29 August 2014

BRITISH POLYTHENE INDUSTRIES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Highlights

- Operating profits increased 4% to £17.0 million (2013: £16.4 million)
- Profits before tax up 5% to £14.8 million (2013: £14.1 million)
- Adjusted earnings per share up 5% to 42.10p (2013: 40.12p)
- Interim dividend per share increased by 11% to 5.0p (2013: 4.5p)
- UK profits improved by 25%, Europe up 9% in local currency, offset by setback in North America
- Capital investment £10 million
- Borrowing facilities renewed for 5 years

Commenting on the results Cameron McLatchie, Chairman of BPI, said:

"The good performance in the UK and Europe has continued into the second half, our order books are sound and we now anticipate a good outcome for 2014."

Enquiries

Cameron McLatchie, Chairman	01475 501000
John Langlands, Chief Executive	01475 501000
Charles Palmer/Lucy Delaney	020 7831 3113

Forward looking statements

The report contains forward looking statements. Although the Group believes that the expectation reflected in these forward looking statements are reasonable, it can give no assurances that the expectations will prove to be correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward looking information, actual results may differ materially from those expressed or implied by these forward looking statements. The Group undertakes no obligation to update any forward looking statements, whether as a result of new information, future events, or otherwise.

INTERIM MANAGEMENT REPORT

Chairman's Statement

We indicated at the time of our AGM on 8 May that we anticipated a further satisfactory performance in 2014.

Volumes for the period increased by over 2%. After currency movements, this resulted in sales of £281.1 million, which were marginally below the comparative period (2013: £282.2 million). Profits from operations were £0.6 million higher at £17.0 million (2013: £16.4 million). The underlying profit improvement is much better than these numbers indicate, as we saw an increase in the operating profits of our UK business of some £1.4 million, and an increase in Europe of around €1.0 million.

The much better UK result was achieved against a background of a late start to the agricultural season in the south-west of the UK, due to flooding, and the European improvement was diluted by adverse translation of currency during the period. The combined profit improvement of £2.0 million in the UK and Europe was offset by a loss of £0.6 million (2013: £0.7 million profit) in our North American business, where, as previously reported, we were impacted by the late delivery of a major replacement item of plant.

Adjusted earnings per share increased to 42.10p (2013: 40.12p).

Encouraged by the underlying profit improvement in the UK and Mainland Europe, the Board has declared an increase in the interim dividend to 5.0p (2013: 4.5p). This dividend will be paid on 14 November to shareholders on the register at close of business on 17 October 2014.

Net borrowings reduced marginally from £30.1 million to £29.8 million. During the period we agreed new banking facilities on more favourable terms. These new facilities comprise revolving credit facilities of £70 million with a five year duration.

In total there was an increase in the calculated deficit, net of tax, in the UK defined benefit pension scheme to £61.9 million from £45.3 million at 31 December 2013. As previously reported, following a change to the rules of our Pension Funding Partnership this is no longer recognised as a Scheme asset and this resulted in a £19 million increase in the gross deficit.

Polymer costs remained fairly high during the first half, with a gentle easing at the start of the second quarter being replaced by firm increases by the end of that quarter. However, we are now detecting a reduction in the cost of naphtha, a base feedstock for polymer in Western Europe and we should see some easing in raw material prices in the short term.

The replacement machinery in North America is now installed and operating and we anticipate deriving benefits from this in 2015 and beyond. The good performance in the UK and Europe has continued into the second half, our order books are sound and we now anticipate a good outcome for 2014.

Cameron McLatchie

Chairman

BUSINESS REVIEW

Summary

The Group profit from operations increased from £16.4 million to £17.0 million despite a setback in North America due to a delay in delivery and some installation issues with the replacement of our largest extrusion line. Both the UK and Mainland Europe delivered improved results. The contribution from our agricultural sales is normally weighted to the first half and we expect this again to be the case in the current year.

Sales Volumes

Total sales volume at 154,000 tonnes were 2% ahead of 2013 reflecting the acquisition of Flexfilm in 2013, some growth in Europe from increased capacity and some volume recovery in the UK in the construction sector. Down gauging of our products continued.

Sales and Margins

Sales for the first six months were down as the strength of sterling reduced sales by nearly £5 million from Mainland Europe and North America. Margins showed a small improvement as we continued to improve the sales mix and achieve operational improvements. The Group operating profit per tonne increased from £108 per tonne to £110 per tonne.

Raw Material Prices

In Europe, compared to previous years, raw materials have remained relatively benign with a small increase in January followed by some easing in February and March and small increases in May and June. July has seen a larger increase with some shortages being reported in the market due to production issues at a major European polymer plant. With the price of naphtha now falling, we would expect some easing in polymer prices in August and September. The average raw material price based in the reported indices was broadly similar to 2013.

Prices increased in North America in February and have remained at ahigh level despite very low feedstock costs. We are facing the prospect of a further increase in September.

Prices in both Europe and North America remain significantly higher than the Far East.

Energy Costs

Energy costs were broadly in line with the first half of 2013 in spite of increased production throughput. In the UK we saw some benefit from reduced wholesale electricity costs but the burden from energy taxes continues to increase.

Borrowing Costs

Borrowing costs are unchanged from 2013 in spite of average borrowings being higher in the period. As noted below new banking facilities have been agreed on more favourable terms.

Capital Expenditure

Capital expenditure of £9.7 million was higher than depreciation as we remain committed to increased capital expenditure to improve efficiency and reduce scrap, labour and energy costs. The most significant expenditure comprised the completion of our major strategic projects for a replacement multi-layer wide agricultural film line at Edmonton in Canada and a new multi-layer silage stretchfilm line at Zele in Belgium. Other expenditure included further investment in extrusion and printing equipment in China to increase capacity. At Bromborough in the UK we continue to replace and upgrade a number of extrusion lines to provide improvements in terms of productivity, quality, scrap and energy consumption.

Cash Flow and Borrowings

Net borrowings were broadly unchanged at £29.8 million. The impact of currency translation on non sterling borrowings, which are maintained to hedge the net investment in our overseas subsidiaries, accounted for a reduction of £1.1 million. Working capital increased by £2.9 million compared to an increase of £0.6 million in the first half of 2013. The Employee Share Ownership Trust purchased 751,094 of the company’s shares at a cost of £4.9 million.

During the period, new banking facilities of £70 million were agreed with the Group's existing four banks on more favourable terms. The new facilities, which replaced existing revolving credit and certain short term facilities, comprise five year revolving credit facilities and will expire in 2019. Total facilities at 30 June amounted to £91.0 million.

Pension Fund

The deficit in the UK Defined Benefit Pension Fund increased from £57.3 million (net of tax £45.8 million) to £78.4 million (net of tax £62.7 million). The movement in the deficit is analysed below :

	£M
Deficit at 31 December 2013	57.3
Contributions	(1.7)
Better than assumed return from investments	(2.6)
Decrease in assumed long term inflation rates	(4.9)
Decrease in discount rate applied to liabilities	10.0
Adjustment in respect of Pension Funding Partnership	19.1
Net Pension Funding	1.2
Deficit at 30 June 2014	**78.4**

Whilst the assumed long term inflation rate reduced from 3.35% to 3.25%, the discount rate applied to the liabilities reduced to 4.2% from 4.4%. The real yield therefore fell to 0.95% from 1.05% at 31 December 2013.

As previously advised, following the Financial Reporting Council's press release, early in 2014, regarding asset backed funding arrangements such as the Pension Funding Partnership, the Directors have agreed certain changes, with the Scheme Trustee, to the terms of the Pension Funding Partnership. The changes were implemented in June 2014. The principal accounting effect of the change in the structure is that the present value of the income stream is no longer recognised as a plan asset in the Group's financial statements and the corresponding credit reflected as a non-controlling interest within equity no longer features in the Group's balance sheet. This change has no impact on total equity attributable to equity holders of the parent or earnings per share. The scheme funding and cash flow benefits of the Pension Funding Partnership will be unaffected and this accounting change will have no impact on the actuarial valuation of the pension deficit.

Principal Risks & Uncertainties

The 2013 Annual Report (page 16) sets out the principal risks and uncertainties faced by the Group at December 2013, and details the process in place for managing those risks. There have been no significant changes to the risk management process in the interim period.

We do not consider these risk factors to have changed significantly, and therefore the principal risks and uncertainties facing the Group for the remaining six months of the year are consistent with those set out in the 2013 Annual Report. However, there may be additional factors which are not currently known to the Group, or which we currently deem immaterial, which may also have an adverse effect on our business.

Liquidity Risk

As highlighted in the section on Risk Factors referred to above, whilst improving, the economic conditions remain challenging; however, the Directors believe that the Group continues to perform well despite these circumstances.

Given continued uncertainty in Europe and to a lesser extent in the UK, the risk remains of further reductions in market demand. However, more than two thirds of the Group's business is in sectors such as agriculture, retail food chain, healthcare and waste services which, so far, have been shown to be relatively resilient in the face of the economic downturn. We are also seeing evidence of a recovery in construction markets. The main European markets are UK and Ireland, Benelux, Scandinavia, Germany and France with limited sales to the southern European nations.

In view of these market conditions, the risk of customer insolvency remains increased. However, customers are spread across a wide range of market sectors and geographical regions and no customer represents more than 3% of Group turnover. We continue to carry some credit insurance in Europe and in the agricultural sector.

Banking facilities are in place, which provide sufficient headroom to support the Group's trading and development plans. The revolving credit elements of these facilities are repayable in 2019. Short-term overdraft facilities are renewable on an annual basis. Where this renewal period falls within 12 months, no matters have been drawn to the attention of the Directors to suggest that renewal may not be forthcoming on acceptable terms.

Going Concern

The Group's projections, taking account of the risks outlined above, show that the Group should be able to operate comfortably within its current banking facilities. As a result, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Scottish Independence

The forthcoming referendum, in September 2014, on Scottish independence presents both risks and uncertainties due to a lack of clarity on the practical implications of a vote in favour of Scottish independence. The key areas of risk relate to trade, currency, taxation, regulation and pensions. Whilst the Group is headquartered in Scotland and has three manufacturing sites in Scotland, it is registered in England and carries out a majority of its activities outside Scotland. Deliveries to customers in Scotland represent less than 5% of total group sales.

Strategy

Our current strategy is set out in our 2013 Annual Report and, during the period, further strategic investments in agricultural films, food packaging, and recycling have been made in support of this strategy.

Outlook

Demand remains at reasonable levels and, while raw material prices increased in Europe in July, we now expect some easing in August and September and remain confident in delivering further progress in 2014.

OPERATING REVIEW

Mainland Europe

	2014 £'m	2013 £'m
Operating Profit	10.1	9.6
Tonnes Sold	46,100	43,600

Another strong performance from Mainland Europe as operating profits increased 5% to £10.1 million on the back of sales volumes up by nearly 6% due to additional capacity. All three sites improved volumes. A less favourable exchange rate reduced profits by £0.4 million.

Despite high carry over stocks in some markets, our total sales of silage products increased with sales of our advanced products SilotitePro and Baletite accounting for 19% of sales. Aggressive competition due to the presence of carry over stocks resulted in some margin reduction. Our latest multi layer extrusion line for stretchwrap was commissioned in the period.

Following the transfer of a line from Zele, extrusion in Roeselare increased significantly as Roeselare now provides all feedstock for printing in Zele. Roeselare also saw further growth in our thinner products for the insulation market.

Sales volumes from our plant in Holland increased by 5%, despite further erosion in demand from the polymer industry, as we successfully grew sales of FFS in other markets and increased volumes of printed film following the installation of a replacement press with additional capacity. A smaller replacement printing press has been authorised for delivery in 2015.

Our strategy of investment and development of new products will ensure the business continues to deliver good returns.

UK & Ireland

	2014 £'m	2013 £'m
Operating Profit	7.5	6.1
Tonnes Sold	104,800	102,100

A good improvement from the UK as profits increased by £1.4 million to £7.5 million due to increased sales volumes, an improved sales mix and operational improvements.

Sales volumes increased by 2,700 tonnes reflecting the acquisition of Flexfilm in 2013, recovery of volumes in the construction sector and sales of wide film to our North American business as their main extrusion line was replaced. This offset lower volumes in our Consumer business following the loss of a major bread bag contract at the end of 2013 and lower demand in silage stretch.

Volumes in our plain film operations were ahead of 2013 reflecting the acquisition of Flexfilm with flat demand in most markets. Some new business should improve volumes in the second half. The new high output lines installed at Bromborough are now running well and a further line will be installed in the second half.

Silage stretch volumes were down on 2013 due to a high level of carry over stocks in the UK, Ireland and Scandinavia. We did, however, see a good first cut in the UK which utilised most of the carry over stock resulting in strong demand in the second quarter. Margins were, however, reduced due to a combination of aggressive competitive pricing especially in Ireland and exchange rates for our export markets.

Sales volumes of industrial stretchwrap were broadly similar with some growth in our prestretch Wrapsmart product offsetting a reduction in blown machine reels.

In mid July we purchased the prestretch business of STC (Converters) including three converting machines. This small acquisition, with sales of around 1,000 tonnes, will bring new customers, additional capacity and new products in the form of coreless prestretched reels.

Sales volumes from the wide lines at Ardeer increased as they supplied silage sheet volume to our North American business. This increase in output resulted in improved operational performance and reduced scrap levels.

Sales volumes in refuse sacks were 10% ahead of 2013 reflecting some customer wins but margin pressure remained intense particularly in the retail sector.

Our construction films saw some recovery and volumes were 8% ahead of 2013. In the same sector, our specialist gas and water-proofing systems business continued to grow and sales were 28% ahead of 2013 reflecting the success of establishing stocking centres in 2013.

Volumes in our Visqueen packaging business increased due to a strong recovery in construction and improvements in the furniture, bedding, peat and general packaging markets. Further operational improvements were achieved at both Ardeer and Greenock.

Volumes were down in our UK Consumer operations following the loss of a large bread bag contract at the end of 2013. Margin pressure remained intense as the major UK supermarkets demanded lower prices. Our plant in China saw lower volumes due to margin pressure in the UK retail and healthcare sectors. Our second 8 colour printing press in China was successfully installed as we seek to secure additional business in the Australian and Asian markets.

Our recycling activities increased volumes by 8% as we improved outputs from our washing plants at Rhymney and Heanor. Sourcing of scrap remains the major challenge for our recycling activities with the UK continuing to export most of its polythene waste films.

The UK business should continue to improve as the economy and construction sector recover and we benefit from operational improvements and capital investment.

North America

	2014	2013
	£'m	£'m
Operating Profit	(0.6)	0.7
Tonnes Sold	3.1	5.0

North America produced a loss as the installation of the replacement of our largest extrusion line was delayed by nearly 3 months. Initial teething problems over the first few months of operation further restricted production. Actual production in the first six months was therefore 50% below the equivalent period in 2013 resulting in the loss for the period.

While manufactured tonnes sold were only 3,100 tonnes, support from the UK ensured that actual total sales were 4,600 tonnes and only 8% behind 2013. Higher polymer prices in North America, despite low feedstock costs, have encouraged imports and placed pressure on sales pricing and margins. Notwithstanding these issues, volumes of our agricultural products were marginally ahead with horticultural behind.

Production operating costs, including labour, fell significantly from 2013 but scrap rates increased due to the problems with the start up of the new line.

The new extrusion line is now running but the impact of lost production in the first half will make it very difficult to meet our sales requirements in the second half. We will see the benefits from this major investment in 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The interim report is the responsibility of, and has been approved by, the directors of British Polythene Industries PLC.

The directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union;

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the board

John Langlands	**David Harris**
Chief Executive	**Finance Director**

British Polythene Industries PLC
Condensed Consolidated Income Statement
For the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 (unaudited) £m	Six months ended 30 June 2013 (unaudited) £m	Year ended 31 December 2013 £m
Turnover	**3**	**281.1**	282.2	507.5
Profit from operations before restructuring	**3**	**17.0**	16.4	24.0
Restructuring		**-**	-	(1.0)
Profit from operations after restructuring		**17.0**	16.4	23.0
Borrowing costs		**(1.0)**	(1.0)	(1.9)
Net retirement benefit financing	**4**	**(1.2)**	(1.3)	(2.6)
Net financing costs		**(2.2)**	(2.3)	(4.5)
Profit before tax		**14.8**	14.1	18.5
Tax	**5**	**(4.2)**	(4.0)	(5.5)
Profit for the period/year		**10.6**	10.1	13.0
Attributable to:				
Equity holders of the parent		**10.1**	9.6	12.0
Non-controlling interests		**0.5**	0.5	1.0
		10.6	10.1	13.0
Earnings per share				
Basic	**7**	**39.21p**	37.66p	47.13p
Diluted	**7**	**36.98p**	34.69p	43.23p

British Polythene Industries PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Note	Six months ended 30 June **2014** **(unaudited)** £m	2013 (unaudited) £m	Year ended 31 December 2013 £m
Profit for the period/year		**10.6**	10.1	13.0
Items that will not be reclassified to profit or loss:				
Actuarial (loss)/gain on defined benefit pension scheme	**12, 15**	**(2.5)**	10.5	4.8
Tax on items taken directly to equity	**5**	**0.5**	(2.4)	(2.9)
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges: effective portion of net changes in fair value		**(0.1)**	-	0.3
Movement on translation of overseas undertakings and related borrowings		**(0.6)**	0.7	0.2
Other comprehensive income for the period/year		**(2.7)**	8.8	2.4
Total comprehensive income for the period/year		**7.9**	18.9	15.4
Attributable to:				
Equity holders of the parent		**7.3**	18.6	16.1
Non-controlling interests		**0.6**	0.3	(0.7)
Total comprehensive income for the period/year		**7.9**	18.9	15.4

British Polythene Industries PLC
Condensed Consolidated Balance Sheet
At 30 June 2014

	Note	**30 June 2014 (unaudited)**	30 June 2013 (unaudited)	31 December 2013
		£m	£m	£m
Non-current assets				
Goodwill	**8**	**2.5**	2.5	2.5
Other intangible assets	**9**	**0.9**	1.1	1.0
Property, plant and equipment	**10**	**100.2**	95.1	99.7
Deferred tax assets		**16.6**	17.8	16.0
		120.2	116.5	119.2
Current assets				
Inventories		**55.4**	54.6	77.3
Trade and other receivables		**86.4**	86.3	52.3
Cash at bank	**11**	**0.6**	0.5	0.8
		142.4	141.4	130.4
Current liabilities				
Bank overdraft	**11**	**1.6**	4.7	6.5
Other loans and borrowings	**11**	**0.1**	0.8	5.8
Derivative financial instruments		**-**	0.7	0.4
Trade and other payables		**96.2**	97.7	86.6
Dividends payable		**-**	2.3	-
Current tax liabilities		**3.0**	4.0	0.9
		100.9	110.2	100.2
Net current assets		**41.5**	31.2	30.2
Total assets less current liabilities		**161.7**	147.7	149.4
Non-current liabilities				
Other loans and borrowings	**11**	**28.7**	15.9	18.6
Retirement and employee benefit obligations	**12**	**79.2**	53.6	58.1
Deferred tax liabilities		**4.2**	4.9	4.2
Deferred government grants		**0.2**	0.4	0.3
		112.3	74.8	81.2
Net assets		**49.4**	72.9	68.2
Equity				
Issued share capital	**13**	**6.8**	6.7	6.7
Share premium account		**26.3**	25.7	25.9
Other reserves	**14**	**8.5**	9.4	9.2
Retained earnings		**7.5**	9.5	6.7
Total equity attributable to equity holders of the parent		**49.1**	51.3	48.5
Non-controlling interests	**15**	**0.3**	21.6	19.7
Total equity		**49.4**	72.9	68.2

British Polythene Industries PLC
Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2014

	Six months ended 30 June		Year ended 31 December
	2014 (unaudited)	2013 (unaudited)	2013
	£m	£m	£m
Profit from operations	**17.0**	16.4	23.0
Amortisation of intangible assets	**0.1**	0.2	0.4
Depreciation and impairment of property, plant and equipment	**7.2**	6.7	13.5
IFRS 2 charge in relation to equity settled transactions	**0.3**	1.0	1.6
Gain on disposal of property, plant and equipment	**(0.1)**	-	-
Adjustment relating to pensions	**(2.6)**	(2.7)	(5.6)
Operating cash flows before movements in working capital	**21.9**	21.6	32.9
Decrease / (increase) in inventories	**20.6**	18.0	(3.0)
Increase in trade and other receivables	**(35.0)**	(40.2)	(4.2)
Increase in trade and other payables	**11.5**	21.6	5.9
Movements in working capital	**(2.9)**	(0.6)	(1.3)
Cash generated from operations	**19.0**	21.0	31.6
Interest paid	**(1.1)**	(1.0)	(2.2)
Income taxes paid	**(2.1)**	(1.7)	(6.2)
Net cash from operating activities	**15.8**	18.3	23.2
Investing activities			
Purchase of property, plant and equipment	**(9.7)**	(7.9)	(19.7)
Purchase of intangible assets	**-**	-	(0.1)
Purchase of business	**-**	(5.1)	(5.2)
Proceeds from sale of property, plant and equipment	**0.1**	-	-
Net cash used in investing activities	**(9.6)**	(13.0)	(25.0)
Net cash flows before financing	**6.2**	5.3	(1.8)
Financing activities			
Dividends paid	**(2.6)**	-	(3.5)
Net increase / (decrease) in bank loans	**5.6**	(0.1)	8.9
Repayment of obligations under hire purchase	**(0.3)**	(0.6)	(1.0)
Purchase of company ordinary shares	**(4.9)**	(2.2)	(2.1)
Proceeds from the issue of share capital	**0.5**	0.5	0.7
Net cash from financing activities	**(1.7)**	(2.4)	3.0
Net increase in cash and cash equivalents	**4.5**	2.9	1.2
Cash and cash equivalents at beginning of period/year	**(5.7)**	(6.6)	(6.6)
Effect of foreign exchange rate changes	**0.2**	(0.5)	(0.3)
Cash and cash equivalents at end of period/year	**(1.0)**	(4.2)	(5.7)

British Polythene Industries PLC
Condensed Consolidated Statement of Changes in Equity
For the period ended 30 June 2014

Six months ended 30 June 2014	Share Capital (unaudited) £m	Share Premium (unaudited) £m	Other Reserves [1] (unaudited) £m	Retained Earnings [2] (unaudited) £m	Attributable to owners of the parent (unaudited) £m	Non-controlling Interests[3] (unaudited) £m	Total (unaudited) £m
Balance at 1 January 2014	6.7	25.9	9.2	6.7	48.5	19.7	68.2
Profit for the period	-	-	-	10.1	10.1	0.5	10.6
Cash flow hedges: effective proportion of changes in fair value	-	-	(0.1)	-	(0.1)	-	(0.1)
Actuarial (loss) / gain on defined benefit pension scheme	-	-	-	(2.6)	(2.6)	0.1	(2.5)
Movement on translation of overseas undertakings and related borrowings	-	-	(0.6)	-	(0.6)	-	(0.6)
Tax on components of other comprehensive income	-	-	-	0.5	0.5	-	0.5
Total comprehensive income for the period	-	-	(0.7)	8.0	7.3	0.6	7.9
IFRS 2 charge in relation to equity settled transactions	-	-	-	0.3	0.3	-	0.3
Payment to pension scheme by pension funding partnership	-	-	-	-	-	(0.9)	(0.9)
Adjustment in respect of Pension Funding Partnership	-	-	-	-	-	(19.1)	(19.1)
Increase in own shares held	-	-	-	(4.9)	(4.9)	-	(4.9)
Issue of shares	0.1	0.4	-	-	0.5	-	0.5
Dividends	-	-	-	(2.6)	(2.6)	-	(2.6)
Balance at 30 June 2014	6.8	26.3	8.5	7.5	49.1	0.3	49.4

1 Refer to note 14 for breakdown of other reserves.
2 As at 31 December 2013 the holding company retained earnings under UK GAAP amounted to £39.8m (2012: £39.3m) and are not currently affected by movements in retirement benefit obligations.
3 Refer to note 15 for breakdown of non-controlling interest

British Polythene Industries PLC
Condensed Consolidated Statement of Changes in Equity (continued)
For the period ended 30 June 2014

Six months ended 30 June 2013	**Share Capital (unaudited) £m**	**Share Premium (unaudited) £m**	**Other Reserves [1] (unaudited) £m**	**Retained Earnings [2] (unaudited) £m**	**Attributable to owners of the parent (unaudited) £m**	**Non-controlling Interests[3] (unaudited) £m**	**Total (unaudited) £m**
Balance at 1 January 2013	6.6	25.3	8.7	(4.9)	35.7	22.2	57.9
Profit for the period	-	-	-	9.6	9.6	0.5	10.1
Actuarial gain / (loss) on defined benefit pension scheme	-	-	-	10.7	10.7	(0.2)	10.5
Movement on translation of overseas undertakings and related borrowings	-	-	0.7	-	0.7	-	0.7
Tax on components of other comprehensive income	-	-	-	(2.4)	(2.4)	-	(2.4)
Total comprehensive income for the period	-	-	0.7	17.9	18.6	0.3	18.9
IFRS 2 charge in relation to equity settled transactions	-	-	-	1.0	1.0	-	1.0
Payment to pension scheme by pension funding partnership	-	-	-	-	-	(0.9)	(0.9)
Increase in own shares held	-	-	-	(2.2)	(2.2)	-	(2.2)
Issue of shares	0.1	0.4	-	-	0.5	-	0.5
Dividends	-	-	-	(2.3)	(2.3)	-	(2.3)
Balance at 30 June 2013	6.7	25.7	9.4	9.5	51.3	21.6	72.9

British Polythene Industries PLC
Condensed Consolidated Statement of Changes in Equity (continued)
For the period ended 30 June 2014

Year ended 31 December 2013	**Share Capital £m**	**Share Premium £m**	**Other Reserves [1] £m**	**Retained Earnings [2] £m**	**Attributable to owners of the parent £m**	**Non-controlling Interests[3] £m**	**Total £m**
Balance at 1 January 2013	6.6	25.3	8.7	(4.9)	35.7	22.2	57.9
Profit for the period	-	-	-	12.0	12.0	1.0	13.0
Cash flow hedges: effective proportion of changes in fair value	-	-	0.3	-	0.3	-	0.3
Actuarial gain / (loss) on defined benefit pension schemes	-	-	-	6.5	6.5	(1.7)	4.8
Movement on translation of overseas undertakings and related borrowings	-	-	0.2	-	0.2	-	0.2
Tax on components of other comprehensive income	-	-	-	(2.9)	(2.9)	-	(2.9)
Total comprehensive income for the period	-	-	0.5	15.6	16.1	(0.7)	15.4
Payment to pension scheme by pension funding partnership	-	-	-	-	-	(1.8)	(1.8)
IFRS 2 charge in relation to equity settled transactions	-	-		1.6	1.6	-	1.6
Issue of shares	0.1	0.6	-	-	0.7	-	0.7
Increase in own shares held	-	-	-	(2.1)	(2.1)	-	(2.1)
Dividends	-	-	-	(3.5)	(3.5)	-	(3.5)
Balance at 31 December 2013	6.7	25.9	9.2	6.7	48.5	19.7	68.2

British Polythene Industries PLC
Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation and accounting policies

British Polythene Industries PLC (the "Company") is a company domiciled and incorporated in the United Kingdom. These interim financial statements ("interim statements") represent the condensed consolidated financial information of the company and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2014. They have been prepared in accordance with the Disclosure and Transparency rules of the UK's Financial Services Authority and the requirements of IAS 34 'Interim Financial Reporting' as adopted by the EU.

The interim statements were authorised for issue by the Directors on 28 August 2014.

The interim statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and do not include all of the information and disclosures required for full annual financial statements. They should be read in conjunction with the Annual Report 2013 which is available on request from the Company's registered office, or from the Company website; www.bpipoly.com.

The comparative figures for the financial year ended 31 December 2013 are not the Company's statutory accounts for that financial year. The statutory accounts for the year ended 31 December 2013, which were prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim statements for the current and previous period are unaudited. This statement has not been reviewed by the Company's auditor.

The interim statements are prepared on the historical cost basis except for derivative financial instruments and the assets of the defined benefit pension scheme which are stated at their fair value and the liabilities of the defined benefit pension scheme which are measured by the projected unit credit method.

The interim statements have been prepared on a going concern basis. The reasons for this are outlined in the Operating Review.

The accounting policies applied by the Group in these interim statements are the same as those applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2013 with the exception of IFRS 10, 11 and 12 which have been adopted since the start of the year. These standards had no impact on the Group.

Although the Group has adopted a number of new interpretations and amendments to existing standards in the period, the application of these has not had any impact on the net assets or results of the Group.

The preparation of the interim statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There has been no change in the estimates and judgements applied in the 2013 Annual Report.

2. Seasonality of operations

Management do not consider the business to be highly seasonal. However, revenues in some sectors are subject to seasonal fluctuations. Sales to the agricultural sector generally peak in the first half of the year due to seasonal weather conditions.

British Polythene Industries PLC
Notes to the Condensed Consolidated Financial Statements

3. Segment reporting

The Group has three reportable segments; UK and Ireland, Mainland Europe and North America.

UK & Ireland includes all of the UK manufacturing and merchanting activities along with the Irish sales office which distributes predominantly UK manufactured products. It also includes the manufacturing operation in China from which most of the output is exported for sale by the Group in the UK. Mainland Europe comprises the manufacturing and merchanting activities located in Belgium, the Netherlands and France. North America comprises the manufacturing business in Canada with sales throughout North America.

The accounting policies of the reporting segments are the same as those described in Note 1. Inter-segment pricing is determined on an arms length basis.

Segment profit

An analysis of the Group's revenue and results by operating segment for the periods is presented below.

	UK & Ireland (unaudited)		Mainland Europe (unaudited)		North America (unaudited)		Total (unaudited)	
Six months ended 30 June	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Turnover								
Total sales	**179.6**	179.7	**95.9**	96.7	**10.3**	11.9	**285.8**	288.3
Inter-segment sales	**(2.0)**	(4.3)	**(2.7)**	(1.8)	**-**	-	**(4.7)**	(6.1)
External sales	**177.6**	175.4	**93.2**	94.9	**10.3**	11.9	**281.1**	282.2
Profit from operations	**7.5**	6.1	**10.1**	9.6	**(0.6)**	0.7	**17.0**	16.4
Net financing costs							**(2.2)**	(2.3)
Profit before tax							**14.8**	14.1
Tax							**(4.2)**	(4.0)
Profit for the period							**10.6**	10.1

	UK & Ireland	Mainland Europe	North America	Total
Year ended 31 December	2013	2013	2013	2013
	£m	£m	£m	£m
Turnover				
Total turnover	338.1	151.0	27.3	516.4
Inter-segment sales	(6.5)	(2.4)	-	(8.9)
External sales	331.6	148.6	27.3	507.5
Profit from operations before restructuring	8.7	14.4	0.9	24.0
Restructuring costs	(1.0)	-	-	(1.0)
Profit from operations after restructuring	7.7	14.4	0.9	23.0
Net financing costs				(4.5)
Profit before tax				18.5
Tax				(5.5)
Profit for the year				13.0

3. Segment reporting (continued)

Segment assets

The Group's assets are analysed by operating segment as follows:

	UK & Ireland (unaudited)		Mainland Europe (unaudited)		North America (unaudited)		Total (unaudited)	
Six months ended 30 June	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m
Non-current assets*	**69.9**	67.8	**29.2**	28.2	**4.5**	2.7	**103.6**	98.7
Inventories and trade and other receivables	**103.9**	100.0	**32.9**	34.4	**13.8**	14.2	**150.6**	148.6
	173.8	167.8	**62.1**	62.6	**18.3**	16.9	**254.2**	247.3
Elimination of intercompany debtors							**(8.8)**	(7.7)
Deferred tax assets							**16.6**	17.8
Cash at bank							**0.6**	0.5
Total assets							**262.6**	257.9

	UK & Ireland	Mainland Europe	North America	Total
Year ended 31 December	2013	2013	2013	2013
	£m	£m	£m	£m
Non-current assets*	69.0	29.9	4.3	103.2
Inventories and trade and other receivables	90.5	36.6	7.7	134.8
	159.5	66.5	12.0	238.0
Elimination of intercompany debtors				(5.2)
Deferred tax assets				16.0
Cash at bank				0.8
Total assets				249.6

* The measure of non-current assets used for segmental reporting comprises goodwill, other intangible assets, investments and property, plant and equipment. It excludes deferred tax assets and retirement benefit assets.

4. Net retirement benefit financing

	Six months ended 30 June		Year ended 31 December
	2014 (unaudited)	2013 (unaudited)	2013
	£m	£m	£m
Expected return on pension scheme assets	**(5.0)**	(4.5)	(8.9)
Interest on pension liabilities	**6.2**	5.8	11.5
Net retirement benefit financing	**1.2**	1.3	2.6

5. Tax

Corporation tax for the interim period is charged at 28.5% (June 2013: 28%), representing the estimated annual effective tax rate for the full financial year.

A reduction in the rate from 23% to 21% (effective from 1 April 2014) and 21% to 20% by 2015 was substantively enacted on 17 July 2013. The deferred tax liability at 30 June 2014 has therefore been calculated based on the rate of 20% substantively enacted during 2013.

Tax on items taken directly to equity relates to tax on the defined benefit pension schemes.

6. Dividend

	Six months ended 30 June (unaudited)		Year ended 31 December
	2014	2013	2013
	£m	£m	£m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2013 of 10.00p per share	**2.6**	-	-
Final dividend for the year ended 31 December 2012 of 9.00p per share	**-**	2.3	2.3
Interim dividend for the year ended 31 December 2013 of 4.50p per share	**-**	-	1.2
	2.6	2.3	3.5
Proposed interim dividend for the year ending 31 December 2014 of 5.00p (2013: 4.50p) per share	**1.4**	1.2	-

The proposed interim dividend of 5.00p (2013: 4.50p) per share will be paid on 14 November 2014 to shareholders on the register at close of business on 17 October 2014.

The interim dividend was approved by the Board on 28 August 2014 and has not been included as a liability as at 30 June 2014.

7. Earnings per ordinary share

	Six months ended 30 June		Year ended 31 December
	2014 (unaudited)	2013 (unaudited)	2013
Weighted average number of ordinary shares	**000**	000	000
Issued ordinary shares	**26,944**	26,649	26,751
Effect of own shares held	**(1,188)**	(1,159)	(1,288)
Weighted average number of ordinary shares	**25,756**	25,490	25,463
Effect of share options and long-term incentive plan shares in issue	**1,557**	2,180	2,293
Diluted weighted average number of ordinary shares	**27,313**	27,670	27,756
Profit attributable to ordinary shareholders	**£10.1m**	£9.6m	£12.0m
Exclude:			
Restructuring costs	**-**	-	£1.0m
Net pension financing	**£1.2m**	£1.3m	£2.6m
Minority interest on net pension financing	**£0.5m**	£0.5m	£1.0m
Taxation on net pension financing	**(£0.3m)**	(£0.3m)	(£0.8m)
Prior year tax charges	**-**	-	£0.6m
Adjusted profit attributable to ordinary shareholders	**£11.5m**	£11.1m	£16.4m
Basic earnings per ordinary share	**39.21p**	37.66p	47.13p
Diluted earnings per ordinary share	**36.98p**	34.69p	43.23p
Adjusted diluted earnings per ordinary share	**42.10p**	40.12p	59.09p

Adjusted earnings per share is stated before net retirement benefit financing and prior year tax items.

8. Goodwill

	30 June 2014 (unaudited)	30 June 2013 (unaudited)	31 December 2013
	£m	£m	£m
Balance at 1 January	**2.5**	0.4	0.4
Acquisition during the period/year	**-**	2.1	2.1
Balance at end period/year	**2.5**	2.5	2.5

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Notes to the Condensed Consolidated Financial Statements

9. Other intangible assets

	30 June 2014 (unaudited) £m	30 June 2013 (unaudited) £m	31 December 2013 £m
Cost			
Balance at 1 January	**8.5**	8.0	8.0
Additions	**-**	-	0.2
Acquisitions	**-**	0.4	0.4
Disposals	**-**	-	(0.1)
Balance at end of period/year	**8.5**	8.4	8.5
Amortisation			
Balance at 1 January	**7.5**	7.1	7.1
Amortisation charge for the period/year	**0.1**	0.2	0.4
Balance at end of period/year	**7.6**	7.3	7.5
Carrying amount at end of period/year	**0.9**	1.1	1.0
Carrying amount at 1 January	**1.0**	0.9	0.9

10. Property, Plant and Equipment

	30 June 2014 (unaudited) £m	30 June 2013 (unaudited) £m	31 December 2013 £m
Cost			
Balance at 1 January	**352.0**	326.1	326.1
Effect of movements in foreign exchange	**(5.4)**	6.2	2.4
Additions	**9.4**	8.5	21.0
Acquisitions	**-**	5.0	5.0
Disposals	**(5.6)**	(1.0)	(2.5)
Balance at end of period/year	**350.4**	344.8	352.0
Depreciation			
Balance at 1 January	**252.3**	235.5	235.5
Effect of movements in foreign exchange	**(3.7)**	4.5	1.8
Depreciation charge for the period/year	**7.2**	6.7	13.5
Acquisitions	**-**	4.0	4.0
Disposals	**(5.6)**	(1.0)	(2.5)
Balance at end of period/year	**250.2**	249.7	252.3
Carrying amount at end of period/year	**100.2**	95.1	99.7
Carrying amount at 1 January	**99.7**	90.6	90.6

10. Property, Plant and Equipment (continued)

Capital commitments were as follows:

	30 June 2014 (unaudited) £m	30 June 2013 (unaudited) £m	31 December 2013 £m
Contracts in place for future capital expenditure relating to property, plant and equipment not provided in the financial statements	**9.6**	14.2	11.6

11. Bank and other borrowings

	30 June 2014 (unaudited) £m	30 June 2013 (unaudited) £m	31 December 2013 £m
Amounts falling due within one year:			
Bank overdrafts and loans	**1.6**	4.7	11.9
Finance leases / hire purchase	**0.1**	0.8	0.4
	1.7	5.5	12.3
Amounts falling due after more than one year:			
Bank loans	**28.7**	15.9	18.6
	28.7	15.9	18.6
Bank and other borrowings	**30.4**	21.4	30.9
Cash at bank	**(0.6)**	(0.5)	(0.8)
Net borrowings	**29.8**	20.9	30.1

12. Retirement and employee benefit obligations

	Six months ended 30 June		Year ended 31 December
	2014 (unaudited) £m	2013 (unaudited) £m	2013 £m
Fair value of scheme assets	**219.9**	223.5	234.0
Present value of scheme liabilities	**(298.3)**	(275.8)	(291.3)
Deficit in British Polythene defined benefit pension scheme	**(78.4)**	(52.3)	(57.3)
Deficit in Irish Polythene Industries pension scheme	**-**	(0.1)	-
Other employee benefit obligations	**(0.8)**	(1.2)	(0.8)
Net retirement and employee benefit obligations	**(79.2)**	(53.6)	(58.1)
Related deferred tax asset	**15.7**	12.2	11.5
	(63.5)	(41.4)	(46.6)

The provision for retirement benefit obligations at 30 June has been calculated in line with IAS19R. Changes in the pension assumptions since 31 December are noted below.

Long term inflation assumption	**3.25%**	3.20%	3.35%
Discount rate applied to scheme liabilities	**4.20%**	4.70%	4.40%
Net discount rate	**0.95%**	1.50%	1.05%

12. Retirement and employee benefit obligations (continued)

The movements in the British Polythene defined benefit pension scheme during the period are as follows:

	Six months ended 30 June				Year ended 31 December	
	(unaudited)		(unaudited)			
	2014	**2014**	2013	2013	2013	2013
	£m	**£m**	£m	£m	£m	£m
Balance at 1 January		**(57.3)**		(63.2)		(63.2)
Current service costs – expenses	**(0.3)**		(0.3)		(0.7)	
Total amount charged to profit from operations	**(0.3)**		(0.3)		(0.7)	
Expected return on pension scheme assets	**5.0**		4.5		8.9	
Interest on pension liabilities	**(6.2)**		(5.8)		(11.5)	
Total amount charged to net financing costs	**(1.2)**		(1.3)		(2.6)	
Amounts charged to income statement		**(1.5)**		(1.6)		(3.3)
Normal employer contributions		**1.7**		1.7		3.6
Expenses paid by employer		**0.3**		0.3		0.7
Actuarial (loss)/gain		**(2.5)**		10.5		4.9
Adjustment in respect of Pension Funding Partnership (Note 15)		**(19.1)**		-		-
Closing deficit in scheme		**(78.4)**		(52.3)		(57.3)

As previously indicated, following the Financial Reporting Council's press release regarding asset backed funding arrangements the Group entered into discussions with the Trustees of the Pension Funding Partnership. This resulted in changes to the pension partnership agreement, restricting the ability of the scheme to sell or otherwise transfer its income interest without consent from the Group. The result of this change is that the income interest no longer meets the criteria for recognition as an IAS 19 plan asset and consequently the plan asset has been removed from the Group's balance sheet with an effective date of 30 June 2014. The accounting result of the change is an increase to the Group's reported post-employment obligation deficit at that date by an amount of £19.1m, being the fair value of the income interest, and the elimination of the non-controlling interest which was previously recognised in equity in relation to the scheme income interest.

During the period the Group has paid £0.9m to the UK Pension scheme through the Pension Funding Partnership.

13. Share capital

	30 June 2014 (unaudited)	30 June 2013 (unaudited)	31 December 2013
	£m	£m	£m
Allotted called up and fully paid			
Equity: 27,096,017 ordinary shares of 25p each	**6.8**	6.7	6.7

British Polythene Industries PLC

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14. Other reserves

	Capital redemption reserve (unaudited)		Capital reserve (unaudited)		Hedging reserve (unaudited)		Foreign currency translation reserve (unaudited)		Total (unaudited)	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
At 1 January	**7.2**	7.2	**0.5**	0.5	**(0.3)**	(0.6)	**1.8**	1.6	**9.2**	8.7
Movement during the period	**-**	-	**-**	-	**(0.1)**	-	**-**	-	**(0.1)**	-
Movement on retranslation of overseas operations	**-**	-	**-**	-	**-**	-	**(0.6)**	0.7	**(0.6)**	0.7
At 30 June	**7.2**	7.2	**0.5**	0.5	**(0.4)**	(0.6)	**1.2**	2.3	**8.5**	9.4

	Capital redemption reserve 2013 £m	Capital reserve 2013 £m	Hedging reserve 2013 £m	Foreign currency translation reserve 2013 £m	Total 2013 £m
At 1 January	7.2	0.5	(0.6)	1.6	8.7
Movement during the year	-	-	0.3	-	0.3
Movement on retranslation of overseas operations	-	-	-	0.2	0.2
At 31 December	7.2	0.5	(0.3)	1.8	9.2

15. Non-controlling Interest

	Pension Partnership (unaudited)		Other (unaudited)		Total (unaudited)	
	2014	2013	**2014**	2013	**2014**	2013
	£m	£m	**£m**	£m	**£m**	£m
At 1 January	**19.4**	21.9	**0.3**	0.3	**19.7**	22.2
Payment to pension scheme by Pension Funding Partnership	**(0.9)**	(0.9)	**-**	-	**(0.9)**	(0.9)
Unwinding of discount/interest – Pension Funding Partnership	**0.5**	0.5	**-**	-	**0.5**	0.5
Changes in assumptions	**0.1**	(0.2)	**-**	-	**0.1**	(0.2)
Adjustment in respect of Pension Funding Partnership	**(19.1)**	-	**-**	-	**(19.1)**	-
At 30 June	**-**	21.3	**0.3**	0.3	**0.3**	21.6

	Pension Partnership 2013 £m	Other 2013 £m	Total 2013 £m
At 1 January	21.9	0.3	22.2
Payment to pension scheme by Pension Funding Partnership	(1.8)	-	(1.8)
Unwinding of discount/interest – Pension Funding Partnership	1.0	-	1.0
Changes in assumptions	(1.7)	-	(1.7)
At 31 December	19.4	0.3	19.7

Refer to Note 12 for details of the movement in the Pension Funding Partnership.

16. Related Parties

There are no related party transactions requiring disclosure. Key management compensation will be disclosed in the 2014 annual financial statements.

17. Interim report

The interim report will be available on the Company website, www.bpipoly.com, from 29 August 2014. The Company's Registered Office is One London Wall, London, EC2Y 5AB.