Growth reconciliation	£000	Change on Prior half year %
Actual Revenue H1 2017-18	**36,462**	
Foreign Exchange impact	(218)	
Proforma and Constant Foreign Exchange Revenue H1 2017-18	**36,244**	**(0.1)%**
Organic revenue	4,389	
Actual Revenue H1 2018-19	**40,633**	**12.1%**

2 Reconciliations *(continued)*

Net debt

Net debt at the half year-end was £15.7 million (2017: £15.0 million), an increase of £0.7 million of debt on the prior half year. As at 30 September 2018, net debt leverage was approximately 1.9x based on the current EBITDA of the Group.

	30 Sept 2018	30 Sept 2017
Alternative Performance Measure: Net debt reconciliation	£000	£000
Cash and cash equivalents	(5,113)	(4,991)
Current Liabilities: Interest bearing loans and borrowings	9,122	6,199
Non-current Liabilities: Interest bearing loans and borrowings	11,739	13,781
Net Debt	**15,748**	**14,989**

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 2018 £000	**Unaudited Six months to 30 September 2018 £000**	**Unaudited Six months to 30 September 2018 £000**	**Unaudited Six months to 30 September 2018 £000**
External sales*	**18,920**	**21,713**	**-**	**40,633**
Profit before tax**	**581**	**555**	**(231)**	**905**
Depreciation and amortisation	**751**	**415**	**412**	**1,578**
	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	1,391	-	36,462
Profit before tax**	181	402	983	1,566
Depreciation and amortisation	674	348	426	1,448
	Audited Year to 31 March 2018 £000	Audited Year to 31 March 2018 £000	Audited Year to 31 March 2018 £000	Audited Year to 31 March 2018 £000
External sales*	34,464	42,262	-	76,726
Profit / (loss) before tax**	704	2,541	(483)	2,762
Depreciation and amortisation	1,404	696	1,137	3,237

** 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 2018 £000	Unaudited Six months to 30 September 2017 £000	Audited Year to 31 March 2018 £000
Films			
High strength film packaging	**21,713**	19,391	42,262
Industrial			
Packaging consumables	**7,844**	7,090	14,552
Plastics rotating parts	**8,201**	6,947	13,703
Hydraulic hose consumables	**2,875**	3,034	6,209
Turnover per consolidated income statement	**40,633**	36,462	76,726

Reconciliation of reportable segment profit

	Unaudited Six months to September 2018 £000	Unaudited Six months to 30 September 2017 £000	Audited Year to 31 March 2018 £000
Total profit for reportable segments	**1,136**	583	3,245
Unallocated amounts:			
Amortisation	**(401)**	(418)	(764)
Unrealised (losses) / gains on derivatives	**(712)**	1,179	578
Management charge income	**2,148**	2,145	2,720
FX hedge (loss) on forward contracts	**(4)**	(404)	508
Plastics Capital Trading Ltd and Plastics Capital plc costs	**(836)**	(829)	(2,104)
Other foreign exchange costs	**-**	-	(59)
LTIP charge	**(28)**	(80)	(94)
Net interest costs	**(398)**	(395)	(751)
Deal fee amortisation	**(52)**	(43)	(89)
Exceptional costs	**-**	(219)	(408)
Other	**52**	47	(20)
Consolidated profit before income tax	**905**	1,566	2,762

4 Exceptional items

Administrative Expenses	**Unaudited Six months to 30 September 2018 £000**	Unaudited Six months to 30 September 2017 £000	Audited Year to 31 March 2018 £000
Redundancy & recruitment costs	**-**	70	192
Acquisitions - professional and legal costs	**-**	149	278
Factory relocations	**-**	-	362
Restatement of CCM's opening balance sheet	**-**	-	620
	-	219	1,452

5 Financial income and expenses

	Unaudited Six months to 30 September 2018 £000	Unaudited Six months to 30 September 2017 £000	Audited Year to 31 March 2018 £000
Financial income:			
Bank interest	**4**	-	-
Financial income	**4**	-	-
Financial expenses:			
Bank interest	**402**	395	789
Interest received		-	(8)
Amortisation of capitalised deal fees	**52**	43	89
Financial expenses	**454**	438	870
Financial income and expenses included within foreign exchange:			
Net foreign exchange (gains) / losses	**-**	-	315
Unrealised losses / (gains) on derivatives used to manage foreign exchange risk	**712**	(1,179)	(578)
Foreign exchange impact and derivatives	**712**	(1,179)	(263)

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 2017: nil).

8 Earnings per share

	Unaudited Six months to 30 September 2018 £000	Unaudited Six months to 30 September 2017 £000	Audited Year to 31 March 2018 £000
Numerator			
Profit for the period	**630**	1,465	2,170
Denominator			
Weighted average number of shares used in basic EPS	**38,995,161**	37,364,795	37,922,211
Weighted average number of shares used in diluted EPS	**40,116,539**	39,001,714	39,043,589
Basic earnings per share (total)	**1.6p**	3.9p	5.7p
Diluted earnings per share (total)	**1.6p**	3.8p	5.6p

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 General Meeting

It is intended that the General Meeting, to approve the name change to Synnovia plc, will take place at the offices of Plastics Capital plc, Room 1.1, London Heliport, Bridges Court Road, London, SW11 3BE at 10.00am on Thursday 20 December 2018.
The notice of the General Meeting and proxy will be sent to shareholders on 3 December 2018.