PLASTICS
Capital plc

SPECIALIST PLASTIC PRODUCTS FOR GLOBAL MARKETS

Annual Report & Accounts 2018

Plastics Capital plc is a niche manufacturer of specialist plastic products.

Its business model is based on understanding customers' problems in depth, and then developing and mass producing proprietary, technical solutions for these problems.

Strategic Review
We explain who we are, where we operate, our business and a summary of how we performed against our key performance indicators.

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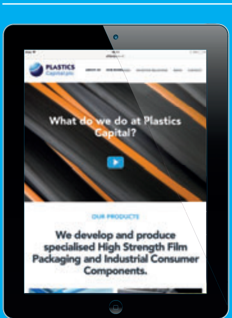


Find out more at
www.plasticscapital.com

Our Highlights

£76.7M
ANNUAL SALES GROWTH
+16.6%

£7.0M
EBITDA GROWTH
+1.9%

9.5P
ANNUAL UNDERLYING EPS GROWTH
-17.4%

Key highlights

Strong like-for-like organic 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 to and consolidated in the UK;

Production in China also relocated and harmonised with UK;

Bearings business converts new business worth £17.7m lifetime sales;

£1.7 million invested in capacity expansion projects;

£3.54 million, net of expenses, raised in June 2017 through placing with institutional investors.

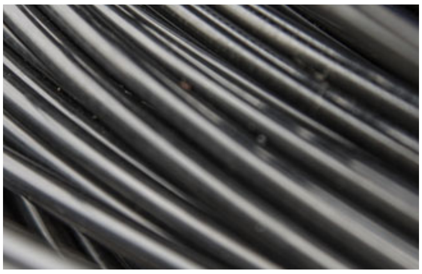
Our Businesses

The Group has six factories in the UK, one in Thailand, one in China, one in the USA and sales offices in the USA, Italy, Japan, India and China. Production is concentrated in the UK where significant engineering know-how underpins the Group's competitiveness.

Industrial Division

BELL PLASTICS

Hydraulic Hose Consumables
Hose mandrels are long, high-specification rods used by the manufacturers of hydraulic and other industrial hoses in their own manufacturing processes.



£6.2M
2017 REVENUE

8%
SHARE OF GROUP REVENUE

CORE PRODUCTS
HYDRAULIC HOSE MANDREL
HIGH PERFORMANCE HOSE FILM

APPLICATIONS
CONSTRUCTION EQUIPMENT
MINING EQUIPMENT
AUTOMOTIVE

BNL GROUP

Plastic Rotating Parts
Design and manufacture of plastic bearings and assemblies and technical mouldings that offer many advantages over the traditional heavy and expensive metal products.

£13.8M
2017 REVENUE

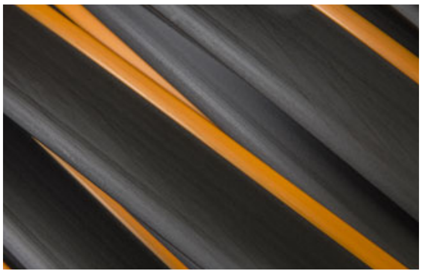
18%
SHARE OF GROUP REVENUE

CORE PRODUCTS
PLASTIC BEARINGS

APPLICATIONS
AUTOMOTIVE
OFFICE MACHINES
ATMS
SECURITY CAMERAS
CONVEYORS
HOME APPLIANCES

C&T MATRIX GROUP

Packaging Consumables
A creasing matrix is a consumable product used in the manufacture of cardboard boxes to facilitate accurate high quality creasing prior to folding.



£14.4M
2017 REVENUE

19%
SHARE OF GROUP REVENUE

CORE PRODUCTS
CREASING MATRIX
RUBBERS
PRINTING ACCESSORIES

APPLICATIONS
CARDBOARD BOX MANUFACTURE
POINT OF SALE PRODUCTS

Films Division

FLEXIPOL GROUP

Specialist plastic sacks and pouches
Used primarily in the food industry by manufacturers and distributors to eliminate contamination risk, reduce entrapment and extend product life.

£28.6M
2017 REVENUE

37%
SHARE OF GROUP REVENUE

CORE PRODUCTS
SPECIALITY SACKS, BAGS, POUCHES, LINERS AND FILMS

APPLICATIONS
FOOD PACKAGING
ANIMAL FEED BAGS

PALAGAN

High Strength Film Packaging
Blown polyethylene films are used in high strength specialist packaging to improve health & safety requirements and reduce contamination risks.

£13.7M
2017 REVENUE

18%
SHARE OF GROUP REVENUE

CORE PRODUCTS
HIGH STRENGTH POLYETHYLENE FILM

APPLICATIONS
COURIER BAGS
ASBESTOS BAGS
ANIMAL BEDDING BAGS
FOOD PACKAGING

GROUP REVENUE

- Bell Plastics 8%
- BNL Group 18%
- C&T Matrix Group 19%
- Flexipol Group 37%
- Palagan 18%

Group Revenues
by geographical area

Plastics Capital has a well-established international network with factories in Thailand and China and sales offices in Italy, the USA, Japan, India and China. Over the years Plastics Capital has developed a global operating platform which enables us to service multinational blue chip OEMs wherever they are located.

Plastics Capital sells to over 80 countries worldwide either directly or through distributors. Most of our customers still have further potential which can be realised by remaining close to them and responsive to their needs.

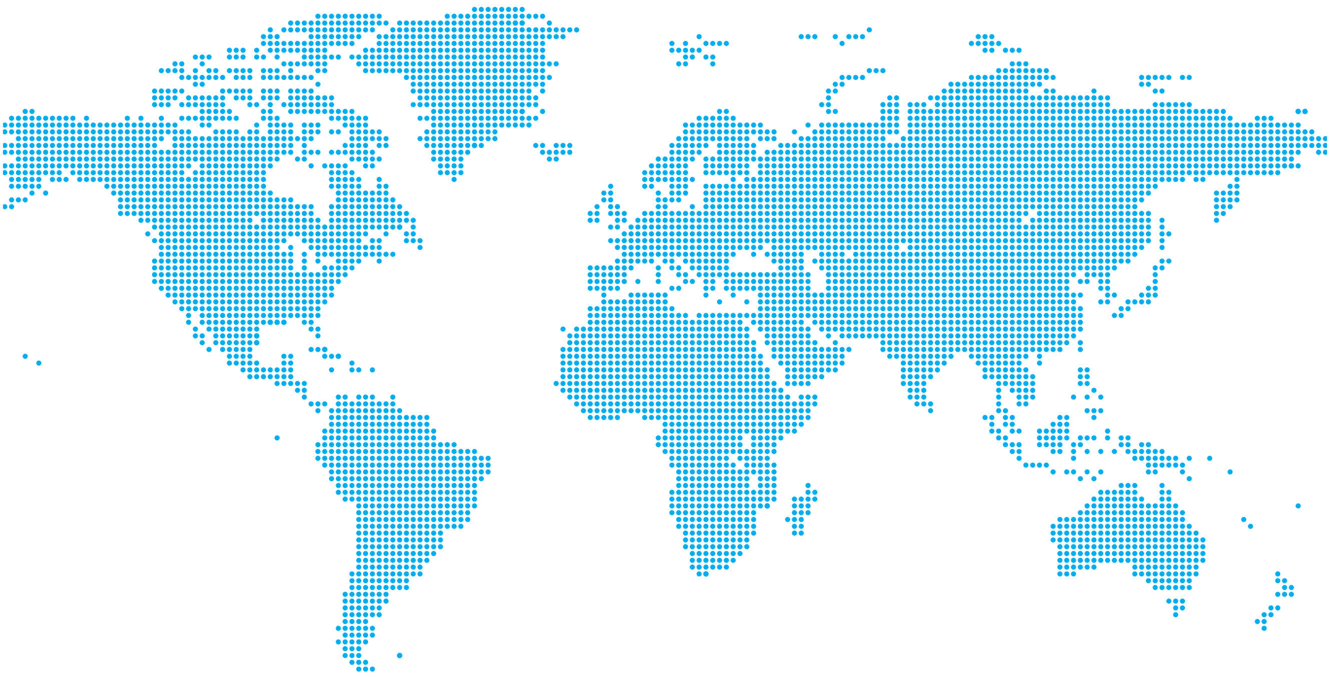
17%
NORTH AMERICA

51%
UNITED KINGDOM

20%
EUROPE & MIDDLE EAST

11%
ASIA

1%
REST OF THE WORLD



Our Core Values

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 as we continue to grow.

Creating value

- We start with the customer and work backwards
- We know that innovation is our life blood
- We strive for win-win with all stakeholders

Building teams

- We lead by giving our teams the space to operate and the support to deliver
- We rely on open communication and constructive challenge
- We encourage collaboration, good humour and a positive mind-set at all times

Developing individuals

- We feel and act like long term owners
- We understand that failure and improvement go together so long as grit is sandwiched in between
- We are all Plastics Capital

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.

Faisal Rahmatallah
Chairman

£76.7M
ANNUAL SALES GROWTH
+16.6%

£3.4M
OPERATING PROFIT
+2.0%

9.5P
ANNUAL UNDERLYING EPS GROWTH
-17.4%

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 of 0.3% for 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.
- 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 £1.2 million 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.

* All references to EBITDA are adjusted measures.
See page 20 (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.
A narrative is also provided on how the current year's tax charge of 12% is arrived at, along with how the free cash flow is calculated.
See page 22 (Strategic Report) for explanation of the Alternative Performance Measures used and their relevance to the Group

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 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.

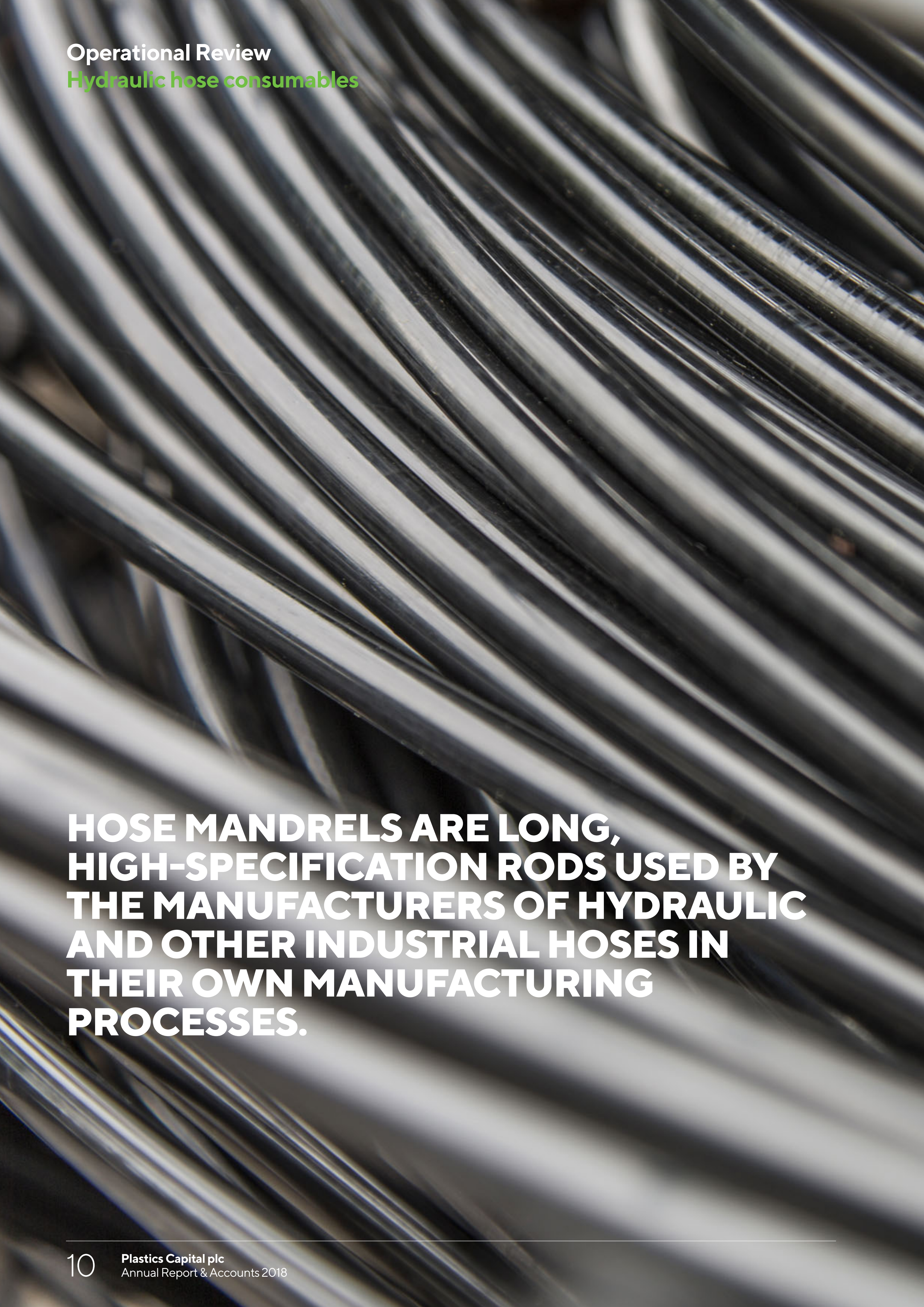
In the Films Division, since production capacity between our businesses was increasingly being shared, we have decided to bring them together under one management team. This will enable us to utilise capacity in the most efficient way possible and to improve margins across the division.

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



HOSE MANDRELS ARE LONG, HIGH-SPECIFICATION RODS USED BY THE MANUFACTURERS OF HYDRAULIC AND OTHER INDUSTRIAL HOSES IN THEIR OWN MANUFACTURING PROCESSES.

BELL PLASTICS
MANUFACTURES HIGH-SPECIFICATION MANDREL RODS

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 the 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.

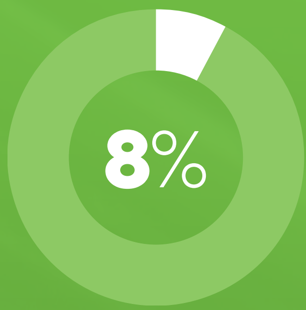
In addition to the mandrel capacity installed in the USA, we added a further 20% mandrel capacity into the UK, to improve lead times and to facilitate growth going forward. We also invested considerable time and effort in a programme to improve output by reducing unplanned machine downtime and by increasing 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.

SHARE OF GROUP REVENUE



CORE PRODUCTS
HYDRAULIC HOSE MANDREL
HIGH PERFORMANCE HOSE FILM

APPLICATIONS
CONSTRUCTION EQUIPMENT
MINING EQUIPMENT
AUTOMOTIVE

DESIGN AND MANUFACTURE OF PLASTIC BEARINGS, ASSEMBLIES AND TECHNICAL MOULDINGS THAT OFFER MANY ADVANTAGES OVER THE TRADITIONAL HEAVY AND EXPENSIVE METAL PRODUCTS.

BNL GROUP
MANUFACTURES CUTTING EDGE HIGH PERFORMANCE ROTATING PLASTIC COMPONENTS

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 FY2017 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.

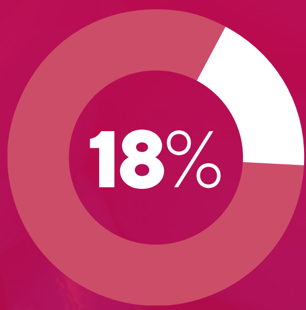
It is pleasing to report that our business in Japan provided a significant contribution to new business conversions during the year; a turnaround in this key market. A wider spread of key accounts within the Asian region is being sought to ensure less dependency on any one customer/sector in the future.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

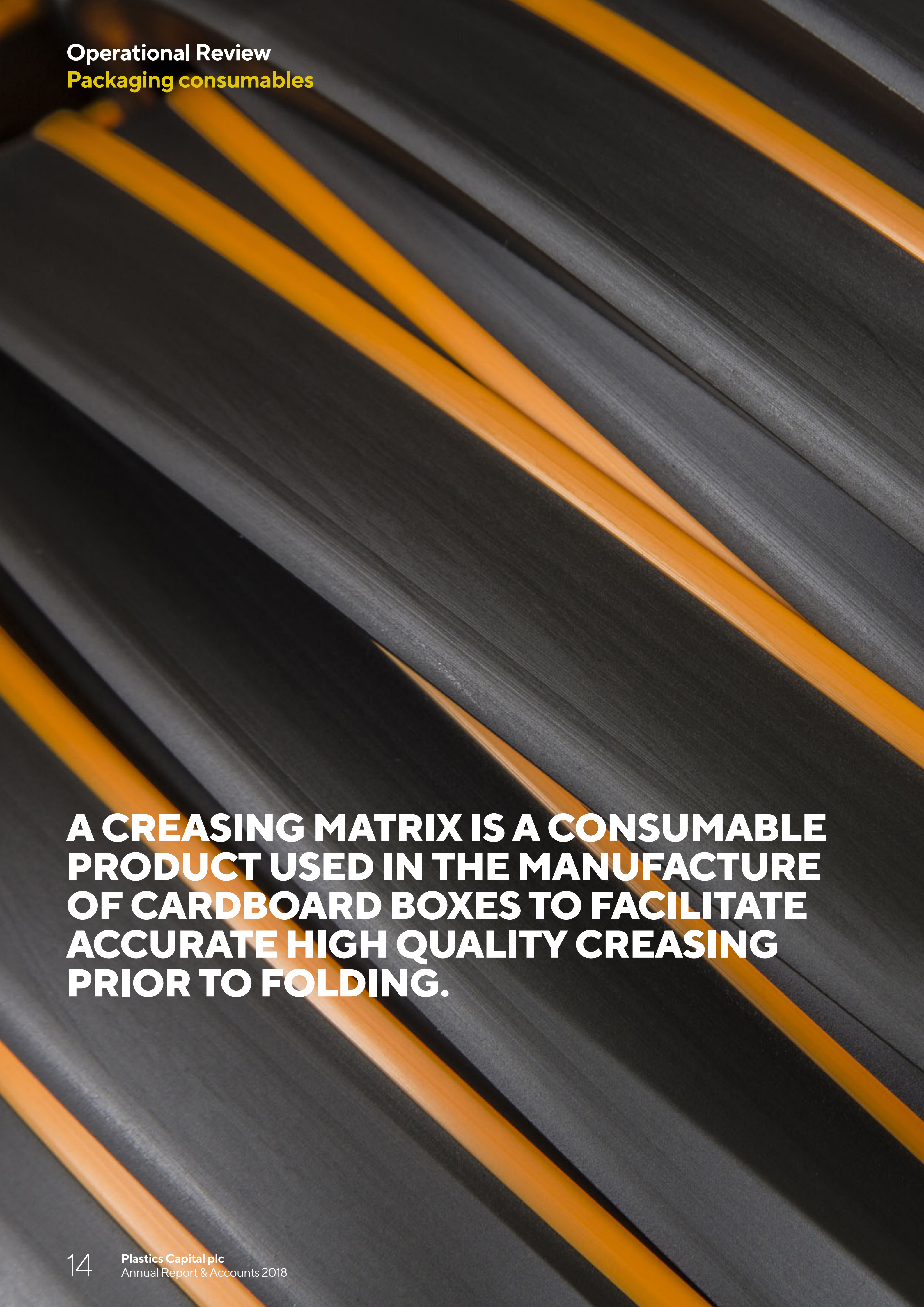
Further progress was also made on our Knowledge Transfer Partnership (KTP) with Bradford University. Improvements in product capability have been proven within our state of the art test facilities and the final quarter of the year saw the first presentations of this capability to several key accounts. 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.

SHARE OF GROUP REVENUE



CORE PRODUCTS
PLASTIC BEARINGS

APPLICATIONS
AUTOMOTIVE
OFFICE MACHINES
ATMS
SECURITY CAMERAS
CONVEYORS
HOME APPLIANCES



A CREASING MATRIX IS A CONSUMABLE PRODUCT USED IN THE MANUFACTURE OF CARDBOARD BOXES TO FACILITATE ACCURATE HIGH QUALITY CREASING PRIOR TO FOLDING.

C&T MATRIX GROUP MANUFACTURES AN EXTENSIVE RANGE OF MARKET LEADING CREASING MATRIX PRODUCTS

C&T International, 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.

SHARE OF GROUP REVENUE

CORE PRODUCTS
CREASING MATRIX
RUBBERS
PRINTING ACCESSORIES

APPLICATIONS
CARDBOARD BOX MANUFACTURE
POINT OF SALE PRODUCTS

SPECIALIST PLASTIC SACKS AND POUCHES ARE USED PRIMARILY IN THE FOOD INDUSTRY BY MANUFACTURERS AND DISTRIBUTORS TO ELIMINATE CONTAMINATION RISK, EXTEND SHELF LIFE AND REDUCE ENTRAPMENT.

FLEXIPOL GROUP
MANUFACTURES SPECIALIST PLASTIC SACKS, POUCHES AND BAGS

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.

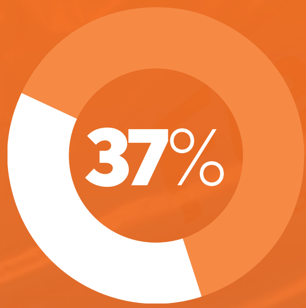
Toward the latter part of the financial year, it became necessary to work closely with Palagan to ensure that overall demand for both businesses could be met from the two factories to the extent considered optimal. Harmonisation of operating and logistics standards has been necessary, and there will 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.

SHARE OF GROUP REVENUE



CORE PRODUCTSM
SPECIALIST SACKS, BAGS, POUCHES, LINERS AND FILMS

APPLICATIONS
FOOD PACKAGING
ANIMAL FEED BAGS

BLOWN POLYETHYLENE FILMS ARE USED IN HIGH PERFORMANCE INDUSTRIAL AND FOOD PACKAGING WHERE HIGH STRENGTH, TEAR AND PUNCTURE RESISTANCE ARE CRITICAL REQUIREMENTS.

PALAGAN
MANUFACTURES INNOVATIVE CO-EXTRUDED HIGH STRENGTH BLOWN POLYTHENE PRODUCTS

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.

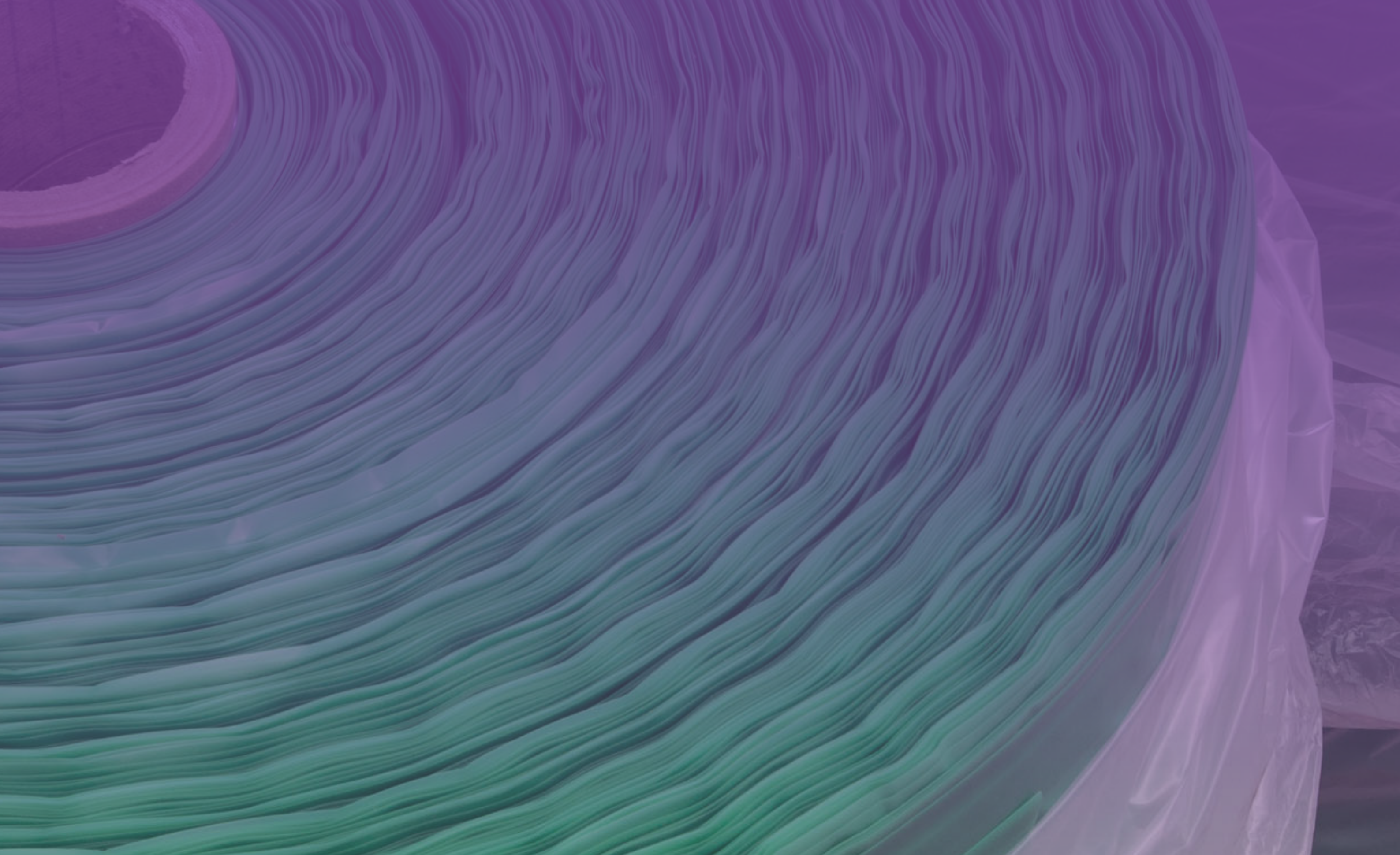
Palagan's growth is being supported by a £1 million investment in five new bespoke bag making machines which will improve output further and enable the manufacture of higher value-added products and very high strength products. The first two of these machines have already been largely installed, with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

SHARE OF GROUP REVENUE

CORE PRODUCTS
HIGH STRENGTH POLYETHYLENE FILM

APPLICATIONS
COURIER BAGS
ASBESTOS BAGS
ANIMAL BEDDING BAGS
FOOD PACKAGING



Nicholas Ball
Finance Director

£76.7M
ANNUAL SALES GROWTH
+16.6%

£7.0M
EBITDA GROWTH
+1.9%

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 and applying the same foreign exchange rates, as prevailed in 2017, 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:

(i) redundancy and restructuring costs associated with the Palagan production team;
(ii) professional and legal costs associated with the acquisitions of Channel Creasing Matrix ("CCM") and Mito;
(iii) business-wide restructuring of production operations within the Industrial Divisions; and
(iv) 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 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.

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 and exceptional costs 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.

Results for the year

	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 bank deal fees	**89**	568	
Add back: LTIP charge	**94**	165	
Add back: Exceptional costs	**1,452**	907	
Add back: Foreign exchange and unrealised derivative (gain)/loss	**(263)**	1,244	
Less: Foreign exchange non-cash realised gain **	**(1,120)**	-	
Less: Non-Controlling interests charge/(credit)	**353**	(107)	
Add back: 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 losses and share-based incentive scheme charges

\+ 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 and any prior year adjustments which management believe is a truer representation of the tax attributable to the 2018 Adjusted profit.

** see Note 22

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 31 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 (£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 3 October 2017, Andrew Walker, a 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.

Alternative Performance Measure: Net debt reconciliation	2018 £000	2017 £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

Nicholas Ball
Finance Director

Principal activities

The principal activity of the Company is that of a holding company. The Group is principally engaged in the manufacture of plastic products focused on proprietary products for niche markets exporting to over 80 countries worldwide. The Group has six factories in the UK, one in Thailand, one in China, one in the USA and sales offices in Italy, the USA, Japan, China and India. Production is concentrated in the UK where significant engineering know-how and automation underpins the Group's competitiveness.

Business review and results

The Chairman's statement on pages 6 to 9, the Operational Review on pages 10 to 19 and Financial Review on page 20 to 21, and the notes to the accounts provide detailed information relating to the Group, the operations and development of the business and the results and financial position for the year ended 31 March 2018.

Alternative Performance Measures

The Group uses a range of Alternative Performance Measures ("APMs") which are also known as non-GAAP financial measures and non-financial Key Performance Indicators. The APMs disclosed in the Annual Report cover a broad range of areas that the Directors believe are relevant to the performance of a company. The financial APMs that are used include:

- "Adjusted earnings" which means profits excluding amortisation, exceptional costs, unrealised foreign exchange derivative and loan gains/losses, and LTIP charges
- "Like-for-like sales growth" which means sales 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 sales and profit comparison between years assuming no impact from acquisitions
- "EBITDA" which means earnings before interest, taxes, depreciation and amortisation. In all instances in the Annual Report, EBITDA has been "Adjusted" and is stated before LTIP charges and exceptional costs
- "EBITDA margin" which is a measurement of a company's earnings before interest, taxes, depreciation, and amortisation as a percentage of its total revenue
- "Organic revenue growth" which means the revenue growth that is a direct result of the Group's existing operations as opposed to revenues that have been acquired through purchase of another company in the past year, and here also excludes any impact of foreign exchange rate changes
- "Net debt" which means company's interest-bearing liabilities less cash and capitalised bank arrangement fees
- "Net debt leverage" which means the ratio of the Group's earnings EBITDA to the Group's interest-bearing liabilities less cash and less capitalised bank arrangement fees
- "Average debt" which means the balance of interest-bearing liabilities averaged over the year
- "Lending margin" which means the rate of interest charged by the bank on the loans extended to the Group; and
- "Free cash flow" which means the cash flow generated in the year from EBITDA less development expenditure relating to design engineers, working capital, maintenance capex, corporate tax payments and bank interest paid.

The Directors believe that using the APMs detailed above will help aid the reader of the Annual Report in the following ways:

- Offer useful insight to investors – together with GAAP measures, these APMs aim is to provide a clearer view of what is really happening with the business
- Highlight key value drivers – APMs are a way for management to highlight the key value drivers within the business that may not be so obvious in the financial statements. For example, one of the key APM value drivers for the Group is organic revenue growth; and
- Provide a useful comparison – APMs are useful means to compare and contrast the prospects of different companies within the same sector.

APMs are used to enhance the comparability of information between reporting periods and geographical units (such as like-for-like sales growth), by adjusting for items which are significant by virtue of size or nature which affect IFRS measures, to aid the user in understanding the Group's performance. Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes and have remained consistent with prior year. Adjusted results exclude certain items because if included, these items could distort the understanding of our performance for the year and the comparability between periods.

The Directors have taken a consistent approach to the definition and calculation of the APMs within the financial statements and these APMs are not intended as a substitute for IFRS measures.

In the Financial Review a reconciliation is presented of non-GAAP measures to the GAAP measures for:

- Operating Profit to Adjusted EBITDA; and
- Profit before tax to Adjusted profit before tax

In the reconciliation of Operating Profit to Adjusted EBITDA, we add back depreciation and amortisation as one would expect, but also (i) exceptional costs as these are considered to be items which are significant by virtue of size or nature so we believe should be excluded; (ii) foreign exchange non-cash realised gains or losses arising from the derivatives; and (iii) the LTIP charge.

In the reconciliation of Profit before tax to Adjusted profit before tax, we add back (i) amortisation of intangibles and capitalised deal fees; (ii) exceptional costs as these are view as non-recurring in nature so we believe should be excluded; (iii) foreign exchange non-cash realised and non-realised gains or losses arising from the derivatives; (iv) the LTIP charge; and (v) non-controlling interests excluding any exceptional costs associated with them.

Management consider both these measures provide a more meaningful basis on which to analyse performance.

In addition, the Financial Review also has reconciliations for:

- Net debt; and
- Organic revenue growth

Key performance indicators

The Group uses the key financial performance indicator of earnings before interest, tax, depreciation and amortisation (EBITDA) before exceptional items and share-based incentive scheme charges. In FY2018, the EBTIDA margin was 9.2% compared to 10.5% in FY2017. The decline in EBITDA margin was due to a full year's trading of the acquisitions of Synpac, CCM and Mito in the year and an increase in the proportion of the overall sales from the Films Division which all have lower EBITDA margins. In addition, the Group has continued to invest further in business development to strengthen the Group for its next phase of growth.

Principal risks and uncertainties

The principal risks that the Group faces are:

- Adverse currency movements impacting profitability - the Group invoices customers in a number of different currencies, including US Dollars, Euros and Japanese Yen. Similarly, the Group's costs are paid in a number of different currencies. As a result, the Group is subject to foreign currency exchange risk. The Directors believe, however, that these risks are mitigated by the fact that some of the Group's sales are matched in terms of currencies by costs. The remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards and foreign currency borrowings.
- Intellectual property protection - the Group's success depends in part on protecting its intellectual property. The Group relies on its technological know-how, established over many years, to maintain its leading position. This intellectual property is closely guarded through trade secrets and contractual provisions. In addition, the Group will initiate claims or litigation against third parties for infringement of its proprietary rights or to establish the validity of its proprietary rights.
- Bad debt risk – there is a risk that the Group is exposed to bad debts particularly as it sells to a number of different end markets covering approximately 80 countries. To mitigate the risk, management have made an assessment of each customer to determine what level of internal credit should be given based on previous trading history, the current financial information available and external credit reports. The level of bad debts experienced to date has been very low.
- Raw material prices – the Group is exposed to raw material price increases. The Group has two businesses which have been exposed to significant price fluctuations over the years and here management are able to pass the increases directly on to the end customers. In the other businesses, where engineering grades of plastics are used more, there has however been no discernible price increases over the years. To mitigate the risk, management are always looking at ways to reduce raw material costs by either using alternative materials or by trying to reduce the raw material component. Management will continue to remain vigilant and responsive to market developments.
- Brexit – the impact of Brexit on the Group and the UK economy in general remains to be seen but it is likely that it will provide some challenges. Whilst the prices charged by polymer suppliers are likely to increase, the Directors believe that the Group is well placed to withstand the pressures, particularly as an exporter it has benefited from the fall in Sterling - the Group's principal manufacturing base is in the UK and approximately 50% of its sales are exported.

The Board has strategies to manage these risks and remains confident of the continued success of the companies within the Group.

Core Values

Our core values are those values we hold which form the foundation on how we perform work and conduct ourselves. They are not descriptions of the work we do, but rather these values underlie our work, how interact with each other, and which strategies we employ to fulfill our goals. The core values are the basic elements of how we go about our work and are the practices we use every day in everything we do.

Our nine core values are:

1. We start with the customer and work backwards
    - We anticipate their needs and drive ourselves to respond accordingly
    - We think of our customers' problems as our problems

2. We know that innovation is our life blood
    - We differentiate ourselves and create value through innovation

3. We strive for win-win with all stakeholders
    - Success is win-win; win-lose is unsustainable
    - We act by looking through all our counterparties' eyes: customers, suppliers, employees and shareholders

4. We rely on open communication and constructive challenge
    - We have the courage to be vulnerable with each other and share information openly
    - We share information and lessons so we can learn, make decisions and grow together
    - We expose ourselves to challenge in order to learn and improve

5. We lead by giving our teams the space to operate and the support to deliver
    - We promote providing the freedom needed in order for all of us to achieve our objectives
    - We empower our teams to deliver by providing the resources needed

6. We encourage collaboration, good humour and a positive mind-set at all times
    - We can achieve more together than individually
    - We are unscripted and can laugh at ourselves
    - We believe that a positive mind-set is a pre-requisite for success

7. We feel and act like long term owners
    - We don't cut corners; we always try to consider the consequences of our actions
    - We are prepared to take pain short term in order to achieve our long-term goals
    - We save money where we can; owners "turn the lights off"
    - We look after all of our assets, particularly our reputation

8. We understand that failure and improvement go together so long as grit is sandwiched in-between
    - Failure is not trying or trying and not learning
    - The only way to improve systematically is to try, fail and improve
    - We welcome improvement when there is a more effective way

9. We are all Plastics Capital
    - We hold these values across our Group, even if we may express them in different ways

Future developments

The Group's corporate strategy is to build shareholder value by continuing to grow its key businesses organically and through value enhancing acquisitions.

In terms of organic growth, the Directors remain confident about the future prospects for the Group, as its trading companies are well-established and have sustainable competitive positions in a variety of growing markets. The pipeline of new business is strong and the major priority in the year ahead is to convert this into sales. We continue to focus on customer development, further expansion into emerging markets and new product developments.

In terms of acquisitions, we are looking for bolt-on targets that fit our existing operations and permit ease of integration as well as stand-alone targets that can become new and independent areas of business operation for the Group. The Company continues to pursue some interesting acquisition opportunities and we remain hopeful of completing another acquisition during the course of the year.

By order of the Board

Nicholas Ball

2 July 2018

Room 1.1
London Heliport
Bridges Court Road
London, SW11 3BE

Board of Directors

Faisal John Rahmatallah, (age 62)
Chairman
Faisal is a founder shareholder of Plastics Capital and Director of the Company. He has worked for and with manufacturing companies for over 20 of the last 30 years. He spent 7 years working in private equity with Capricorn Ventures International and prior to that was a partner at Deloitte & Touche, and was a managing director of a specialist consulting subsidiary of Deloitte & Touche. He is a graduate of Oxford University and has an MBA from Harvard Business School. Faisal was also chairman of Broker Network Holdings plc, an AIM listed company.

Nicholas Martin Ball, (age 47)
Finance Director
Nicholas, who is the Group Finance Director, joined Plastics Capital in October 2005. Previously he spent 10 years working at Deloitte & Touche, initially in audit and then in corporate finance, where he worked principally on financial due diligence for manufacturing businesses and lead advisory work for the private equity industry. He also worked at ScotiaCapital in leveraged finance. He is an ACA accountant.

Richard Charles Vessey, (age 69)
Non-Executive Director
Richard is a founder shareholder of Plastics Capital and a non-executive Director of the Company and has been involved with manufacturing and selling plastics related products for over 40 years. During that time he worked for Wavin and Birmid Qualcast, before establishing Bell Plastics. Since then he has successfully co-founded two other start-ups and is currently an active investor in early-stage technology companies. He has a First Class degree in Engineering from Imperial College London and has an MBA with Distinction from Harvard Business School.

Andrew John Walker, (age 66)
Non-Executive Director
Andrew joined the Company as a non-executive Director in December 2007. Andrew has extensive experience of executive roles in a number of large multinational businesses and he has sat on the board of a number of public companies. He was Group Chief Executive of McKechnie plc for four and a half years until 2001 and prior to that he was the Group Chief Executive of South Wales Electricity plc. From 2001 to date, Andrew has devoted his time to non-executive roles at, amongst others, Ultra Electronic Holdings plc, Halma plc, Porvair plc and API Group plc. He has a degree in Engineering from Cambridge University.

Keith Oliver Butler-Wheelhouse, (age 72)
Non-Executive Director
Keith joined the Company as a non-executive Director in January 2011. Keith has extensive experience of executive roles in a number of large multinational businesses. He was Group Chief Executive of Smiths Group plc for twelve years until 2008 and prior to that he was the CEO of Saab Automobile (Sweden) for four years to 1996 and CEO of Delta Motor Corporation (South Africa) for six years to 1992. Since 1992, Keith has also had a number of non-executive roles at, amongst others, General Motors Europe, Delta Motor Corporation, Atlas Copco AB and Sainsbury's plc. He is currently the Non-Executive Chairman of Chamberlin plc, a specialist castings and engineering group.

Directors' Report

The Directors present their Annual Report and the Financial Statements for the year ended 31 March 2018.

Results and dividends

The trading results of the Group for the year are set out in the Consolidated Income Statement on page 33. The Board have considered whether to reintroduce dividend payments but given the strong growth the Group is achieving and the potential for making further investments for acquisitive and/or organic growth, the Board believe it would be unwise to do so at the present time. This will be kept under review.

Environmental matters

The Group is committed to identifying and assessing the risks of pollution and other forms of environmental impairment. It is actively seeking to reduce the impact on the environment to the lowest possible level.

Minimisation of manufacturing waste and the maximisation of energy efficiency are both recognised as beneficial to the Group from an environmental as well as a commercial viewpoint.

Waste minimisation is driven and managed at the business unit level. All manufacturing operations monitor their waste and all business units comply with local environment legislation. General waste management programmes and initiatives are encouraged and the recycling of materials takes place where practicable, either internally or through external programmes with suppliers or other third parties.

Substantial shareholdings

The Company has been notified that the following investors held interests in 3% or more of the Company's issued share capital as at 1 June 2018.

Shareholders:	No. of shares	% of shares
Camelot Capital Partners LLC	10,881,813	27.91%
Livingbridge VC LLP	4,137,449	10.61%
Octopus Investments Limited	2,992,547	7.67%
Faisal Rahmatallah	2,751,067	7.05%
Richard Vessey	2,591,865	6.65%
Arun Nagwaney	2,322,636	5.96%
Harwood Capital	1,990,000	5.10%
F&C Asset Management	1,726,203	4.43%

Since 29 June 2018, the Directors have not been notified of any changes to the above shareholdings.

Relations with shareholders

The Company holds meetings from time to time with institutional shareholders to discuss the Company's strategy and financial performance. The Annual General Meeting is used to communicate with private and institutional investors.

Employee involvement

The Group's policy is to consult and discuss with employees, through staff meetings, matters likely to affect employees' interests and matters of concern to employees.

The Group is an equal opportunities employer with a commitment to help people develop their potential. In relation to disabled people or minority groups, the Group has a policy of giving them full and fair consideration for all vacancies for which they are suitably qualified. Employees who become disabled during their working lives will be retained in employment wherever possible and will be given help with any necessary rehabilitation or training.

Financial instruments

Details of the use of financial instruments by the Group are contained in note 27 of the financial statements.

Directors

The names of the current Directors together with brief biographical details are shown on page 24. None of the Directors hold an interest in any material contract with the Company save for their Service Contracts or Letters of Appointment.

Directors' interests

The Directors' interests, including their connected parties, were:

Directors	**Company Shares 2018**	Company Shares 2017
F Rahmatallah	**2,751,067**	2,751,067
N Ball	**266,820**	266,820
R Vessey	**2,591,865**	2,591,865
A Walker	**295,684**	245,684
K Butler-Wheelhouse	**289,798**	243,798

The information in (a) and (b) forms part of the Financial Statements.

(a) Directors' emoluments

The various elements of remuneration received by each Director were as follows:

	Salaries £000	Bonus £000	Benefits £000	Pension £000	2018 Total £000	2017 Total £000
F Rahmatallah	**234**	**54**	**1**	**-**	**289**	263
N Ball	**147**	**-**	**-**	**1**	**148**	156
R Vessey	**40**	**-**	**-**	**-**	**40**	30
A Walker	**40**	**-**	**-**	**-**	**40**	30
K Butler-Wheelhouse	**40**	**-**	**-**	**-**	**40**	30
Total	**501**	**54**	**1**	**1**	**557**	509

On 3 October 2017, Andrew Walker, exercised options over 50,000 ordinary shares of 1p each in the Company ("Ordinary Shares") at an exercise price of £1.00 per Ordinary Share pursuant to the Options Agreement dated 27 November 2007. At the time of exercise, the share price was £1.195.

(b) Directors' share options

Share option scheme

The following Director holds share options over the ordinary shares of the Company.

	Number of share options	Exercise price	Grant date
K Butler-Wheelhouse	50,000	£0.73	19.01.11

The share option scheme has a contractual life of 10 years with 33% being exercisable on the first anniversary of the grant, 33% being exercisable on the second anniversary of the grant and the remaining 34% being exercisable on the third anniversary of the grant.

LTIP scheme

In 2016, the company implemented the equity based LTIP 2016. The LTIP involves the issue of special classes of shares (known as "Growth Shares") in Plastics Capital Trading Limited, an intermediate Group holding company that sits between the current trading subsidiaries and the Company. The Growth Shares will be exchanged for a certain number of new ordinary shares in Plastics Capital plc at the end of the LTIP five year period, based on the Company's share price at the end of this period, subject to financial performance and vesting criteria being met.

As at 31 March 2018 the following Directors held Growth Shares in Plastics Capital Trading Limited as follows:

	Number of Growth Shares held
F Rahmatallah	175,667
N Ball	120,020
R Vessey	26,917
A Walker	26,917
K Butler-Wheelhouse	26,917

The mid-market price of the Company's shares at 31 March 2018 was 109p (2017:126p).

(c) Insurance

The Directors were all covered by qualifying third party indemnity insurance during the financial year and at the date of this report.

Disclosure of information to the Auditor

The Directors who held office at the date of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to re-appoint KPMG LLP will be proposed at the Annual General Meeting.

By order of the board

Nicholas Ball
Company Secretary

2 July 2018

Corporate Governance Statement

The Board intends to comply with the principles of good governance and the recommendations of best practice as set out in the Corporate Governance Code so far as is practicable and appropriate for an AIM company of its size and, in this connection, the Board shall take into account the guidance issued by the Quoted Companies Alliance.
A statement of the Directors' responsibilities in respect of the financial statements is set out on page 28.

Board of Directors

The Board meets regularly and is responsible for formulating, reviewing and approving strategy, budgets, acquisitions, capital expenditure and senior personnel appointments. The executive Directors and senior management meet regularly to consider operational matters. During the year the Board comprised a Chairman, one Executive Director and three Non-Executive Directors. Two of the Non-Executive Directors are independent of the executive management.

Board Committees

The principal committees established by the Directors are:

- **Audit Committee** – this committee comprises Faisal Rahmatallah, Richard Vessey, Andrew Walker (chairman) and Keith Butler-Wheelhouse. The audit committee will meet at least once a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, and for meeting the auditor and reviewing their reports relating to accounts and internal controls.
- **Remuneration Committee** - this committee has been in place since November 2004 and comprises Faisal Rahmatallah, Andrew Walker, Richard Vessey and Keith Butler-Wheelhouse (chairman). The committee meets at least once a year and reviews the performance of all Directors save for the Non-Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. The remuneration committee also determine the payment of bonuses to all Directors save for the Non-Executive Directors and make recommendations to the trustees of the LTIP regarding share awards to employees.
- **Nomination Committee** - will meet at least once a year and as required for the purpose of considering new or replacement appointments to the Board and comprises Faisal Rahmatallah, Andrew Walker, Richard Vessey and Keith Butler-Wheelhouse.

In addition, the Company has adopted a dealing code for all Directors and employees in terms no less exacting than the Model Code for Directors' Dealings as set out in the Listing Rules of the UK Listing Authority and will take all reasonable steps to ensure compliance by the Board and any relevant employees.

Statement of Directors' Responsibilities
in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report
to the members of Plastics Capital plc

1 Our opinion is unmodified

We have audited the financial statements of Plastics Capital plc ("the Company") for the year ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Shareholders' Equity, Company Balance Sheet, Company Statement of Changes in Shareholders' Equity, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality group financial statements as a whole	£150,000 (2017: £150,000) 4.4% (2017: 4.0%) of normalised profit before tax
Coverage	100% (2017: 100%) of profit before tax
Risk of material misstatement	**vs 2017**
Recurring risk	Recoverability of group goodwill and of parents investments in subsidiaries and debt due from group entities.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2017):

	The risk	Our response
Recoverability of group goodwill and of parent's investment in subsidiaries and debt due from group entities	**Forecast based valuation**	**Our procedures included:**
Group Goodwill: £19.9 million (2017: 19.9 million). Parent Investment in subsidiaries: £11.4 million (2017: £11.3 million). Debt due from group entities: £27.2 million (2017: £23.0 million). Refer to page 30 (accounting policy) and page 39 (financial disclosures).	Goodwill in the group and the carrying amount of the parent company's investments in subsidiaries and the intra-group debtor balance are significant. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	• Benchmarking assumptions Comparing the Group's assumptions in relation to key inputs such as discount rates to externally derived data; • Sensitivity analysis Performing analysis of changes in the key assumptions (discount rate) to understand the sensitivity of the valuation; • Historical comparison Analysing the Group's previous projections against actual outcomes to assess historical reliability of the forecasting; • Comparing valuations Comparing the sum of the discounted cash flows to the group's market capitalisation to assess the reasonableness of those cash flows; and • Assessing transparency Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill. • Assessing transparency Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiaries and group debtor balance.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £150,000 (2017: £150,000), determined with reference to a benchmark of normalised profit before tax (of which it represents 4.4% (2017: 4.0%)). The benchmark was normalised to exclude this year's foreign exchange impact on derivatives and loans, and exceptional items, as disclosed in notes 5 and 12.

Materiality for the parent company as a whole was set at £135,000 (2017: £135,000) by reference to component materiality. This is lower than the materiality we would otherwise have determined by reference to net assets, and represents 0.4% of the Company's net assets (2017: 0.4%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £7.5k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 17 (2017: 17) reporting components, we subjected 8 (2017: 8) to full scope audits for group purposes and 4 (2017: 0) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. We subjected 4 (2017: 0) components to specified risk-focused audit procedures over revenue (3 components (2017: 0), trade receivables (3 components (2017: 0), and inventory (4 components (2017: 0).

The group team performed procedures on the items excluded from normalised group profit before tax.

The 8 reporting components subject to full scope audits accounted for 82% (2017: 79%) of Group revenues and 87% (2017: 79%) of Group total assets.

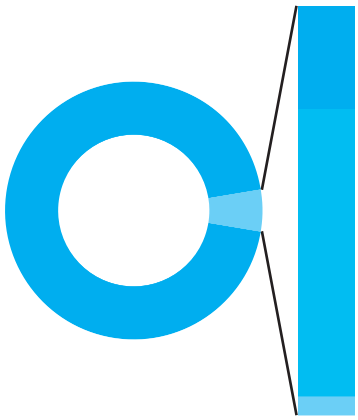
The remaining 6% (2017: 21%) of total group revenue and 7% (2017: 21%) of total group assets is represented by 5 (2017: 9) of reporting components, none of which individually represented more than 10% (2017: 10%) of any of total group revenue, group profit before tax or total group assets.

For the residual 5 components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all components, including the audit of the parent company, was performed by the Group team.

Normalised profit before tax
£3.4 million (2017: £3.8 million)

Group materiality
£150,000 (2017: £150,000)



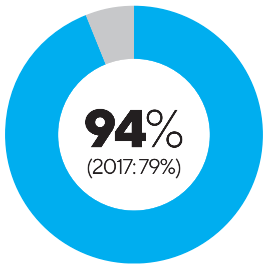
£150,000
Whole financial statements materiality (2017: £135,000)

£135,000
Component materiality (2017: £135,000)

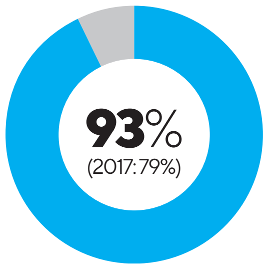
£7,500
Misstatements reported to the audit committee (2017: £7,500)

Normalised profit before tax
Group materiality

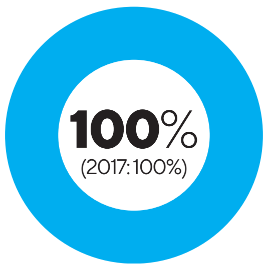
Group revenue



Group total assets



Group profits and losses that made up Group profit before tax



Independent Auditor's Report
to the members of Plastics Capital plc

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 28, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and, parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

2 July 2018

Consolidated Income Statement
for the year ended 31 March 2018

	Notes	**Before foreign exchange impact on derivatives and loans & exceptional items 2018 £000**	**Foreign exchange impact on derivatives and loans 2018 £000**	**Exceptional items 2018 £000**	**Total 2018 £000**	Before foreign exchange impact on derivatives and loans & exceptional items 2017 £000	Foreign exchange impact derivatives and loans 2017 £000	Exceptional items 2017 £000	Total 2017 £000
Revenue	10	**76,726**	**-**	**-**	**76,726**	65,785	-	-	65,785
Cost of sales	5	**(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	5	**(15,727)**	**-**	**(1,452)**	**(17,179)**	(13,852)	-	(907)	(14,759)
Other income	6	**2**	**-**	**-**	**2**	33	-	-	33
Operating profit		**4,313**	**508**	**(1,452)**	**3,369**	5,163	(953)	(907)	3,303
Finance credit/(expense)	11/12	**(870)**	**263**	**-**	**(607)**	(1,293)	(1,244)	-	(2,537)
Net financing costs		**(870)**	**263**	**-**	**(607)**	(1,293)	(1,244)	-	(2,537)
Profit before tax	7	**3,443**	**771**	**(1,452)**	**2,762**	3,870	(2,197)	(907)	766
Tax charge	13	**(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	26				**5.7p**				1.5p
Diluted earnings per share attributable to equity shareholders of the Company	26				**5.6p**				1.5p

All of the activities of the Group are classed as continuing.

The notes on pages 38 to 62 form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2018

	2018 £000	2017 £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

The notes on pages 38 to 62 form an integral part of these Financial Statements.

Consolidated Balance Sheet
at 31 March 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	14	**12,444**	11,057
Intangible assets	15	**26,989**	26,376
		39,433	37,433
Current assets			
Inventories	17	**8,656**	6,657
Trade and other receivables	18	**16,979**	15,482
Other financial assets	22	**421**	-
Cash and cash equivalents	19	**4,854**	4,914
		30,910	27,053
Total assets		**70,343**	64,486
Current liabilities			
Interest-bearing loans and borrowings	20	**7,206**	6,199
Trade and other payables	21	**16,949**	14,502
Corporation tax liability		**922**	448
		25,077	21,149
Non-current liabilities			
Interest-bearing loans and borrowings	20	**12,771**	15,037
Other financial liabilities	22	**-**	1,277
Deferred tax liabilities	16	**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	25	**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

These Financial Statements were authorised for issue by the Board of Directors on 2 July 2018 and were signed on its behalf by:

Faisal Rahmatallah
Chairman

Registered Number 06387173

The notes on pages 38 to 62 form an integral part of these Financial Statements.

Consolidated Cash Flow Statement
for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Profit after tax for the year		**1,817**	539
Adjustments for:			
Income tax charge		**945**	227
Depreciation and amortisation		**3,237**	2,525
Financial (credit)/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	24	**-**	(1,110)
Net cash inflow from financing activities		**1,725**	3,271
(Decrease)/increase in net cash and overdraft		**(533)**	219
Cash and cash equivalents at 1 April		**4,914**	5,488
Overdraft at 1 April		**(4,511)**	(5,304)
Net cash and overdraft at 31 March		**(130)**	403

The notes on pages 38 to 62 form an integral part of these Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity
for the 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 £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
Transaction with non-controlling interests	–	–	–	–	–	–	(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 £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 interests	–	–	–	–	(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:
a. an adjustment to the NCI share of intangible assets (£1,141,000 – see note 15) and associated deferred tax (£178,000 – see note 16) which was in relation to a prior year acquisition (net £956,000).
b. net of the associated reduction in NCI share of £313,000 noted above.

The notes on pages 38 to 62 form an integral part of these Financial Statements.

1 General information

Plastics Capital plc (the "Company") is a public company incorporated and domiciled in England and Wales, with subsidiary undertakings in the UK, Japan, Thailand, India, China and the United States of America and investments in Italy and the United States of America.
The address of its registered office is Room 1.1, London Heliport, Bridges Court Road, London, SW11 3BE.

The Group financial statements consolidate those of the Company, its subsidiaries and its investments (together referred to as the "Group").
The Company financial statements present information about the Company as a separate entity and not about its Group.

The Group is principally engaged in the manufacture of plastic products focused on proprietary products for niche markets, exporting to over 80 countries worldwide.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

The Company has elected to prepare its Company financial statements in accordance with FRS 101.

The financial statements are presented in Sterling, which is the functional currency of the Parent Company and the presentational currency of the Group, and in round thousands.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and its ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The two investments of the Group are also treated as subsidiaries as the Group is deemed to have control over them.

The acquisition method is used for all business combinations. On acquisition, the cost is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised), "Business Combinations" are recognised at their fair values at the acquisition date.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations

All business combinations are accounted for by applying the acquisition method.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill
Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and trade and assets. In respect of business acquisitions that have occurred since 1 April 2005, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Identifiable intangible assets are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 1 April 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP, which was broadly comparable, save that only separable intangible assets were recognised and goodwill was amortised.

Negative goodwill arising on an acquisition is recognised in the income statement in full in the year of acquisition.

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.

Determination and presentation of operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Foreign currency
The Company and its UK subsidiaries consider their functional currency and presentation currency to be Sterling, because it reflects the economic substance of the underlying events and circumstances relevant to the Group insofar as its main operations and transactions are established and liquidated in Sterling. BNL has subsidiaries in the USA, Japan and Thailand which consider their functional currency to be US Dollars, Japanese Yen and Thai Baht, respectively. Plastics Capital Trading Limited has subsidiaries in India, China, Italy and the USA, which consider their functional currency to be Indian Rupees, Renminbi, Euros and US Dollars respectively.

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations, are taken directly to the translation reserve.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2 Significant accounting policies (continued)

Financial assets
The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired – fair value through profit and loss; loans and receivables; held-to-maturity investments; and available-for-sale. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group currently only has financial assets (except for derivatives) classified as loans and receivables, the accounting policy for which is as follows:

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. Loans and receivables are recognised initially at fair value plus any attributable transaction costs. They are carried at amortised cost using the effective interest method less any impairments.

Financial liabilities
The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired – fair value through profit or loss; and other financial liabilities. The Group currently only has financial liabilities classified as "other financial liabilities", the accounting policy for which is as follows:

Other financial liabilities include the following items:
- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank and other borrowings are the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate cap arrangements is the estimated amount that the Group would receive or pay to terminate the arrangement at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the Company's shareholders.

Classification of financial instruments issued by the Group
Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:
- they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applied are as follows:

• buildings	3%
• plant and machinery	10-20%
• fixtures and fittings	10-50%
• motor vehicles	25%

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

Investments
Investments are stated at cost less provisions for impairment.

Inventories
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.

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Research and development
Research expenditure is charged to the income statement in the period in which it is incurred.

Internal development expenditure is charged to the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 "Intangible Assets". Where, the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives from product launch. The product life has been estimated at 5 years which reflects a reasonable estimate of the average life with products going into a diverse range of goods from cars, photocopiers, security cameras to ATMs.

Intangible assets relating to products in development (both internally generated and externally acquired) are subject to impairment testing at each balance sheet date or earlier upon indication of impairment. Any impairment losses are written off immediately to the income statement.

Impairment
The carrying amounts of the Group's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill and intangible assets that are not yet available for use were tested for impairment as at 1 April 2005, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Calculation of recoverable amount
The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment
An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Significant accounting policies (continued)

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Share-based payment transactions

The Group LTIP allows certain senior management employees to acquire shares of the Company. The fair value of the shares granted is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is measured using the Monte-Carlo stochastic pricing model, taking into account the terms and conditions upon which the shares were granted. The charge to the income statement is adjusted for the effect of service conditions and non-market performance conditions such that it is based on the number of shares expected to vest.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event if it can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business net of discounts, value added tax or local taxes on sales during the period. Revenue is recognised when the risks and rewards of owning the goods have passed to the customer which is generally when goods have been despatched.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Expenses

Leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Taxation

Tax for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax on the following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax balances are not discounted.

Exceptional items

Items which are significant by virtue of their size or nature are classified as exceptional operating items. Such items, which include for instance the costs associated with acquisitions, costs of closing or opening factories, costs of significant restructurings and profits or losses or impairments made on the disposal of properties, are included within the appropriate consolidated income statement category but are highlighted separately in the notes to the financial statements. Exceptional operating items are excluded from the profit measures used by the Board to monitor and measure the underlying performance of the Group.

Transaction costs related to the issue of equity instruments

Transaction costs of equity transactions relating to the issue of the Company's shares are accounted for as a deduction from equity.

Own shares held by ESOP trust

Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

3 Critical 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:

Carrying amount of goodwill

The Group is required to test on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined in reference by an estimation of the value in use of the related cash generating unit to which the goodwill is attributed. The calculation of the value in use requires estimates to be made of the future cash flow of the cash generating unit and the timescale over which they arise. Estimated growth rates and discount factors are also used in the calculation to estimate the net present value of the cash flows. A summary of the key assumptions made and the results of the sensitivity analysis is disclosed in note 15. Should the carrying value of goodwill exceed its recoverable amount an impairment loss is recognised.

4 Changes in accounting policy and disclosure

New and amended standards adopted by the Group

The Group has adopted the following new standards and amendments for the first time. Unless otherwise stated, they have not had a material impact on the financial statements.

- Annual Improvements to IFRS Standards 2014-2016 Cycle
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective date 1 January 2018). The Board believe that there will be no material effect on the Financial Statements through adoption of this IFRS.
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018). The Board believe that there will be no material effect on the Financial Statements through adoption of this IFRS.
- IFRS 16 Leases (effective date 1 January 2019). A transition exercise is still to be completed to help assess the impact to the Group of this new IFRS.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective date 1 January 2018).
- Annual Improvements to IFRS Standards 2014-2016 Cycle (effective date 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date 1 January 2018).
- Amendments to IFRS 9 Financial Instruments (effective date 1 January 2019
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date 1 January 2018).

Notes to the Financial Statements
for the year ended 31 March 2018

5 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 17-18 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.

6 Other income

	2018 £000	2017 £000
Dividend income	**2**	15
Gain on disposal	**-**	18
	2	33

7 Expenses and auditor's remuneration
Included in profit before tax are the following:

	2018 £000	2017 £000
Depreciation of financed assets	**110**	91
Depreciation of owned assets	**2,009**	1,629
Amortisation of intangible assets (recognised in administrative expenses)	**1,118**	805
Net loss/(gain) on disposal of property, plant and equipment	**125**	(18)
Realised (gains)/losses on foreign exchange derivative contracts	**(508)**	953
LTIP charge	**94**	165
Hire of plant and machinery	**36**	84
Other operating lease rentals	**1,075**	1,225
Research & development	**1,211**	1,120

Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**27**	26
The audit of the Company's subsidiaries	**75**	74
Total audit fees	**102**	100
Fees payable to the Company's auditor and their associates for other services to the Group		
Taxation compliance services	**40**	35
Taxation advisory services	**21**	67
Other services	**-**	14
Total non-audit fees	**61**	116

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is only required to be disclosed on a consolidated basis.

8 Staff numbers and costs

The average number of full-time persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Senior management	**31**	30
Administrative	**73**	70
Business development	**57**	60
Production and distribution	**431**	408
	592	568

The staff categorisations for 2017 have been amended and now show a consistent methodology across all subsidiaries. The total number of staff has not changed.

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	**16,825**	14,574
Social security costs	**1,409**	1,269
Other pension costs	**611**	539
Share based payment	**94**	165
	18,940	16,547

Other pension costs relate to defined contribution pension plans.

9 Directors' emoluments

	2018 £000	2017 £000
Salaries and fees	**557**	509
	557	509

The aggregate emoluments of the highest paid Director were £289,000 (2017: £263,000). There were no pension costs.

Key management remuneration is disclosed in note 29.

Further details are provided in the Directors' Report on page 25 and 26.

10 Segment information

The Chairman has been identified as the chief operating decision-maker. The Chairman reviews the Group's internal reporting as the basis for assessing performance and allocating resources.

The Group currently has six operating businesses, namely:

- Bell Plastics Limited ("Bell") which makes hydraulic hose consumables;
- BNL Group ("BNL") which makes plastics rotating parts;
- C&T International ("C&T") which makes the packaging consumable of creasing matrix and distributes consumables for the print finishing, box making and dies making industries;
- Flexipol Packaging Limited ("Flexipol") which makes high-strength film packaging and bags;
- Palagan Limited ("Palagan") which makes high-strength film packaging; and
- Synpac Limited ("Synpac") which makes vacuum bags and pouches.

Management has then assessed the similarity of the economic characteristics of the various operating businesses. Given the similarity of the general end markets, it has been concluded that Bell, BNL and C&T have fundamentally the same economic characteristics and that Flexipol, Palagan and Synpac have fundamentally the same economic characteristics and long-term profit margins.
Given this, Management has considered the overriding core principles of IFRS 8 and has determined that it is appropriate to aggregate the operating businesses into two reportable segments for the purposes of disclosure in the financial statements.

The Group has, therefore, two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies.
For each of the strategic business units, the Chairman reviews internal management reports on a monthly basis.

Performance is assessed based on sales, gross profit, EBITDA and profit before tax.

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

- Industrial – includes hydraulic hose consumables (mandrels), packaging consumables (creasing matrix) and plastic rotating parts (bearings); and
- Films – includes high strength film packaging.

	Industrial 2018 £000	**Films 2018 £000**	**Unallocated and reconciling items 2018 £000**	**Total 2018 £000**
External sales *	**34,464**	**42,262**	**-**	**76,726**
Profit before tax	**704**	**2,541**	**(483)**	**2,762**
Depreciation and amortisation	**1,404**	**696**	**1,137**	**3,237**

Exceptional costs of £1,452,000 included in profit before tax: Industrial - £983,000, Films - £145,000 and Unallocated and reconciling items - £324,000, respectively.

	Industrial 2017 £000	Films 2017 £000	Unallocated and reconciling items 2017 £000	Total 2017 £000
External sales*	32,472	33,313	–	65,785
Profit before tax	1,887	1,340	(2,461)	766
Depreciation and amortisation	1,404	696	826	2,926

Exceptional costs of £907,000 included in profit before tax: Industrial - £475,000, Films - £26,000 and Unallocated and reconciling items - £406,000, respectively.

* All revenue is attributable to external customers, there are no transactions between operating segments

Reconciliation of reportable segment revenue

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

Reconciliation of reportable segment profit

	2018 £000	2017 £000
Total profit for reportable segments	**3,245**	3,227
Unallocated amounts:		
Amortisation of intangibles	**(764)**	(604)
Unrealised gain/(losses) on derivatives	**578**	(862)
Management charge income	**2,720**	4,050
Realised foreign exchange cash and non-cash gain/(losses) on derivatives	**508**	(953)
Central costs - Plastics Capital Trading Limited and Plastics Capital plc	**(2,104)**	(1,927)
Other foreign exchange losses	**(59)**	(382)
LTIP charge	**(94)**	(165)
Net interest costs not allocated to segments	**(751)**	(694)
Bank arrangement fee amortisation	**(89)**	(568)
Exceptional costs not allocated to segments	**(408)**	(406)
Other	**(20)**	50
Consolidated profit before tax	**2,762**	766

The Group's external revenue and non-current assets are split between the following geographical regions. The Group does not rely on any major customers and no individual customer accounts for more than 10% of the Group's external revenue.

	External revenue by location of customers		Total non-current assets by location	
	2018 £000	2017 £000	2018 £000	2017 £000
United Kingdom	**39,189**	31,877	**37,587**	35,636
Europe & Middle East	**15,330**	11,983	**69**	125
North America	**12,383**	11,965	**468**	559
Asia	**8,814**	9,043	**1,376**	1,113
Rest of the World	**1,010**	917	**-**	-
	76,726	65,785	**39,433**	37,433

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

	2018 £000	2017 £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

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

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

13 Taxation

Current year tax charge

	2018 £000	2017 £000
Current year	**525**	175
Overseas tax	**138**	165
Adjustments for prior years	**279**	114
Current year tax charge	**942**	454

Deferred tax credit (note 16)

	2018 £000	2017 £000
Current year	**(11)**	(150)
Adjustments for prior years	**14**	(77)
Total tax charge in income statement	**945**	(227)

Changes to UK corporation tax rate

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. Any deferred tax at 31 March 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit before tax	**2,762**	766
Expected tax charge based on the UK corporation tax rate	**525**	153
Non-deductible expenses	**118**	105
Use of losses not provided	**(10)**	(9)
Tax adjustment in respect of prior year	**239**	114
Deferred tax adjustment in respect of prior years	**14**	(77)
Tax not at UK standard rate	**117**	149
R&D uplift – SME rates	**(70)**	(224)
Effect of movements in tax rates	**12**	16
Total tax charge in income statement	**945**	227

The trading tax losses relate to Cobb Slater Limited, a UK company which was hived up several years ago into BNL (UK) Limited. These trading tax losses do not have an expiry date and are estimated at £445,000. These losses have not been recognised in deferred tax assets. The unrecognised losses associated with the overseas subsidiaries are not deemed to be material. The tax adjustments in respect of prior year primarily relate to additional tax on amortisation of development costs.

14 Property, plant and equipment

	Land & buildings £000	Plant and machinery £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost					
Balance at 31 March 2016	468	12,334	1,581	112	14,495
Exchange movement	–	357	70	–	427
Additions	337	2,805	357	–	3,499
Additions arising from acquisitions	12	909	24	56	1,001
Disposals	–	–	(3)	(64)	(67)
Transfers	(87)	3	78	6	–
Balance at 31 March 2017	730	16,408	2,107	110	19,355
Exchange movement	–	(116)	(21)	(4)	(141)
Additions	126	3,275	304	–	3,705
Disposals	(15)	(163)	(146)	(68)	(464)
Transfers	–	(382)	382	–	–
Balance at 31 March 2018	**841**	**18,972**	**2,604**	**38**	**22,455**
Depreciation and impairment					
Balance at 31 March 2016	143	4,951	1,195	76	6,365
Exchange movement	–	218	61	1	280
Depreciation charge for the year	52	1,444	193	31	1,720
Disposals	–	–	(2)	(65)	(67)
Balance at 31 March 2017	195	6,613	1,447	43	8,298
Exchange movement	–	(42)	(18)	–	(60)
Depreciation charge for the year	76	1,739	294	10	2,119
Disposals	(6)	(163)	(146)	(31)	(346)
Balance at 31 March 2018	**265**	**8,100**	**1,624**	**22**	**10,011**
Net book value					
At 31 March 2018	**576**	**10,872**	**980**	**16**	**12,444**
At 31 March 2017	535	9,795	660	67	11,057

15 Intangible assets

	Goodwill £000	Technology £000	Intellectual property rights £000	Distributor & customer relationships £000	Trademarks and brands £000	Development costs £000	Total £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.

Goodwill is allocated to the following cash generating units ("CGU"):	**Discount factor %**	**2018 £000**	Discount factor %	Remeasured 2017 £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.

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018 £000	2017 £000
Intangible assets	**1,038**	990
Short term timing differences	**(18)**	(26)
Accelerated capital allowances	**454**	470
Losses	**-**	(35)
Derivatives	**(119)**	(217)
Tax liabilities	**1,355**	1,182

Movement in deferred tax liabilities during the year

	1 April 2017 £000	Recognised in income £000	Other movements in year £000	31 March 2018 £000
Intangible assets	**990**	**(122)**	**170**	**1,038**
Short term timing differences	**(26)**	**8**	**-**	**(18)**
Accelerated capital allowances	**470**	**(16)**	**-**	**454**
Losses	**(35)**	**35**	**-**	**-**
Derivatives	**(217)**	**98**	**-**	**(119)**
	1,182	**3**	**170**	**1,355**

	1 April 2016 £000	Recognised in income £000	Other movements in year £000	31 March 2017 £000
Intangible assets	119	(119)	990	990
Short term timing differences	-	(26)	-	(26)
Accelerated capital allowances	314	156	-	470
Losses	-	(35)	-	(35)
Derivatives	(72)	(145)	-	(217)
	361	(169)	990	1,182

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The other movements in year of £178,000 relate to an adjustment to recognise deferred tax on intangibles on a prior year acquisition.
See note 15 for details.

17 Inventories

	2018 £000	2017 £000
Raw materials and consumables	**3,044**	2,611
Work in progress	**972**	656
Finished goods	**4,640**	3,390
	8,656	6,657

The cost of inventory recognised within the income statement was £39,207,890 (2017: £29,422,000).
Inventories are stated net of provisions amounting to £393,000 (2017: £198,000).

18 Trade and other receivables

	2018 £000	2017 £000
Trade receivables (net of provisions)	**15,628**	13,922
Other receivables	**(351)**	751
Prepayments	**1,000**	809
	16,979	15,482

There are no differences between the carrying amount and fair value of any of the trade and other receivables above.

The provision for bad and doubtful debts included within the net trade receivables balance above is £84,480 (2017: £105,000).

The trade receivables balance above includes amounts denominated in currencies other than Sterling as follows:

	2018 £000	2017 £000
Euro	**2,283**	1,870
US Dollar	**2,563**	3,145
Japanese Yen	**111**	79
Thai Baht	**-**	2
Indian Rupee	**116**	109
Chinese Renminbi	**885**	935

19 Cash, cash equivalents and overdrafts

	2018 £000	2017 £000
Cash and cash equivalents	**4,854**	4,914
Overdraft (Note 20)	**(4,984)**	(4,511)
Cash, cash equivalents and overdrafts	**(130)**	403

The cash balance above includes amounts denominated in currencies other than Sterling as follows:

	2018 £000	2017 £000
Euro	**390**	450
US Dollar	**548**	295
Japanese Yen	**94**	121
Thai Baht	**131**	98
Indian Rupee	**97**	87
Chinese Renminbi	**434**	389

20 Interest-bearing loans and borrowings

See note 27 for more information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2018 £000	2017 £000
Non-current liabilities		
Secured bank loans	**12,771**	15,037
	12,771	15,037
Current liabilities		
Current portion of secured bank loans	**2,222**	1,688
Bank overdrafts	**4,984**	4,511
	7,206	6,199

Deferred debt issue costs

Included within bank loans are £279,000 (2017: £368,000) of costs capitalised as part of the refinancing.

The Company has committed banking facility with Barclays Bank plc. The facility has a final maturity date of June 2021 and has been structured by means of a term loan, revolving credit facility and asset finance facility, with total facilities of £21 million of which £15.4 million were drawn at the year end.

Security

Security can be analysed as follows:

	2018 £000	2017 £000
Property, plant and equipment	**12,444**	11,057
Inventories	**8,655**	6,657
Trade and other receivables	**16,979**	15,482
	38,078	33,196

The Barclays Bank loans are secured by fixed and floating charges over the property, plant and equipment, inventories and trade receivables of the Group.

The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant.

21 Trade and other payables

	2018 £000	2017 £000
Trade payables	**13,161**	9,848
Non-trade payables	**2,020**	1,518
Accrued expenses	**1,768**	2,698
Deferred consideration	**-**	438
	16,949	14,502

The trade payables balance above includes amounts denominated in currencies other than Sterling as follows:

	2018 £000	2017 £000
Euro	**3,517**	1,500
US Dollar	**1,741**	1,261
Thai Baht	**143**	251
Indian Rupee	**24**	9
Chinese Renminbi	**422**	275

22 Other financial (assets)/liabilities

	2018 £000	2017 £000
Derivatives	**(421)**	1,277
	(421)	1,277

The foreign exchange derivative gain of £1,698,000 in the year comprised a foreign exchange unrealised gain of £578,000 and a foreign exchange non-cash realised gain of £1,120,000.

See note 27 for further information regarding financial instruments.

23 Share based payments

At 31 March 2018 the Group has the following share-based payment arrangement:

(i) Long Term Incentive Plan (2016) ("LTIP 2016") (equity settled). On 1 October 2015 the Remuneration Committee approved that the Group issue a new class of shares (known as "Growth Shares") in Plastics Capital Trading Limited, an intermediate parent undertaking, to approximately 35 directors and senior managers of the Company and subsidiary entities. The Growth Shares will be exchanged for a certain number of new ordinary shares in Plastics Capital plc at the end of the LTIP five year period, based on the Company's share price at the end of this period, subject to financial performance and vesting criteria being met.

In line with IFRS 2 Share-based payment, the Group has fair valued all grants of equity instruments which were unvested as of 1 January 2005.

Terms and conditions of LTIP 2016

The terms and conditions related to the grants of the LTIP are as follows: all payments are to be settled by physical delivery of shares.

Grant date/Employees entitled/nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award to Directors and senior management by Plastics Capital plc on 1 October 2015	1,121,378	Shares vest over period of five years	1 October 2020
Total share	**1,121,378**		

Disclosure of LTIP 2016

The number and weighted average exercise prices of shares in the LTIP 2016 are as follows:

	2018 Weighted average exercise price £	**2018 Number of shares No.**	2017 Weighted average exercise price £	2017 Number of shares No.
Outstanding at the beginning of the year	**–**	**1,121,378**	–	1,121,378
Granted during the year	**–**	**–**	–	–
Outstanding at the end of the year	**–**	**1,121,378**	–	1,121,378
Exercisable at the end of the year	**–**	**–**	–	–

The shares outstanding at 31 March 2018 have an exercise price of £nil (2017: nil) and a weighted average contractual life of 3 years (2017: 4 years). There were no shares exercised during the year.

Inputs for measurement of grant-date fair values

The grant date fair value of the rights granted through the LTIP 2016 was measured based on a Monte-Carlo stochastic pricing model. Expected volatility was estimated by reference to historical share price movements of the Group over the past 5 years. Awards vest 5 years after the original grant date providing the relevant performance criteria have been met. The inputs used in the measurement of the fair values at grant date of the share option scheme were as follows:

Grant date	01.1015
Share price at date of grant	£1.03
Risk free rate of return	1.172%
Exercise price	Nil
Dividend yield	3.2%
Share price volatility	30.57%
Total number of shares already in issue at Plastics Capital plc	38,995,151
Number of A shares issued at Plastics Capital Trading Limited	175,667
Number of B shares issued at Plastics Capital Trading Limited	178,728
Number of C shares issued at Plastics Capital Trading Limited	766,983

Applying the valuation rules to the above assumptions, a charge of £93,659 (2017: £164,783) has been calculated for the year and this has been charged through the income statement.

24 Dividends

No interim dividend was paid in respect of the half year ended 30 September 2017 (2016: £520,000 or 1.47p per share). The Board have considered whether to reintroduce dividend payments but given the strong growth the Group is achieving and the potential for making further investments for acquisitive and/or organic growth, the Board believe it would be unwise to do so at the present time. The Board will review this decision regularly.

25 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

	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

Basic earnings/(losses) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings/(losses) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group.

26 Earnings per share

	2018 £000	2017 £000
Numerator		
Earnings used in basic, diluted and adjusted 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
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.

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

27 Financial instruments

The Group is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk;
- Foreign currency risk;
- Liquidity risk; and
- Credit risk.

Policy for managing these risks is set by the Board following recommendations from the Finance Director. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below.

(a) Fair value and cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. There is no Group policy to maintain a certain amount of debt in fixed rate instruments.

During 2018 and 2017, the Group's borrowings were denominated in Sterling and subject to floating rate charges as follows:

	2018	2017
	£000	£000
GBP	**19,977**	21,388
	19,977	21,388

Any movement in the interest rates will have an impact on the Group's interest charge; however, the sensitivity shown below is only for interest rates increasing.

If interest rates were to increase to 4% (up from the current rate of 0.5%), the interest rate charge would increase by £699,000 (2017: £617,000).

If interest rates were to increase to 6% (up from the current rate of 0.5%), the interest rate charge would increase by £1,099,000 (2016: £926,000).

(b) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which may give rise to gains or losses on retranslation into Sterling.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and Japanese Yen. Approximately 50% of the Group's sales are invoiced in foreign currencies; however, the Group's core operations are run from the UK. The Group has operations located in the USA, China, India, Thailand, Italy and Japan but these have minimal assets and liabilities.

The Group risks are mitigated by the fact that the majority of the Group's sales, costs and borrowings are matched in terms of currencies. The exceptions are US Dollars where the remaining risk of exchange rate fluctuation is mitigated in the near term through currency forwards. The Group's policy is to hedge 100% of its anticipated net cash flows in US Dollar for the subsequent 12 – 24 months.

Group treasury will enter into matching forward contracts with Barclays bank to cover the foreign currency risk.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

31 March 2018	**EUR**	**USD**	**GBP**	**JPY**	**THB**	**INR**	**RMB**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cash and cash equivalents	**390**	**548**	**3,160**	**94**	**131**	**97**	**434**
Trade receivables	**2,283**	**2,563**	**9,670**	**111**	**-**	**116**	**885**
Secured bank loans	**-**	**-**	**(19,977)**	**-**	**-**	**-**	**-**
Trade payables	**(3,517)**	**(1,741)**	**(7,314)**	**-**	**(143)**	**(24)**	**(422)**
Gross exposure	**(844)**	**1,370**	**(14,461)**	**205**	**(12)**	**189**	**897**
Forward exchange contracts	**-**	**-**	**(421)**	**-**	**-**	**-**	**-**
Net exposure	**(844)**	**1,370**	**(14,882)**	**205**	**(12)**	**189**	**897**

31 March 2017	EUR	USD	GBP	JPY	THB	INR	RMB
	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	450	295	3,474	121	98	87	389
Trade receivables	1,870	3,145	7,782	79	2	109	935
Secured bank loans	–	–	(21,388)	–	–	–	–
Trade payables	(1,500)	(1,261)	(6,552)	–	(251)	(9)	(275)
Gross exposure	820	2,179	(16,684)	200	(151)	187	1,049
Forward exchange contracts	–	–	1,227	–	–	–	–
Net exposure	820	2,179	(15,457)	200	(151)	187	1,049

27 Financial instruments (continued)

Exposure to currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
GBP vs	**2018**	2017	**2018**	2017
EUR	**1.135**	1.190	**1.141**	1.172
USD	**1.338**	1.303	**1.404**	1.254
JPY	**148.3**	141.0	**149.4**	161.5
THB	**44.0**	45.7	**43.9**	43.1
INR	**86.31**	87.27	**91.44**	81.31
RMB	**8.82**	8.78	**8.83**	8.64

Sensitivity analysis

A 10% weakening of Sterling against the following currencies at 31 March 2018 would have increased/(decreased) net financial assets and liabilities and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis for as 31 March 2017.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2018		
USD	**137**	**858**
EUR	**(84)**	**(376)**
JPY	**20**	**(25)**
THB	**(1)**	**(194)**
INR	**19**	**(12)**
RMB	**90**	**(15)**
At 31 March 2017		
USD	218	917
EUR	81	191
JPY	20	(25)
THB	(15)	(194)
INR	19	7
RMB	104	14

A 10% strengthening of Sterling against the following currencies at 31 March 2018 would have increased/(decreased) net financial assets and liabilities and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis for as 31 March 2017.

	Net financial assets and liabilities £000	Profit or loss £000
At 31 March 2018		
USD	**(124)**	**(780)**
EUR	**77**	**342**
JPY	**(19)**	**23**
THB	**1**	**176**
INR	**(17)**	**11**
RMB	**(82)**	**13**
At 31 March 2017		
USD	(198)	(834)
EUR	(75)	(174)
JPY	(18)	23
THB	14	177
INR	(17)	(6)
RMB	(95)	(12)

The profit or loss impacts are shown before currency hedges which have been taken out in the years to mitigate the foreign exchange movements.

(c) Liquidity risk
The liquidity risk of each Group entity is managed centrally by the Group treasury function.

The Group maintains a draw down facility with Barclays Bank to manage any unexpected short-term cash shortfalls.

2018	**Effective Interest Rate**	**Carrying amount £000**	**Contractual cash flows £000**	**Within one year £000**	**1-2 years £000**	**2-3 years £000**	**3-5 years £000**	**5-10 years £000**
Floating rate	**3.82%**							
Loans and overdraft		**19,252**	**20,266**	**7,206**	**2,722**	**2,847**	**7,492**	**-**
Trade and other payables		**12,503**	**13,161**	**13,161**	**-**	**-**	**-**	**-**
Deferred debt issue costs		**(289)**	**(289)**	**(72)**	**(72)**	**(72)**	**(73)**	**-**
Total		**31,466**	**33,138**	**20,295**	**2,650**	**2,775**	**7,419**	**-**

2017	Effective Interest Rate	Carrying amount £000	Contractual cash flows £000	Within one year £000	1-2 years £000	2-3 years £000	3-5 years £000	5-10 years £000
Floating rate	4.59%							
Loans and overdraft		20,668	21,756	6,315	2,353	2,852	10,236	-
Trade and other payables		13,777	14,502	14,502	-	-	-	-
Deferred debt issue costs		(349)	(368)	(74)	(74)	(74)	(146)	-
Total		34,096	35,890	20,743	2,279	2,778	10,090	-

(d) Credit risk
The Group is mainly exposed to credit risk from sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices, are then factored into any terms which may be extended to customers.

The Group does not have any significant concentration of credit risk.

Aged trade receivables

	Current £000	**>30 days £000**	**>60 days £000**	**>90 days £000**	**>120 days £000**	**Total £000**
2018	**10,155**	**3,865**	**1,137**	**265**	**206**	**15,628**
2017	5,695	4,718	2,748	524	237	13,922

Owing to the high level of exports to countries all over the world some customer terms extend beyond the standard 60 days. However, the historical level of bad debt exposure has been low. As the Group does not carry a significant bad debt provision, the disclosed information represents the ageing of assets that are not impaired. The debtors over 90 days are considered past due but not impaired due to historic trading experience with those customers established over many years.

27 Financial instruments (continued)

Exposure to currency risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		2018	2017
	Note	**£000**	£000
Trade receivables	18	**15,628**	13,922
Cash and cash equivalents	19	**4,854**	4,914
		20,482	18,836

The maximum exposure to credit risk for receivables at the reporting date by geographic region was:

	2018	2017
	£000	£000
GBP	**9,670**	7,782
EUR	**2,283**	1,870
USD	**2,563**	3,145
JPY	**111**	79
THB	**-**	2
INR	**116**	109
RMB	**885**	935
	15,628	13,922

The ageing of receivables at the reporting date was:

	Gross 2018 £000	**Impairment 2018 £000**	Gross 2017 £000	Impairment 2017 £000
0 – 30 days	**10,155**	**-**	5,695	-
31 – 60 days	**3,865**	**-**	4,718	-
61 – 90 days	**1,137**	**-**	2,748	-
90 - 120 days	**265**	**-**	524	-
More than 120 days	**362**	**156**	342	105
	15,784	**156**	14,027	105

(e) Maturity of debt

				31 March 2018 £000		31 March 2017 £000	
	Currency	Nominal interest rate	Period of maturity	**Face value**	**Carrying amount**	Face value	Carrying amount
Bank loan & overdraft	GBP	4.00%	3 years	**18,532**	**18,532**	19,945	19,945
Asset backed loans	GBP	2.50%	3-5 years	**1,734**	**1,734**	1,811	1,811
				20,266	**20,266**	21,756	21,756

The Company has a committed banking facility with Barclays Bank plc. The facility has a final maturity date of June 2021 and has been structured by means of a term loan, revolving credit facility and asset finance facility.

(f) Fair values

To the extent financial assets and liabilities are not carried at fair value in the consolidated balance sheet, book value approximates to fair value at 31 March 2018 and 31 March 2017.

The fair values of derivatives together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount asset/ (liability) 2018 £000	**Fair value asset/ (liability) 2018 £000**	Carrying amount asset/ (liability) 2017 £000	Fair value asset/ (liability) 2017 £000
Forward contracts - foreign exchange	**421**	**421**	(1,277)	(1,277)

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. There were no significant unobservable inputs that had an effect on fair value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) inactive markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

There were no transfers between levels during the year.

31 March 2018	**Level 2 £000**	Total £000
Forward exchange contracts used for hedging	**421**	**421**

31 March 2017	Level 2 £000	Total £000
Forward exchange contracts used for hedging	(1,277)	(1,277)

(g) Capital management

In line with the disclosure requirements of IAS 1, Presentation of Financial Statements, the Company regards its capital as being the issued share capital and other reserves together with its banking facilities, used to manage short term working capital requirements.

Note 25 to the Financial Statements provides details regarding the Company's share capital and movements in the period. There were no breaches of any requirements with regard to any relevant conditions imposed by the Company's Articles of Association during the periods under review.

There have been no changes to the Group's capital management approach in the period. Group treasury is responsible for managing fund requirements and investments which include banking and cash flow management. The main risk arising from the Group's capital management is non-compliance with covenants attached to banking facilities.

28 Operating leases and commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Land & buildings 2018 £000	**Plant & machinery 2018 £000**	**Total 2018 £000**	Land & buildings 2017 £000	Plant & machinery 2017 £000	Total 2017 £000
Less than one year	**1,259**	**111**	**1,370**	1,213	133	1,346
Between one and five years	**4,019**	**156**	**4,175**	3,679	122	3,801
More than five years	**2,430**	**-**	**2,430**	2,146	-	2,146
	7,708	**267**	**7,975**	7,038	255	7,293

The Group does not sub-lease any properties or any other assets held under operating lease agreements and is not exposed to any contingent rent payments.

The operating lease expense for the year was £1,075,000 (2017: £1,225,000).

During the year ended 31 March 2018, the Group entered into contracts to purchase property, plant and equipment for £295,000 (2017: £nil).

29 Related parties

In addition to Directors emoluments disclosed in Note 9, key management remuneration during the year comprised short-term employee benefits of £817,000 (2017: £682,000) including company pension contributions of £44,000 (2017: £54,000).

Remuneration cost of £183,000 (2017: £180,000) in respect of the Chairman, which is included in the Directors' emoluments disclosure on page 26, was paid to Capricorn Advisors Ltd.

30 Controlling parties

In the opinion of the Directors, there is no ultimate controlling party.

31 Acquisition of subsidiary

On 15 July 2016, Plastics Capital Trading Limited acquired 100% of the ordinary shares in Synpac Limited ("Synpac") for £3,130,000, satisfied in cash.

Synpac is a specialist manufacturer of bags and pouches made from a range of co-extruded flexible barrier film, predominantly for the food industry. Synpac fits well into the Group's existing Films division, particularly Flexipol which is also focused on the food sector, and should enable cross-selling opportunities and cost synergies.

In the nine months to 31 March 2017, the subsidiary contributed net profit before Group management charge of £745,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 April 2016, Group revenue would have been an estimated £4,400,000 and net profit would have been an estimated £900,000. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 April 2016.

The provisional amounts recognised in respect of the fair value identifiable assets acquired and liabilities assumed in the prior year are as set out in the table below.

	£000
Property plant and equipment	**320**
Inventories	**395**
Trade and other receivables	**800**
Cash and cash equivalents	**352**
Trade and other payables	**(866)**
Deferred tax	**(354)**
Separately identifiable goodwill and intangible assets (note 15)	
Goodwill	**740**
Brand	**345**
Distributor and customer relationships	**1,398**
Net identifiable assets and liabilities at acquisition	**3,130**
Satisfied by:	
Cash	**2,820**
Deferred consideration	**310**
Total consideration	**3,130**
Deferred consideration	**(310)**
Cash acquired	**(352)**
Net cash outflow	**2,468**

Goodwill has arisen on the acquisition owing to expected synergies with the Group's existing businessess.

The Group incurred acquisition related costs of £200,000. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income in the prior year.

The deferred consideration of £310,000 for Synpac was paid in July 2017.

32 Acquisition of subsidiary

On 16 May 2016, Plastics Capital Trading Limited acquired 10% of the ordinary share capital of Channel Creasing Matrix Inc. ("CCM") for $300,000. On 19 August 2017, Plastics Capital Trading Limited acquired a further 41% of the ordinary share capital of Channel Creasing Matrix Inc. ("CCM") for $1,200,000 (£897,000). This now takes Plastics Capital Trading Limited shareholding in CCM up to 51%.

CCM is an owner-managed manufacturer of creasing matrix and distributor of die- and box-making consumables, based in West Virginia, United States of America. CCM is a leading player in the sale and manufacture of creasing matrix in the US market and in addition to manufacturing creasing matrix for the US market, CCM also distributes a range of die- and box-making consumables across the United States of America.

This investment in CCM is consistent with the Board's stated strategy of forward integrating in the matrix business - the Board believes that CCM is a business the Group will be able to build on in the United States of America.

The provisional amounts recognised in respect of the fair value identifiable assets acquired and liabilities assumed in the prior year are as set out in the table below.

	£000
Property plant and equipment	**556**
Inventories	**457**
Trade and other receivables	**564**
Trade and other payables	**(1,022)**
Loans	**(587)**
Deferred tax	**(16)**
Separately identifiable intangible assets (note 15)	
Brand	**81**
Distributor and customer relationships	**878**
Net identifiable assets and liabilities at acquisition	**911**
Plastic Capital's share of identifiable assets and liabilities at acquisition (10%)	**91**
Goodwill	**116**
Total consideration at acquisition	**207**
Satisfied by:	
Cash	**207**
Total consideration	**207**
Net cash outflow	**207**

CCM has been treated as a subsidiary in the Group Financial Statements on the basis that the Group has exercised control from the date of acquisition. The Group has exercised control from the date of acquisition which is based on a number of factors being; options to acquire further shares, representation on board, ability to approve dividends and power to implement strategic changes to the business.

Plastics Capital now has a controlling stake of 51% in CCM. The initial acquisition in May 2016 was for 10%, at which point Plastics Capital exercised control. A further 41% was then acquired in August 2017, with a call option to acquire the remaining 49% in 2021. The call option is a financial instrument with a fair value which is deemed immaterial.

33 Acquisition of subsidiary

On 31 December 2016, Plastics Capital Trading Limited acquired 49% of the ordinary share capital of Mito Srl. ("Mito"). Mito is a business focused on the distribution of creasing matrix and die- and box-making consumables, based in Bergamo, Italy. Mito is the leading distributor of creasing matrix in the Italian market and this investment in Mito is consistent with the Board's stated strategy of forward integrating in the matrix business.

The provisional amounts recognised in respect of the fair value identifiable assets acquired and liabilities assumed in the prior year are as set out in the table below.

	£000
Property plant and equipment	**126**
Inventories	**226**
Trade and other receivables	**153**
Cash and cash equivalents	**(265)**
Trade and other payables	**(527)**
Loans	**(418)**
Deferred tax	**(45)**
Separately identifiable intangible assets (note 15)	
Trademark/brands	**169**
Distributor and customer relationships	**377**
Net identifiable assets and liabilities at acquisition	**(204)**
Plastic Capital's share of identifiable assets and liabilities at acquisition (49%)	**(100)**
Goodwill	**250**
Total consideration at acquisition	**150**
Satisfied by:	
Cash	**21**
Convertible loans	**577**
Total consideration	**598**
Cash acquired	**(265)**
Convertible loans	**(448)**
Net cash outflow	**(115)**

Mito has been treated as a subsidiary in the Group Financial Statements on the basis that the Group has exercised control from the date of acquisition. The Group has exercised control from the date of acquisition which is based on a number of factors being; options to acquire further shares, representation on board, ability to approve dividends and power to implement strategic changes to the business.

Notes to the Financial Statements
for the year ended 31 March 2018

34 Subsidiary undertakings
Details of subsidiary undertakings are given below:

	County of incorporation	Nature of business	Percentage of ordinary Shares held
Plastics Capital Trading Limited [1]	England and Wales	Holding company	100%
Beijing Higher Shengli Printing Science and Technology Co Ltd [2]	China	Plastics products	100%
Bell Plastics Limited [1]	England and Wales	Plastics products	100%
BNL (UK) Limited [1]	England and Wales	Plastics products	100%
BNL (Japan) Inc. [3]	Japan	Plastics products	100%
BNL (US) Inc. [4]	USA	Plastics products	100%
BNL (Thailand) Limited [5]	Thailand	Plastics products	100%
C&T Matrix Limited [1]	England and Wales	Plastics products	100%
Flexipol Packaging Limited [1]	England and Wales	Plastics products	100%
GKT Partnership Limited [1]	England and Wales	Holding company	100%
Palagan Limited [1]	England and Wales	Plastics products	100%
Plastics Capital India Private Limited [6]	India	Plastics products	100%
Plastics Capital (Trustee) Limited [*1]	England and Wales	Trust company	100%
Sarnatech BNL (France) SARL [1]	France	Dormant	100%
Shanghai Plastics Capital Trading Limited [7]	China	Plastics products	100%
Shanghai Plastics Capital Parts Limited [7]	China	Plastics products	100%
Synpac Limited [1]	England and Wales	Plastics products	100%
Channel Creasing Matrix Inc. [8]	USA	Distribution	51%
Mito Srl. [9]	Italy	Distribution	49%

* This one company is owned directly by Plastics Capital plc whilst all other companies are owned indirectly through Plastics Capital Trading Limited.

The registered addresses of the companies detailed above, are as follows:

1. London Heliport, Bridges Court Road, London, SW11 3BE
2. 6 Fuwang Street, Fuyuan Area, Meichang Town, Wuqing District, Tianjin, China
3. 7F, Yamatane-Hakozaki Building, 8-1, Nihonbashi Hakozaki-cho, Chuou-ku, Tokyo, 103-0015, Japan
4. 56 Leonard Street, Unit 5, Foxboro, MA 02035, USA
5. 500/58 Moo 3, Hemaraj Eastern Seaboard Industrial Estate, Tasit, Pluakdaeng, Rayong 21140, Thailand
6. Building No. C7, Gala No. 35, Bhumi World Industrial Park, Bhiwandi - Nashik Highway, Pimplas Taluka, Bhiwandi District, Thane, 421302, India
7. Block 9, 237 Shengang Road, Songjiang District, Shanghai, 201612, China
8. 531 Corning Way, Martinsburg, WV 25405, USA
9. Via Primo Maggio 228, 2045 Fara Gera d'Adda, Bergamo, Italy

Company Balance Sheet
at 31 March 2018

	Note	2018 £000	2017 £000
Non-current assets			
Investments	3	**11,421**	11,327
		11,421	11,327
Current assets			
Receivables	4	**27,224**	23,225
Current liabilities			
Payables: amounts falling due within one year	5	**(64)**	(264)
Net current assets		**27,160**	22,961
Total assets less current liabilities		**38,581**	34,288
Net assets		**38,581**	34,288
Equity attributable to equity holders of the parent			
Share capital		**389**	357
Share premium		**24,960**	21,396
Merger reserve		**10,544**	10,544
Retained earnings		**2,688**	1,991
Total equity		**38,581**	34,288

These Financial Statements were authorised for issue by the Board of Directors on 2 July 2018 and were signed on its behalf by:

Faisal Rahmatallah
Chairman

Registered number 06387173

The notes on pages 65 and 66 form an integral part of these Financial Statements.

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

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
Balance at 31 March 2016	353	20,951	10,544	3,494	35,342
Profit for the financial year	–	–	–	285	285
Equity-settled share based payment transaction	–	–	–	(229)	(229)
Issue of share capital	4	445	–	(449)	–
Dividends paid	–	–	–	(1,110)	(1,110)
Balance at 31 March 2017	357	21,396	10,544	1,991	34,288

	Share capital £000	**Share premium £000**	**Merger reserve £000**	**Retained earnings £000**	**Total £000**
Balance at 31 March 2017	357	21,396	10,544	1,991	34,288
Profit for the financial year	–	–	–	654	654
Equity-settled share based payment transaction	–	–	–	43	43
Issue of share capital	32	3,564	–	–	3,596
Dividends paid	–	–	–	–	–
Balance at 31 March 2018	**389**	**24,960**	**10,544**	**2,688**	**38,581**

The notes on pages 65 and 66 form an integral part of these Financial Statements.

Notes to the Company Financial Statements
for the year ended 31 March 2018

1 General information
Plastics Capital (the "Company") is a public company incorporated in England and Wales, with subsidiary undertakings in the UK, Japan, India, China, Thailand, Italy and the United States of America. The address of its registered office is Room 1.1, London Heliport, Bridges Court Road, London, SW11 3BE. The Company financial statements present information about the Company as a separate entity and not about its Group.

2 Summary of significant accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation
These financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006 and under FRS101 "Reduced disclosure framework".

These financial statements have been prepared in pounds sterling (£), which is also the functional currency of the company. Where relevant, equivalent disclosures have been given in the Group accounts of Plastics Capital plc. The Group accounts of Plastics Capital plc are available to the public and can be obtained as set out in note 1. Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company had a profit of £654,000 for the year ended 31 March 2018 (2017: £285,000).

Certain disclosures have been included in the consolidated notes section of these financial statements in pages 38 to 62. These include:
- disclosures in respect of share-based payments, see note 23;
- certain disclosures required by IFRS 7 Financial Instrument Disclosures on the basis that the consolidated financial statements include the equivalent disclosures, see note 27;
- certain disclosures required by IFRS 13 Fair Value Measurement on the basis that the consolidated financial statements include the equivalent disclosures, see note 2;
- disclosures in respect of capital management, see note 27; and
- disclosures in respect of the compensation of Key Management Personnel, see note 9.

These Financial Statements have been prepared in Sterling, which is also the functional currency of the company.

Share based payments
The Group's LTIP programme allows certain employees to acquire shares of the Company. The fair value of the shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. The fair value of the shares granted is measured using an option pricing model, taking into account the terms and conditions upon which the shares were granted. The amount recognised as an expense is adjusted to reflect the actual number of share that vest except where variations are due only to share prices not achieving the threshold for vesting.

Own shares held by ESOP trust
Transactions of the Company-sponsored ESOP trust are treated as being those of the Company and are therefore reflected in the Company's financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

Investments
In the Company's financial statements, investments in subsidiary undertakings are stated at cost less impairments.

3 Investments

	2018 £000	2017 £000
Investments	**11,421**	11,327
	11,421	11,327

4 Receivables

	2018 £000	2017 £000
Other debtors and prepayments	**–**	–
Amounts owed by subsidiary undertakings	**27,224**	23,225
	27,224	23,225

Interest is accrued on Amounts owed by subsidiary undertakings at 1% over the base rate. The fair value of borrowings equals their carrying amount as the impact of discounting is not significant.

5 Payables: amounts falling due within one year

	2018 £000	2017 £000
Corporation tax	**64**	264
	64	264

6 Staff numbers and costs

The only employees of the Company are the statutory Directors as listed on page 24. All remuneration was borne by a subsidiary Group company.

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Room 1.1, London Heliport
Bridges Court Road, London SW11 3BE

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