Europe's Leader in
Rigid Plastic Packaging

Half-yearly Financial Report 2007

Contents

Interim management report	1
Responsibility statement	5
Independent review report to RPC Group Plc	6
Condensed consolidated income statement	7
Condensed consolidated statement of recognised income and expense	7
Condensed consolidated balance sheet	8
Condensed consolidated cash flow statement	9
Notes to the condensed financial statements	10

RPC Group is Europe's leading manufacturer of rigid plastic packaging and is unique in that it is able to offer products made by all three conversion processes: blow moulding, injection moulding and thermoforming. It has 50 operations in 13 countries and employs over 7,000 people. RPC services a comprehensive range of customers – from the largest European manufacturers of consumer products to the smallest national businesses. It has particularly strong positions in the beauty and personal care sector, the vending and drinking cup market, the margarine industry, and in multi-layer sheet and packs for oxygen sensitive food products. Our objectives are to further strengthen RPC's position in these and other sectors of the European market where we can have a significant presence in the market, be in the forefront in production design and development, and have sufficient size to enable us to optimise our production process. We believe this strategy will produce valued relationships with our customers and suppliers, a good future for our employees and a good return for our shareholders.

Directors

J P Williams MA BComm
Non-Executive Chairman

R J E Marsh BA
Chief Executive

M J B Green FCA
Senior Independent Director

P Hilton MA PhD

P J H Hole BSc

Drs H J Kloeze

S Rojahn Dipl-Ing MSIE
Independent Non-Executive Director

C H Sworn MA PhD FCA
Finance Director to 31 October 2007
Blow Moulding Cluster Manager from 1 November 2007

Drs P R M Vervaat RC
Finance Director – appointed 1 November 2007

D J Wilbraham BSc PhD
Independent Non-Executive Director

P S Wood FCA
Independent Non-Executive Director

Company Secretary

Rebecca K Joyce BA ACA ACIS

Registered office

Lakeside House
Higham Ferrers
Northants NN10 8RP

Website

www.rpc-group.com

Interim management report

To the members of RPC Group Plc

This interim management report has been prepared solely to provide additional information to shareholders as a body to assess the Group's strategies and the potential for those strategies to succeed. The interim management report should not be relied on by any other party or for any other purpose.

The interim management report contains forward-looking statements, which:

– have been made by the directors in good faith based on the information available to them up to the time of their approval of this report; and

– should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

The interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to RPC Group Plc and its subsidiary undertakings when viewed as a whole.

Business operations

The Group is the leading supplier of rigid plastic packaging in Europe with manufacturing operations in 12 countries of the European Union and the USA. Our product range is extensive, with the Group supplying, inter alia, the following markets:

– DIY

– Personal care

– Cosmetics

– Pharmaceutical

– Healthcare

– Food and drinks

– Lubricants

– Agrichemicals

The Group has wide experience of injection moulding, blow moulding, and thermoforming production techniques; all three production processes are used extensively within the business and it is along these technological lines that we structure our business within what are termed 'clusters', of which there are currently seven.

Strategy

In our most recent annual report, we set out the Group's strategy for generating attractive long term returns on the capital employed in the business. This may be summarised as focusing on those sections of the market place where we have strong positions: here we seek to consolidate the industry and to give our customers good service and high quality innovative packaging.

Business review

We are pleased to report that, in comparison with the first half of last year, Group turnover for the period increased by 6.9% to £329.7m and that adjusted operating profit rose modestly from £18.4m to £18.7m. Margins slipped from 6.0% to 5.7%. The improvement in the half year is actually much greater than the figures indicate as last year's results benefitted from several non-recurring items. This progress was accomplished in the face of further severe input cost pressures particularly in terms of polymer, where the significantly tighter market strengthened the position of suppliers; this has led to increased prices which have proved very difficult to pass on to customers.

Undoubtedly the feature of this performance was the excellent contribution of our specialist, high technology product range made at our German injection moulding operations. This is the area where we have concentrated our capital investment over the past several years and where the outlook is now most encouraging; it is also the least affected by rising polymer costs. By contrast the more commodity, more polymer intensive products continue to experience depressed margins, as we deal with the challenges posed by an unprecedented five consecutive years of substantial polymer cost increases.

A charge of £10.3m was taken in the half year for restructuring and rationalisation compared with £2.2m in the equivalent period last year. As the size of the restructuring charge indicates, we have taken firm action to address our cost base and prune our portfolio of operating units in response to the challenge of rapidly escalating input costs and a changing market place. In particular:

– to address the cost base of our UK injection moulding businesses we have announced the closure of our plants at Thornaby and Hereford; and

– in thermoforming, in response to significant pricing pressures, we closed our Bristol operation in March 2007 and are currently restructuring our Bebo business in Poland.

Operating profit after restructuring costs fell from £16.2m to £8.4m. As a result of this, and an increased interest charge, profit before taxation fell from £12.9m to £3.7m and basic earnings per share fell from 9.2p to 2.4p. On an adjusted basis, (as defined in note 7) earnings per ordinary share fell from 10.1p to 9.5p.

The tighter polymer market has also had a significant impact on our working capital – we have built up our polymer stocks to avoid any plant downtime in the event of polymer shortages, while at the same time ever tighter credit terms

Interim management report

have become the norm. Between 31 March 2007 and 30 September 2007 the increase in our working capital was £16.0m. This dwarfed all other features of our cash flow with the result that our net debt increased by £22.1m over the same period; consequently our balance sheet gearing rose from 87% at 31 March 2007 to 98% at 30 September 2007.

Our capital expenditure in the first half of this year amounted to £18.9m. The major projects included the continued development of certain operations within the Blow Moulding cluster into the higher margin multi-layer bottle sector, efficiency improvements in our UK Injection Moulding business, the Dolce Gusto project in the Tedeco-Gizeh cluster, and the enhancement of our PET sheet film capacity at Montonate. Within the Bebo thermoforming cluster, we have begun a project to increase our capacity for pre-printed lids – which will confirm our position as the market leader in this specialised sector.

As a result of the increases in polymer costs over the last five years, the entire rigid plastic packaging industry in Europe is struggling to generate acceptable returns with many of our competitors in disarray. We are not immune from these pressures particularly in the 'commodity' sectors of the market where polymers typically account for one third or more of the selling price. In these sectors, where there is long term value through our market or product position we are striving to improve the efficiency and cost effectiveness of our operations involving, where necessary, restructuring. Overall, we remain committed to our strategy of consolidating our position in well-defined niches within the rigid plastic packaging industry convinced that when polymer prices cease to rise, RPC will deliver a very attractive return to its shareholders.

Acquisitions

In the half year under review, Barplas, acquired on 1 November 2006, made a good contribution to the success of our UK Injection Moulding business. Our beauté cluster, created last year, made significant progress which will be accelerated by the current programme to rationalise on to two sites at Marolles and Mozzate.

In June we acquired an injection moulding business for £1.6m operating principally in the personal care market strategically located at Velky Meder near to Bratislava, Slovakia; this gives us access to lower labour-cost moulding facilities. Annual sales in the full year before acquisition totalled c. £3.0m.

On 8 October 2007 we acquired Raytec BV for approximately £3.0m. Raytec, which enjoyed sales of c. £11.0m in its last full financial year, is based in the Netherlands and will allow further expansion into the DIY, Household and Stationery markets; going forward, this business will trade as RPC Bramlage DHS BV.

We purchased a business called Mob located at Moirans en Montagne from the Administrator on 23 November 2007. Mob was a leader in the French blow moulded stock container industry until July 2007 when it was forced into administration by its parent, Smoby, which was in financial difficulties. In the year ended 31 March 2007, Mob's turnover was c. £12.0m but this has fallen subsequently because of polymer supply problems during the early part of the period in which it was in administration.

Review of operations

Injection Moulding

We have enjoyed a successful half year in injection moulding with improvements in volumes, profits and operating margins. Of particular note has been the growth in Tassimo volumes for Kraft which has given better utilisation of capacity already installed: forward prospects for the project look very good, boosted by Kraft's recently announced agreement to launch Starbucks branded beverages for Tassimo.

Our pharmaceutical business also enjoyed an outstanding period and now looks set to widen its product offering and its customer portfolio to become a much more broadly-based enterprise. Many exciting product developments are very well advanced and under-going extensive trials, although it is always difficult to say when they will be commercialised.

The strategic review of the beauté cluster referred to in the 2007 annual report and accounts has resulted in the planned closure of our plant at Thornaby. This will provide the beauté business with a more cost effective operating base going forward.

Our UK Injection Moulding operations had more mixed fortunes with growth in PET jars and healthcare packaging balancing volume declines in the surface coatings and DIY sectors. As mentioned above, our Hereford factory is to be closed and the business there will be transferred to our other operations, mainly in the UK; this will significantly reduce our cost base.

Our new plant in the US has attracted considerable attention from our customer base and we are now proceeding to commercialise a number of interesting projects offering European technology to a receptive US market-place.

Thermoforming

The problems we experienced last year of reduced demand for fruit bowls for export to the Far East have been resolved and volumes were stronger and more evenly distributed across an expanding customer base. We have also entered into contracts up to 2012 securing our position with our principal customers, this will secure significant growth in

volumes for pre-printed lids for our margarine and spreads business using our unique pre-print technology located at our Bremervörde facility in north Germany.

Our sheet business has made strong progress in the period under review; at Lokeren there are some exciting developments in the use of our polypropylene barrier sheet on form fill seal lines for the packaging of baby food and bouillon cubes. Montonate has benefitted from a significant tightening in the PET sheet market as a consequence of continued conversion from PVC and polystyrene sheet.

On the negative side, we have encountered severe competition in some areas of our thermoforming activities particularly in the cups market and in the French and UK markets. Our policy has been to persist with the recovery of cost increases so that we can maintain our position for the longer term. In some instances, this has cost us volume. Some of this has been lost at price levels that we believe our competition cannot sustain and has already led to the demise of some substantial competitive capacity which promises a brighter future.

Blow Moulding
Overall volumes have been maintained. Importantly, the operating performance of our UK Stock Containers business has improved dramatically opening up the opportunity to start to capitalise on the closure of the Woburn Sands site and the wholesale relocation of equipment to Rushden. We have secured a new contract with our major customer in Belgium for a further 3 years, which has enabled us to continue to grow with it and to recover cost increases.

We have also continued to expand our multi-layer bottle business in the personal care and ambient food sectors. Our expertise in the use of barrier bottles and jars in the sterilisation of foodstuffs is gaining worldwide recognition – we now enjoy sales in Europe, North Africa, South Africa and the Far East.

The poor summer in the UK affected the juice volumes from our Llantrisant factory. This factory also suffered from the severe financial difficulties faced by one of its customers, the main filler for our branded toiletries bottles. As a result of securing a new contract for PET bottles for the pharmaceutical/healthcare market, the second half year at this location looks much more promising.

Financial review

Overall financial performance
Our financial performance was characterised by good revenue growth, margin pressure arising from higher raw material and other input costs, contained expenditure on salaries and fixed costs, higher interest charges and much higher borrowings as a result of being forced to make prompt payments for our essential polymer requirements.

Revenue
Sales in the first half of 2007/08 increased by £21.3m compared with the same period last year; of this, £11.6m was attributable to acquisitions. The like-for-like volume growth was 2.7%.

Gross margin
Despite the increases in polymer costs gross margin remained stable. On average, the price of the main basket of polymers that we use increased between the first half of 2006/07 and 2007/08 by c.16%. Other costs, in particular transport, electricity and packaging also increased sharply and proved difficult to pass on to our customers.

Adjusted operating profit
Overall operating profit before exceptional costs increased from £18.4m in the first half of 2006/07 to £18.7m this year. The progress was particularly strong in Germany where a better mix of higher margin business compensated for both margin erosion in our commodity based business and the absence of favourable non-recurring items.

Exceptional costs
The charge (£10.3m) for restructuring and disruption costs and impairment losses is attributable to the balance of the costs (as currently estimated or incurred) of closing our plants at Thornaby, Hereford and Bristol and the restructuring of our Bebo cluster operations in Poland. The amounts reserved for the UK sites total £9.5m out of the overall charge.

Net financing costs
Net financing costs in the first half of the current year were £1.4m ahead of those in the equivalent period last year. £0.7m of the increase was due to a lower net credit on foreign currency hedging instruments. Further to this, there was also the impact of the combination of higher rates payable on approximately half of our borrowings, which are at floating rate, and higher average net debt of £174m compared with £160m last year.

Tax
The underlying tax charge at 32% is higher than the comparative period last year (29.5%) because under accounting rules we are not able to recognise tax losses in a number of jurisdictions. The tax charge after exceptional costs was 35.5% – the increase is because some of these are not allowable for tax purposes.

Net debt
Net debt increased by £22.1m in the period under review. This was primarily caused by the tight raw material supply position. With polymer shortages, it was necessary to build stocks of both raw materials and finished goods, and polymer suppliers were in a position to demand ever prompter payment for delivered goods. As a result net debt

Interim management report

increased from £137.1m at 31 March 2007 to £159.2m at 30 September 2007. The average net debt during the first half year was £174m.

Key performance indicators (KPIs)
The status of the Group's KPIs, both financial and non-financial, compared with the year ended 31 March 2007 are as follows:

	Half year ended 30 September 2007	Year ended 31 March 2007
Financial KPIs:		
Added value per tonne	£1,664	£1,710
Gross margin	46%	46%

The gross margin percentage has remained static despite the increased cost of polymers, but these increases have had an adverse impact on the added value per tonne.

Non-financial KPIs:		
Electricity usage per tonne (Kwh/T)	1,936	2,027
Water usage per tonne (M^3/T)	1,008	999
Lost time accident frequency rate	1,705	2,176

It is pleasing to report improved electricity usage and a significant reduction in the lost time accident frequency rate.

Overall, the key measure of our stewardship is the return on capital employed. This shows the following:

Half year ended 30 September 2007	Year ended 31 March 2007
10.7%	10.9%

Return on capital employed is defined as being adjusted operating profit (for the period to 30 September 2007 this represents the adjusted operating profit for the last 12 months) divided by the average of opening and closing shareholders' equity adding back net deferred tax liabilities, retirement benefit obligations (net of tax) and liabilities in connection with derivative financial instruments and after adding back average net borrowings for the period in question.

Principal risks and uncertainties

RPC is subject to a number of risks, both external and internal, some of which could have a serious impact on the performance of our business.

Each year we conduct a wide-embracing review of these risks. This process helps both identify the nature and magnitude of a risk and the manner in which it can be mitigated. The principal risks and uncertainties affecting the business remain those detailed on pages 10 and 11 of the annual report and accounts for the year ended 31 March 2007, a copy of which is available on the Group's website, www.rpc-group.com.

Dividend
The Board has declared an interim dividend of 2.9p (2006: 2.7p) per share. The increase of 7.4% reflects the Board's confidence in the future. This will be paid on 25 January 2008 to ordinary shareholders on the register at 28 December 2007.

Board
We are pleased to welcome Pim Vervaat to our Board as Finance Director: he joined us on 1 November and has already made a healthy contribution. Chris Sworn, who has made an invaluable contribution as Finance Director over very many years, has taken on the key task of managing the Blow Moulding cluster.

Prospects
The second half has started well and will benefit progressively from our focus on cost reduction, cash generation and the major restructuring programme underway. Against this, input costs remain unpredictable and a concern. Overall, the Board expects to make progress for the year as a whole. In the longer term, when stability returns to our input costs, the Group's operational and market strengths should mean that our prospects are excellent.

BY ORDER OF THE BOARD

J P Williams
Chairman

30 November 2007

R J E Marsh
Chief Executive

30 November 2007

Responsibility statement

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

– the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the EU; and

– 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

J P Williams
Chairman

30 November 2007

R J E Marsh
Chief Executive

30 November 2007

Independent review report to RPC Group Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 which comprises Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow, Consolidated Statement of Recognised Income and Expense and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the DTR) of the UK's Financial Services Authority (the UK FSA). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc
Chartered Accountants
1 Waterloo Way
Leicester
LE1 6LP

30 November 2007

Condensed consolidated income statement

		Half year ended 30 September 2007 (unaudited) £m	Half year ended 30 September 2006 (unaudited) £m	Year ended 31 March 2007 (audited) £m
Note 3	**Revenue**	329.7	308.4	645.7
	Operating costs	(321.3)	(292.2)	(619.6)
Note 3	**Operating profit**	8.4	16.2	26.1
	Analysed as:			
	Operating profit before restructuring and disruption costs and impairment losses	18.7	18.4	38.1
Note 4	Restructuring and disruption costs	(6.8)	(2.2)	(5.8)
Note 4	Impairment losses	(3.5)	–	(6.2)
	Operating profit	8.4	16.2	26.1
	Financial income	0.7	1.3	2.2
	Financial expenses	(5.4)	(4.6)	(9.4)
Note 5	Net financing costs	(4.7)	(3.3)	(7.2)
Note 3	**Profit before taxation**	3.7	12.9	18.9
Note 6	Taxation	(1.3)	(3.8)	(5.8)
	Profit for the period attributable to equity shareholders of the parent	2.4	9.1	13.1
Note 7	**Basic earnings per ordinary share**	2.4p	9.2p	13.2p
Note 7	**Diluted earnings per ordinary share**	2.4p	9.1p	13.1p
Note 7	**Adjusted basic earnings per ordinary share**	9.5p	10.1p	20.6p
Note 7	**Adjusted diluted earnings per ordinary share**	9.4p	10.1p	20.5p

Condensed consolidated statement of recognised income and expense

	Half year ended 30 September 2007 (unaudited) £m	Half year ended 30 September 2006 (unaudited) £m	Year ended 31 March 2007 (audited) £m
Foreign exchange translation differences	3.5	(3.1)	(2.2)
Effective portion of movement on fair value of interest rate swaps	0.3	0.3	0.8
Deferred tax liability on above	(0.1)	(0.1)	(0.2)
Actuarial gains/(losses) on defined benefit pension plans	3.3	(1.4)	2.0
Deferred tax on actuarial gains/losses	(0.5)	0.4	(0.7)
Net income/(expense) recognised directly in equity	6.5	(3.9)	(0.3)
Profit for the period	2.4	9.1	13.1
Total recognised income and expense for the period attributable to equity shareholders of the parent	8.9	5.2	12.8

Condensed consolidated balance sheet

		30 September 2007 (unaudited) £m	30 September 2006 (unaudited) £m	31 March 2007 (audited) £m
	Non-current assets			
	Goodwill	18.0	11.9	17.0
	Other intangible assets	2.0	0.8	1.5
Note 9	Property, plant and equipment	238.0	240.9	234.5
	Derivative financial instruments	1.3	1.0	1.3
	Deferred tax assets	6.4	8.3	6.9
	Total non-current assets	265.7	262.9	261.2
	Current assets			
	Inventories	104.0	93.6	94.2
	Trade and other receivables	122.3	119.2	128.2
	Cash and cash equivalents	7.8	3.5	12.3
	Total current assets	234.1	216.3	234.7
	Current liabilities			
	Bank loans and overdrafts	(6.8)	(3.5)	(3.9)
	Trade and other payables	(115.7)	(114.9)	(130.8)
	Current tax liabilities	(4.2)	(7.2)	(8.6)
	Employee benefits	(2.0)	(0.4)	(0.4)
	Provisions	(3.8)	(0.9)	(0.5)
	Deferred consideration	–	(1.0)	–
	Total current liabilities	(132.5)	(127.9)	(144.2)
	Net current assets	101.6	88.4	90.5
	Total assets less current liabilities	367.3	351.3	351.7
	Non-current liabilities			
	Bank loans and other borrowings	(160.2)	(144.6)	(145.5)
	Employee benefits	(29.1)	(37.5)	(33.0)
	Deferred tax liabilities	(15.0)	(16.5)	(14.6)
	Derivative financial instruments	(0.3)	–	(0.1)
	Total non-current liabilities	(204.6)	(198.6)	(193.2)
	Net assets	162.7	152.7	158.5
	Equity			
	Called up share capital	4.9	4.9	4.9
	Share premium account	3.1	24.5	2.7
	Capital redemption reserve	0.9	0.9	0.9
	Retained earnings	146.4	120.0	146.3
	Cash flow hedging reserve	0.9	0.3	0.7
	Cumulative translation differences reserve	6.5	2.1	3.0
	Total equity attributable to equity shareholders of the parent	162.7	152.7	158.5

The half-yearly financial report was approved by the Board of Directors on 30 November 2007, is unaudited and was signed on its behalf by:

J P Williams Chairman
C H Sworn Director

Condensed consolidated cash flow statement

		Half year ended 30 September 2007 (unaudited) £m	Half year ended 30 September 2006 (unaudited) £m	Year ended 31 March 2007 (audited) £m
	Cash flows from operating activities			
	Profit before tax	3.7	12.9	18.9
	Financing costs	4.7	3.3	7.2
	Profit from operations	8.4	16.2	26.1
	Adjustments for:			
	Amortisation of intangible assets	0.1	–	0.1
	Impairment loss on property, plant and equipment	3.5	–	6.2
	Depreciation	15.1	17.9	34.0
	Share-based payment expense	0.3	0.2	0.5
	Loss/(gain) on disposal of property, plant and equipment	0.1	(0.2)	0.2
	Movement in provisions	3.9	(0.6)	(2.0)
	Operating cash flows before movement in working capital	31.4	33.5	65.1
	Movement in working capital	(16.0)	(25.4)	(24.2)
		15.4	8.1	40.9
	Taxes paid	(5.5)	(4.9)	(7.5)
	Interest paid	(5.2)	(4.2)	(8.4)
	Net cash from operating activities	4.7	(1.0)	25.0
	Cash flows from investing activities			
	Interest received	0.1	0.1	0.2
	Proceeds on disposal of property, plant and equipment	–	0.5	2.3
	Acquisition of property, plant and equipment	(18.9)	(21.2)	(35.5)
	Acquisition of intangible assets	(0.6)	(0.1)	(1.0)
	Acquisition of subsidiaries	(1.6)	(4.3)	(8.1)
	Net cash flows from investing activities	(21.0)	(25.0)	(42.1)
	Cash flows from financing activities			
Note 8	Dividends paid	(5.6)	(5.2)	(7.9)
	Proceeds from the issue of share capital	0.4	0.5	0.9
Note 10	Movement in borrowings	16.1	10.3	12.3
	Payment of finance costs	(0.1)	(0.1)	(0.1)
	Net cash flows from financing activities	10.8	5.5	5.2
	Net decrease in cash and cash equivalents	(5.5)	(20.5)	(11.9)
	Cash and cash equivalents at beginning of period	12.3	24.5	24.5
	Effect of foreign exchange rate changes	1.0	(0.5)	(0.3)
	Cash and cash equivalents at end of period	7.8	3.5	12.3
	Cash and cash equivalents comprise:			
	Cash at bank	7.8	3.5	12.3

Notes to the condensed financial statements

1. General information

The comparative figures for the financial year ended 31 March 2007 are not the Company's statutory accounts for that financial year. Those accounts 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 237(2) or (3) of the Companies Act 1985. The Group accounts for the year ended 31 March 2007 are available from the Company's registered office, Lakeside House, Higham Ferrers, Northants NN10 8RP or from the Group's website, www.rpc-group.com.

2. Accounting policies

These condensed consolidated half-yearly financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2007.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

Change in accounting policies

In the current financial year, the Group will adopt IFRS 7 'Financial instruments: Disclosures' (IFRS 7) for the first time. As IFRS 7 is a disclosure standard only, there is no impact of this change in accounting policy on the half-yearly financial report. Full details of the change will be disclosed in our annual report for the year ending 31 March 2008.

The Group will also adopt the following International Financial Reporting Interpretations Committee (IFRIC) pronouncements:

- IFRIC 8 'Scope of IFRS 2 Share-based Payments'
- IFRIC 9 'Reassessment of Embedded Derivatives'
- IFRIC 10 'Interim Financial Reporting and Impairment'
- IFRIC 11 'IFRS 2: Group and Treasury Share Transactions'

In all cases the adoption is not expected to have any significant impact on the consolidated financial statements for the year ending 31 March 2008.

Estimates

The preparation of the condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2007.

3. Business segments

Primary segments – Geographical

The Group operates in two principal geographic regions – United Kingdom and Mainland Europe. Mainland Europe also includes one operation in the USA whose sales are predominantly manufactured in Germany. These two regions are the basis on which the Group reports its primary segment information. Segment information about these regions is presented below.

	Half year ended 30 September 2007 (unaudited) £m	Half year ended 30 September 2006 (unaudited) £m	Year ended 31 March 2007 (audited) £m
Revenue			
United Kingdom	108.7	108.0	216.5
Mainland Europe	220.0	200.4	429.2
Acquisitions	1.0	–	–
	329.7	308.4	645.7
Segmental results			
United Kingdom	(3.6)	3.0	(2.1)
Mainland Europe	12.8	13.6	27.0
Acquisitions	–	–	–
Other (includes Head Office)	(0.8)	(0.4)	1.2
Operating profit	8.4	16.2	26.1
Net financing costs	(4.7)	(3.3)	(7.2)
Profit before taxation	3.7	12.9	18.9
Operating profit before restructuring and disruption costs and impairment losses			
United Kingdom	5.9	5.2	8.4
Mainland Europe	13.6	13.6	28.5
Other (includes Head Office)	(0.8)	(0.4)	1.2
	18.7	18.4	38.1

4. Restructuring and disruption costs and impairment losses

	Half year ended 30 September 2007 (unaudited) £m	Half year ended 30 September 2006 (unaudited) £m	Year ended 31 March 2007 (audited) £m
Closure costs	6.8	2.2	4.2
Restructuring of operations	–	–	1.2
Disruption costs caused by fire	–	–	0.4
	6.8	2.2	5.8
Impairment losses	3.5	–	6.2

Closure costs in the period relate to the closure of our UK operations at Thornaby (£1.7m) and Hereford (£2.6m). An additional £0.8m relates to the restructuring of our Bebo business in Poland. The remainder of the charges relates to the on-going closure costs of the Bristol site which ceased operating in March 2007.

Notes to the condensed financial statements

The costs of £2.2m incurred in the half year to 30 September 2006 relate to the closure of Woburn Sands.

The charge for impairment losses on property, plant and equipment relates to the closure of our site at Hereford. The impairment costs relating to Thornaby were charged in the year to 31 March 2007.

5. Net financing costs

Financial expenses of £5.4m include a charge of £0.4m (2006: £0.3m) under IAS 39 relating to the mark to market position of foreign currency hedging instruments. The financial income of £0.7m includes a credit of £0.6m (2006: £1.2m) under IAS 39 relating to exchange differences on the $40m bond.

6. Tax

Taxation for the six month period ended 30 September 2007 has been charged at 35.5%, (half year ended 30 September 2006: 29.5%; year ended 31 March 2007: 31%), representing the best estimate of the effective group tax rate expected for the full year, applied to the pre-tax income of the six month period. Changes in tax rates in Germany and the UK have been taken into account in calculating the full year group tax charge.

The group tax rate for the six month period ended 30 September 2007 excluding restructuring and disruption costs and impairment losses is 32%.

7. Earnings per share

Basic

The earnings per share figures have been computed on the basis of the weighted average number of shares in issue during the period (half year ended 30 September 2007: 98,821,511; half year ended 30 September 2006: 98,144,247 and year ended 31 March 2007: 98,352,849).

Diluted

Diluted earnings per share is the earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. The number of shares used for the fully diluted calculation for the period was: the half year ended 30 September 2007: 99,629,531; the half year ended 30 September 2006: 98,764,568 and the year ended 31 March 2007: 98,989,282.

Adjusted

The directors believe that the presentation of an adjusted basic earnings per ordinary share assists with the understanding of the underlying performance of the Group. For this purpose we have excluded the restructuring and disruption costs and impairment losses identified separately on the face of the Condensed Consolidated Income Statement, together with the exchange differences on the $40m bond and the (credit) or charge for foreign currency hedging instruments. The tax impact on these adjustments has also been reflected.

A reconciliation from profit after tax as reported in the Condensed Consolidated Income Statement to the adjusted profit after tax is set out below:

	Half year ended 30 September 2007 (unaudited) £m	Half year ended 30 September 2006 (unaudited) £m	Year ended 31 March 2007 (audited) £m
Profit after tax as reported in the Condensed Consolidated Income Statement	2.4	9.1	13.1
Restructuring and disruption costs and impairment losses	10.3	2.2	12.0
Exchange differences on $40m bond	(0.6)	(1.2)	(2.0)
Foreign currency hedging instruments	0.4	0.3	0.5
Tax effect thereon	(3.1)	(0.5)	(3.3)
Adjusted profit after tax	9.4	9.9	20.3

8. Dividends

	Half year ended 30 September 2007 (unaudited)	Half year ended 30 September 2006 (unaudited)	Year ended 31 March 2007 (audited)
Dividends on ordinary shares:	£m	£m	£m
Final for 2006/07 paid of 5.7p per share	5.6	–	–
Interim for 2006/07 paid of 2.7p per share	–	–	2.7
Final for 2005/06 paid of 5.25p per share	–	5.2	5.2
	5.6	5.2	7.9

The proposed interim dividend for the year ending 31 March 2008 of 2.9p per share will be paid on 25 January 2008 to shareholders on the register at close of business on 28 December 2007. It has not been included as a liability as at 30 September 2007.

9. Property, plant and equipment

During the period the Group spent £18.9m on capital expenditure. There were no significant disposals. The depreciation charge was £15.1m (2006: £17.9m). The impairment of assets is disclosed in note 4. The impairment in the year to 31 March 2007 has reduced the depreciation charge in the current period.

10. Bank overdrafts and loans

During the period, additional loans of £16.1m were drawn down under the Group's existing loan facility to fund the acquisition in Slovakia and meet short-term expenditure needs. The amount undrawn under the Group's facilities at 30 September 2007 amounted to £113.7m.

11. Acquisition of subsidiary

On 1 June 2007, the Group acquired the trade and assets of the plastic manufacturing operations of DM Plast s.r.o. in Velky Meder near Bratislava in Slovakia for cash. The transaction has been accounted for by the purchase method of accounting.

	Book value £m	Fair value £m
Property, plant and equipment	0.5	1.2
Inventories	0.4	0.4
Trade and other receivables	0.3	0.3
Trade and other payables	(0.8)	(0.9)
Deferred tax liability	–	(0.1)
	0.4	0.9
Goodwill		0.7
Total consideration		1.6
Satisfied by:		
Cash		1.6
Net cash flow arising on acquisition:		
Cash consideration		1.6
Consideration and acquisition expense:		
Purchase price		1.5
Acquisition costs		0.1
		1.6

The initial accounting for the acquisition has not been finalised and therefore the above figures should be considered to be provisional. This is a result of the ongoing assessment of property, plant and equipment and working capital valuations at the acquisition date.

Notes to the condensed financial statements

The goodwill arising on the acquisition is attributable to the anticipated profitability of the acquired business and the anticipated synergetic benefits that will result from being part of the Group's Bramlage-Wiko cluster.

The acquired business has generated revenue of £1.0m and a profit of £nil in the period between the date of acquisition and 30 September 2007.

Prior to acquisition the business was part of DM Plast s.r.o. However, only part of that business was acquired. The nature of the accounting function means that it is not practicable to provide meaningful details of the results of the acquired business from the beginning of the period under review to the date of acquisition.

12. Contingent liabilities

There were no significant contingent liabilities at either 30 September 2007 or 30 September 2006 for the Group.

13. Share based payments

On 25 July 2007 the Company granted 1,695,000 options under the RPC Group 2003 Approved and Unapproved Executive Share Option Schemes to executive directors and senior and middle managers as described in the Remuneration Report for the year ended 31 March 2007. The expense of £0.3m, recognised in the half-year ended 30 September 2007, has been measured on a basis consistent with previous grants under the Company's equity settled share option schemes and in accordance with the Group's accounting policy.

14. Defined benefit schemes

The defined benefit obligation for employee pensions and similar benefits as at 30 September 2007 has been re-measured based on the disclosures as at 31 March 2007, the previous balance sheet date. The results have been adjusted by allowing for updated IAS 19 financial assumptions and rolling forward the liabilities to 30 September 2007 using actual cash flows for the six month period.

The defined benefit plan assets have been updated to reflect their market value as at 30 September 2007. Differences between the actual and expected return on assets, changes in actuarial assumptions and experience gains and losses on liabilities have been recognised in the Condensed Consolidated Statement of Recognised Income and Expense in accordance with the Group's accounting policy.

There have been no significant changes to defined benefit obligations during the period other than those described in the Group's accounts for the year ended 31 March 2007. In the UK, the triennial valuation of the RPC Containers Limited Pension Scheme as at 31 March 2006 was agreed between the trustee and employer. In addition to the benefit and contribution changes previously reported, a salary sacrifice scheme was introduced with effect from 1 July 2007. While there is no net impact from the salary sacrifice scheme on the liability recognised in the Group's Condensed Consolidated Balance Sheet, the current service cost is increased by salary sacrifice contributions made by the employer with a corresponding reduction in wages and salaries costs and a small saving in employer's National Insurance contributions.

15. Events after the balance sheet date

On 8 October 2007, the Group acquired Raytec BV, a Dutch injection moulding company, for approximately £3.0m. Raytec BV, which is based in Ravenstein, will trade as RPC Bramlage DHS BV.

On 23 November 2007, the Group purchased the business of Mob at Moirans en Montagne in France, which was in administration, for £1.0m.

16. Related party transactions

The Group has a related party relationship with its directors. There are no additional significant related party transactions other than those disclosed in note 25 of the RPC Group Plc accounts for the year ended 31 March 2007.

Copies of this half-yearly financial report will be mailed to shareholders on 3 December 2007 and are also available from the Company Secretary, RPC Group Plc, Lakeside House, Higham Ferrers, Northants NN10 8RP.

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