Europe's Leader in
Rigid Plastic Packaging

Half-yearly Financial Report 2009

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RPC Group is Europe's leading manufacturer of rigid plastic packaging and supplies products made by all three conversion processes: blow moulding, injection moulding and thermoforming. It has 43 operations in 12 countries and employs over 6,000 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.

Directors

J R P Pike MBA MA MIMechE
Non-Executive Chairman

R J E Marsh BA
Chief Executive

S Rojahn Dipl-Ing MSIE
Independent Non-Executive Director

M G Towers BA FCA
(appointed 1 April 2009)
Independent Non-Executive Director

Drs P R M Vervaat RC
Finance Director

D J Wilbraham BSc PhD
Non-Executive Director

P S Wood FCA
Senior Independent Director (from 3 June 2009)

Retired on 3 June 2009

M J B Green FCA

P Hilton MA PhD

P J H Hole BSc

Drs H J Kloeze

C H Sworn MA PhD FCA

Company Secretary

Rebecca K Joyce BA ACA ACIS

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Registered number: 2578443

Interim management report

To the members of RPC Group Plc

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

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

The IMR 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

RPC is Europe's leading supplier of rigid plastic packaging with manufacturing operations in 11 countries of the European Union and in the USA. The business, which comprises 43 manufacturing sites, converts polymer granules into finished packaging product using a combination of moulding and assembly processes. It is organised around the 3 main conversion processes used within the Group, each site being managed within one of 6 clusters which are defined along technological and market lines.

The conversion processes, business clusters and the end-markets they serve are as follows:

Conversion process	Cluster	Markets
Injection Moulding	UK Injection Moulding	Paints, DIY products, soups & sauces, edible fats, promotional products
	Bramlage-Wiko	Personal care, pharmaceutical, cosmetics, tablet dispensers & inhaler devices, food, coffee capsules
Thermoforming	Bebo	Margarine & spreads, fresh, frozen and long shelf-life foods
	Tedeco-Gizeh	Vending & drinking cups, coffee capsules, dairy market, disposable products
	Cobelplast	Phone cards, long shelf-life foods and form-fill-seal lines (sheet products)
Blow Moulding	Blow Moulding	Personal care, motor oil, agrichemicals, food & drinks

Each cluster has on average seven manufacturing sites, operating over a wide geographical area for reasons of customer proximity, local market demand and manufacturing resource.

Strategy

In June 2008 the business embarked on a strategic review which resulted in the 'RPC 2010' improvement plan. This two year self-help plan, which runs until the end of 2010, seeks to enhance the cost structure of the Group and to focus its activities on the rigid plastic packaging sectors in which RPC has strong market positions and good long-term prospects. The aim is to increase the return on capital employed (ROCE) for the Group to an average of at least 15% across the economic cycle following completion of RPC 2010.

Five sites were announced for closure in 2008/09. In addition the Group undertook a number of cost optimisation, procurement, working capital and commercial enhancement initiatives. Good progress has been made in delivering this programme, which is ahead of plan both in terms of timing and benefits. The site at Mozzate (Italy) was closed in 2008/09 and since then the site closures at Ravenstein and Halfweg (the Netherlands) and Aš (Czech Republic) were completed. The closure of the Raunds (UK) site is expected to be largely complete by the end of 2009/10. The majority of the business from the closed sites has been transferred to other RPC sites.

In addition to the previously announced cost reduction measures, the Group has identified further opportunities to structurally reduce its cost base. The benefits of these additional measures are anticipated to be £4m per annum with an associated exceptional cost of £10m. Further details will be provided in the course of the second half year. The overall projected steady-state benefits of RPC 2010 have been increased to £16m per annum (compared with the first half of 2008/09 cost base), half of which is estimated to have been achieved by the end of September 2009. In addition to these structural cost reductions several more volume related cost measures pertaining to manning levels have been initiated which reduces the cost base by a further £4m per annum. The one-off costs of the total programme amount to £40m, of which £26m has already been recognised.

In the second half year the Board will be reviewing the Group's strategic development options for growth beyond the RPC 2010 programme.

Interim management report

Business review

Overall sales volumes declined by 8% compared with the same period last year in what continues to be a difficult and challenging economic environment. However, the impact of the lower volumes was more than compensated by a much needed restoration of margins and lower costs resulting in a 19% improvement in adjusted operating profit to £19.1m. Volumes in the first half year to the personal care and pharmaceutical sectors were impacted by significant customer de-stocking. It does appear that customer de-stocking in the majority of the end sectors that RPC supplies has now run its course. Nonetheless activity levels continue to be substantially lower than those recorded in 2007/08.

Polymer remains an important input cost for the Group and in the first half year polymer costs were £99m, equivalent to 28% of sales. The average polymer index price for the main polymers used by RPC reduced by circa 20% compared with the corresponding period last year. In general polymer index price variations are passed through to customers. The overall supply-demand balance in the polymer markets has improved. Nonetheless, throughout the first half year polymer prices have been increasing mainly due to the rise in oil prices which have been putting pressure on margins. More recently prices seem to have stabilised.

Restructuring costs incurred in the first half year were lower than the corresponding period last year and related to the ongoing implementation of the RPC 2010 programme. Net financing costs reduced as a consequence of much lower debt levels and lower interest rates. Consequently the Group reported a net profit of £8.0m in contrast to the £3.1m loss recorded in the corresponding period last year.

Another good cash performance was achieved by increased profitability, continued strong working capital management and limiting capital expenditure to below depreciation levels. RPC remains committed to investing in projects that are innovative, provide a competitive advantage and generate attractive returns. Net debt reduced to £102.8m compared with £116.6m at March 2009.

Injection Moulding

	6 months to 30 September 2009 £m	6 months to 30 September 2008 £m	12 months to 31 March 2009 £m
Sales	143.4	148.1	309.0
Operating profit	9.0	8.5	17.7
Return on sales	6.3%	5.7%	5.7%

The business comprises the UK Injection Moulding business and Bramlage-Wiko, which operates in Germany, France, Belgium, Slovakia and the USA. Overall the injection moulding business has performed well in the period with sales only 3% lower and operating profit increasing to £9.0m (2008: £8.5m), as the lower volumes were more than offset by a restoration of margins and lower costs.

Sales volumes at UK Injection Moulding held up well and were largely unchanged from the corresponding period last year. They remain however at a substantially lower level than in 2007/08. Bramlage-Wiko was particularly affected by a sharp reduction in sales volumes early in the year due to its exposure to the personal care, pharmaceutical and cosmetics sectors where extensive customer de-stocking occurred. Underlying activity levels in these sectors continue to be impacted by the economic slowdown, particularly in high-end cosmetics packaging.

During the period the closure of the Bramlage DHS site at Ravenstein in the Netherlands was completed together with the transfer of its business to other sites. In addition Bramlage-Wiko incorporated the Marolles business into its cluster structure. In the period the Celle business successfully introduced innovative high cavity tools thereby substantially improving its competitive cost position.

Thermoforming

	6 months to 30 September 2009 £m	6 months to 30 September 2008 £m	12 months to 31 March 2009 £m
Sales	131.5	146.3	291.1
Operating profit	6.3	5.5	12.9
Return on sales	4.8%	3.8%	4.4%

The thermoforming operations comprise the Bebo, Tedeco-Gizeh and Cobelplast clusters and are largely based in mainland Europe. The thermoforming business performed well in the period as the operating profit increased by 15% to £6.3m (2008: £5.5m) despite 10% lower sales. The reduction in volumes was more than compensated by a restoration of margins and lower costs.

Demand was generally lower, particularly in the fruit bowl sector, which exports to dollar based territories and was therefore disadvantaged by the relative strength of the euro. However, demand for margarine packs held up well. Market share of the French dairy packaging market increased and the impressive growth of thermoformed coffee capsules was maintained. PET sheet sales continued to benefit from the development of new applications. There were also new business developments in oxygen barrier packaging (for long shelf-life foods), with growth in baby food and cooked rice applications, although this area also suffered from general recessionary effects. The growing focus on sustainability presents opportunities for the thermoforming business, which can provide benefits in terms of weight reduction and 'carbon footprint'. These are being exploited by the replacement of glass and cans with oxygen barrier packaging, and in the development of lightweight vending cups.

The programme of cost optimisation and rationalisation continued, with the completion of the transfer of margarine pack production to the Netherlands, following the closure of the Czech plant, and with overhead cost reduction in other plants. Significant improvements in operating efficiencies were made, notably in the UK operation, and the new printing and forming facilities in Germany achieved higher levels of efficiency. A new fruit bowl production facility was established within the existing USA plant, taking advantage of dollar zone manufacturing and North American sales opportunities.

Blow Moulding

	6 months to 30 September 2009 £m	6 months to 30 September 2008 £m	12 months to 31 March 2009 £m
Sales	77.0	86.6	169.0
Operating profit	3.8	2.0	4.9
Return on sales	4.9%	2.3%	2.9%

The blow moulding operations are based both in the UK and in mainland Europe. Overall the blow moulding business has performed very well in the period as the operating profit increased by 90% to £3.8m (2008: £2.0m) despite 11% lower sales. The reduction in volumes was more than compensated by a restoration of margins and significantly lower costs.

Demand was weak in the agrichemical, lubricating oil and building chemicals sectors and call-offs from the other consumer-oriented industries, in particular personal care and household chemicals, were subdued because of the recessionary environment. However food volumes were resilient. In the UK there were signs of an improvement in demand in September, whereas in mainland Europe activity levels remained relatively low throughout the six months. Good progress was made at Envases in Spain, partly because of the success in efforts to broaden its customer base and partly because of the successful launch of new custom-moulded cheese tubs.

In the Netherlands, production at Halfweg ceased in October and the business transferred to Kerkrade. At Raunds in the UK, over half of the machines have already been moved to Rushden where throughput is growing rapidly. Developments in the multi-layer bottle and jar market continue to move forward where there is a potentially significant opportunity for substitution of glass by plastic due to, amongst others, weight reduction and a more favourable 'carbon footprint'.

Non-financial key performance indicators

RPC has three main non-financial performance indicators, which provide perspectives on the Group's progress in improving its contribution to the environment and employee welfare.

	6 months to 30 September 2009	6 months to 30 September 2008	12 months to 31 March 2009
Non-financial KPIs:			
Electricity usage per tonne (Kw/T)	1,863	1,861	1,856
Water usage per tonne (Ltrs/T)	820	915	935
Reportable accident frequency rate	1,931	1,797	1,829

Reportable accident frequency rate is defined as the number of accidents resulting in more than 3 days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, annualised and multiplied by the constant 100,000.

Whilst electricity usage remains at similar levels to last year, the impact of energy efficiency initiatives across the Group are expected to take effect in future periods. Water usage shows a significant improvement. The reportable accident frequency rate increased in the period due to an unusually poor accident rate in the first quarter of the year, but since then the level has reduced and the annual figure for 2009/10 is expected to fall.

Financial review

Condensed consolidated income statement

Sales in the first half of 2009/10 decreased by 8% compared with the same period last year primarily due to lower volumes and the impact of the pass through of polymer price reductions to customers, partly offset by the translation effect of the weakening of sterling against the euro. The economic environment was challenging, exacerbated by customer de-stocking in the personal care and pharmaceutical sectors.

Adjusted operating profit (before restructuring costs and impairment losses) increased by 19% in the first half of 2009/10, from £16.0m in the same period last year to £19.1m, as the volume shortfall was more than compensated by higher margins and lower costs. Average gross margin increased to 50% (2008: 43%) as the margin improvement realised in the second half of last year was largely sustained. The lower costs were achieved through structural cost reductions incorporated within RPC 2010 as well as volume related cost measures. The number of people employed reduced by 10% from 6,681 in September last year to 6,040 this year.

Restructuring costs of £4.6m (2008: £9.1m) and impairment losses of £1.0m (2008: £2.4m) were incurred in the first half year resulting from the RPC 2010 programme. The closure of production facilities at Aš (Czech Republic), Ravenstein (the Netherlands) and Halfweg (the Netherlands) have all been completed. The impairment loss of £1.0m reflects the reduction in the book value of the Halfweg property to its current market value. The closure of the Raunds facility in

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the UK is ongoing and is expected to be largely complete by the end of the financial year.

Net financing costs in the first half reduced significantly from £6.2m to £1.7m. This is mainly attributable to a lower net interest charge of £2.4m in the period (2008: £5.9m), reflecting both lower interest rates and a lower level of net debt. Favourable foreign exchange movements relating to the US dollar bond resulted in a net financial income of £0.7m (2008: charge of £0.3m).

The adjusted profit before tax increased from £10.1m to £16.7m as a result of both the improvement in operating profit and reduction in the net interest charge. The underlying tax rate was 28.5% (2008: 29.0%) resulting in an adjusted profit after tax of £11.9m (2008: £7.2m) and an adjusted basic earnings per share of 12.0p (2008: 7.2p).

The total tax charge of £3.8m reflects an effective rate of 28.5% on profit before tax excluding restructuring and impairment costs and a tax credit at an effective rate of 20% on the restructuring and impairment costs.

The result after tax improved to a profit of £8.0m (2008: £3.1m loss) mainly due to higher adjusted operating profit, lower restructuring and impairment costs and a reduction in net financing costs. The basic earnings per share was 8.1p (2008: loss per share 3.1p).

Condensed consolidated balance sheet and cash flow statement

Property, plant and equipment decreased by £11.6m to £266.5m compared with the year end; capital expenditure levels were £4.4m lower than the depreciation charged in the period, the remaining decrease being attributable to exchange rate movements and the sale of the Thornaby property.

Working capital (the sum of inventories, trade and other receivables and trade and other payables) decreased to £40.3m from £44.0m at the year end thereby consolidating the gains made last year when working capital was reduced by £48.5m. The working capital as a percentage of revenue for the half year (annualised) improved from 11.6% in September last year to 5.7% this year, reflecting the impact of the working capital improvement programme combined with a more benign polymer trading environment.

The long-term employee benefit liabilities increased from £40.1m at the year end to £51.9m, mainly due to an increase in the UK pension scheme deficit arising from the impact of lower discount and higher inflation rates on pension liabilities, partially offset by an increase in the market value of the assets held. The UK pension scheme is subject to a triennial actuarial valuation as at 31 March 2009 which will be concluded by 30 June 2010.

Capital and reserves reduced in the period by £10.0m, the net profit for the period of £8.0m being offset by pension related actuarial losses of £9.1m, dividends paid of £6.3m, exchange movements on translation and other share-based payment transactions. Further details are shown in the 'Condensed consolidated statement of changes in equity' which is included in the financial statements.

Net cash from operating activities (after tax and interest) was £27.8m compared with £19.6m in the same period in 2008, most of the increase being attributable to the improved EBITDA performance and lower interest costs. The lower cash outflow from investing activities of £13.2m (2008: £17.0m) reflected reduced levels of capital expenditure in the period.

Net debt reduced by a further £13.8m, from £116.6m at 31 March 2009 to £102.8m at 30 September 2009, and was £51.2m lower compared with 30 September 2008. Gearing was 64% compared with 68% at the year end and 92% at the previous half year end. The Group has total finance facilities of approximately £304m leaving an amount of £197m undrawn. The facilities are unsecured and comprise a revolving credit facility of up to £200m, seven year floating notes totalling 35m and $40m, and various overdraft arrangements. The majority of the facilities do not expire until 2012.

Financial key performance indicators (KPIs)

The Group's main financial KPIs focus on return on investment, business profitability and cash generation.

	6 months to 30 September 2009	6 months to 30 September 2008	12 months to 31 March 2009
Financial KPIs:			
Return on Capital Employed[1]	10.3%	10.1%	9.1%
Added value per tonne[2]	£2,037	£1,984	£2,058
Gross Margin[3]	50%	43%	46%
Free cash flow[4]	£24.7m	£12.2m	£87.7m
Cash conversion[5]	144%	129%	291%

(1) *Return on capital employed, which is measured over the previous 12 months, is defined as adjusted operating profit divided by the average of opening and closing shareholders' equity, adding back deferred tax assets and liabilities, retirement benefit obligations and liabilities in connection with derivative financial instruments, and after adding back average net borrowings for the year in question.*

(2) *Added value per tonne is the difference between production sales value per tonne produced and the cost of polymer per tonne produced. The 2008/09 comparative numbers have been re-stated using 2009/10 exchange rates.*

(3) *Gross margin is the difference between sales price and all directly variable costs such as polymer, packaging, transport and electricity.*

(4) *Free cash flow is defined as cash generated from operations less net capital expenditure, net interest and tax, adjusted to exclude exceptional cash flows.*

(5) *Cash conversion is defined as the ratio of cash generated from operations less net capital expenditure excluding exceptional cash flows, to adjusted operating profit.*

The key measure of the Group's financial performance is return on capital employed. This shows a 1.2% improvement versus the total year 2008/09. The average capital employed (12 months rolling average) reduced to £375m compared with £392m for the full year 2008/09.

Following completion of the RPC 2010 programme, the Group's target is to achieve an average of at least 15% ROCE across the economic cycle. RPC 2010 is expected to be completed by the end of calendar year 2010 with the full benefits coming through in the financial year 2011/12. The RPC 2010 revised target of £16m steady-state benefits (compared with the first half 2008/09 cost base) together with the targeted reduction in capital employed equates to a ROCE improvement of 5 percentage points.

The increases in added value per tonne and gross margin reflect the much needed restoration of margins following a long period of attrition. The continued good free cash flow performance and high cash conversion rate are a consequence of the Group's focus on cash generation.

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.

The Board regularly considers the principal risks that the Group faces and how to mitigate their potential impact. The key risks to which the Group is exposed have not changed significantly over the past six months of the financial year. Further information concerning the principal risks and uncertainties faced by the Group can be found on pages 11 and 12 of the Group's annual report and accounts for the year ended 31 March 2009.

Dividend

In line with its progressive dividend policy and in support of the improvement in the profitability of the Group, the Board has declared an interim dividend of 3.1p per share, which represents a 0.2p (7%) increase on last year. This will be paid on 26 January 2010 to ordinary shareholders on the register at 29 December 2009.

Prospects

The general economic climate continues to be challenging and is impacting activity levels, but it is encouraging that most of the customer de-stocking effects appear to have run their course. The first half year trend of increasing polymer prices is of concern although prices seem to have stabilised more recently. The Board is confident that the Group's prospects are good as it is well positioned to grow once the present recessionary circumstances come to an end and will operate with a more efficient cost structure following the completion of the RPC 2010 programme. The Group's financial position is expected to remain robust.

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 Group 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 R P Pike
Chairman

27 November 2009

R J E Marsh
Chief Executive

27 November 2009

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 2009 which comprises Condensed consolidated income statement, Condensed consolidated balance sheet, Condensed consolidated cash flow, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity 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 2009 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

27 November 2009

Condensed consolidated income statement

		6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
	Continuing Operations			
Note 3	**Revenue**	351.9	381.0	769.1
	Operating costs	(338.4)	(376.5)	(759.4)
Note 3	**Operating profit**	13.5	4.5	9.7
	Analysed as:			
	Operating profit before restructuring and impairment losses	19.1	16.0	35.5
Note 4	Restructuring costs	(4.6)	(9.1)	(22.4)
Note 4	Impairment losses	(1.0)	(2.4)	(3.4)
	Operating profit	13.5	4.5	9.7
	Financial income	2.4	1.4	2.3
	Financial expenses	(4.1)	(7.6)	(16.5)
Note 5	Net financing costs	(1.7)	(6.2)	(14.2)
Note 3	**Profit/(loss) before taxation**	11.8	(1.7)	(4.5)
Note 6	Taxation	(3.8)	(1.4)	(3.2)
	Profit/(loss) for the period attributable to equity shareholders	8.0	(3.1)	(7.7)
Note 7	**Basic earnings/(loss) per ordinary share**	8.1p	(3.1)p	(7.8)p
Note 7	**Diluted earnings/(loss) per ordinary share**	8.0p	(3.1)p	(7.8)p
Note 7	**Adjusted basic earnings per ordinary share**	12.0p	7.2p	18.0p
Note 7	**Adjusted diluted earnings per ordinary share**	11.9p	7.2p	18.0p

Condensed consolidated statement of comprehensive income

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Profit/(loss) for the period	8.0	(3.1)	(7.7)
Other comprehensive (loss)/income			
Foreign exchange translation differences	(2.2)	(0.3)	17.3
Effective portion of movement on fair value of interest rate swaps	–	0.1	(1.9)
Deferred tax liability on above	–	–	0.5
Actuarial losses on defined benefit pension plans	(12.7)	(4.9)	(12.3)
Deferred tax on actuarial losses	3.6	1.3	3.5
Other comprehensive (loss)/income for the period, net of tax	(11.3)	(3.8)	7.1
Total comprehensive (loss)/income for the period, attributable to equity shareholders	(3.3)	(6.9)	(0.6)

Condensed consolidated balance sheet

		30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
	Non-current assets			
	Goodwill	23.6	20.6	24.0
	Other intangible assets	2.7	2.9	3.0
Note 8	Property, plant and equipment	266.5	255.8	278.1
	Derivative financial instruments	0.1	0.6	1.1
	Deferred tax assets	11.8	6.0	8.2
	Total non-current assets	304.7	285.9	314.4
	Current assets			
	Inventories	86.1	105.6	87.9
	Trade and other receivables	116.8	137.7	120.7
	Cash and cash equivalents	13.5	21.3	35.8
	Derivative financial instruments	–	0.4	–
	Total current assets	216.4	265.0	244.4
	Current liabilities			
	Bank loans and overdrafts	–	(2.8)	–
	Trade and other payables	(162.6)	(155.2)	(164.6)
	Current tax liabilities	(8.6)	(5.6)	(4.9)
	Employee benefits	(2.5)	(2.8)	(6.9)
	Provisions	(1.4)	(0.7)	(2.8)
	Derivative financial instruments	(0.5)	–	(0.2)
	Total current liabilities	(175.6)	(167.1)	(179.4)
	Net current assets	40.8	97.9	65.0
	Total assets less current liabilities	345.5	383.8	379.4
	Non-current liabilities			
	Bank loans and other borrowings	(116.3)	(172.5)	(152.4)
Note 9	Employee benefits	(51.9)	(30.2)	(40.1)
	Deferred tax liabilities	(14.8)	(13.6)	(14.8)
	Derivative financial instruments	(1.6)	(0.2)	(1.2)
	Total non-current liabilities	(184.6)	(216.5)	(208.5)
	Net assets	160.9	167.3	170.9
	Equity			
	Called up share capital	5.0	5.0	5.0
	Share premium	3.3	3.3	3.3
	Capital redemption reserve	0.9	0.9	0.9
	Retained earnings	115.0	135.3	122.8
	Cash flow hedging reserve	(1.0)	0.5	(1.0)
	Cumulative translation differences reserve	37.7	22.3	39.9
	Total equity attributable to equity shareholders	160.9	167.3	170.9

The half-yearly financial report was approved by the Board of Directors on 27 November 2009, is unaudited and was signed on its behalf by:

J R P Pike Chairman
P R M Vervaat Finance Director

Condensed consolidated cash flow statement

		6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
	Cash flows from operating activities			
	Profit/(loss) before tax	11.8	(1.7)	(4.5)
	Net financing costs	1.7	6.2	14.2
	Profit from operations	13.5	4.5	9.7
	Adjustments for:			
	Amortisation and impairment of intangible assets	0.4	1.9	0.6
	Impairment of goodwill	–	–	1.4
	Impairment loss on property, plant and equipment	1.0	0.8	2.0
	Depreciation	18.2	16.9	34.6
	Share-based payment expense	0.4	0.3	0.6
	Gain on disposal of property, plant and equipment	(0.1)	(0.6)	(3.4)
	Movement in provisions	(6.0)	(2.9)	4.1
	Operating cash flows before movement in working capital	27.4	20.9	49.6
	Movement in working capital	3.1	7.4	65.6
	Cash generated by operations	30.5	28.3	115.2
	Taxes paid	(0.1)	(2.5)	(5.1)
	Interest paid	(2.6)	(6.2)	(10.6)
	Net cash from operating activities	27.8	19.6	99.5
	Cash flows from investing activities			
	Interest received	0.1	0.2	0.2
	Proceeds on disposal of property, plant and equipment	1.2	0.6	7.1
	Acquisition of property, plant and equipment	(14.3)	(17.4)	(33.4)
	Acquisition of intangible assets	(0.2)	(0.4)	(0.5)
	Net cash flows from investing activities	(13.2)	(17.0)	(26.6)
	Cash flows from financing activities			
Note 10	Dividends paid	(6.3)	(6.0)	(8.9)
	Purchase of own shares	(0.8)	–	–
	Proceeds from the issue of share capital	–	0.1	0.1
Note 11	Repayment of borrowings	(28.3)	(7.1)	(60.9)
	New bank loans raised	–	–	3.2
	Finance leases – received	–	–	0.4
	Net cash flows from financing activities	(35.4)	(13.0)	(66.1)
	Net (decrease)/increase in cash and cash equivalents	(20.8)	(10.4)	6.8
	Cash and cash equivalents at beginning of period	35.8	28.6	28.6
	Effect of foreign exchange rate changes	(1.5)	0.3	0.4
	Cash and cash equivalents at end of period	13.5	18.5	35.8
	Cash and cash equivalents comprise:			
	Cash at bank and overdrafts	13.5	18.5	35.8

Condensed consolidated statement of changes in equity

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Six months to 30 September 2009 (unaudited)							
At 1 April 2009	5.0	3.3	0.9	39.9	(1.0)	122.8	170.9
Profit for the period	–	–	–	–	–	8.0	8.0
Other comprehensive income/(loss) for the period	–	–	–	(2.2)	–	(9.1)	(11.3)
Total comprehensive income/(loss) for the period	–	–	–	(2.2)	–	(1.1)	(3.3)
Other changes in equity:							
Purchase of own shares	–	–	–	–	–	(0.8)	(0.8)
Equity settled share-based payments	–	–	–	–	–	0.4	0.4
Dividends paid	–	–	–	–	–	(6.3)	(6.3)
At 30 September 2009	5.0	3.3	0.9	37.7	(1.0)	115.0	160.9
Six months to 30 September 2008 (unaudited)							
At 1 April 2008	5.0	3.2	0.9	22.6	0.4	147.6	179.7
Loss for the period	–	–	–	–	–	(3.1)	(3.1)
Other comprehensive income/(loss) for the period	–	–	–	(0.3)	0.1	(3.6)	(3.8)
Total comprehensive income/(loss) for the period	–	–	–	(0.3)	0.1	(6.7)	(6.9)
Other changes in equity:							
Issue of shares	–	0.1	–	–	–	–	0.1
Equity settled share-based payments	–	–	–	–	–	0.4	0.4
Dividends paid	–	–	–	–	–	(6.0)	(6.0)
At 30 September 2008	5.0	3.3	0.9	22.3	0.5	135.3	167.3
Year to 31 March 2009 (audited)							
At 1 April 2008	5.0	3.2	0.9	22.6	0.4	147.6	179.7
Loss for the period	–	–	–	–	–	(7.7)	(7.7)
Other comprehensive income/(loss) for the period	–	–	–	17.3	(1.4)	(8.8)	7.1
Total comprehensive income/(loss) for the period	–	–	–	17.3	(1.4)	(16.5)	(0.6)
Other changes in equity:							
Issue of shares	–	0.1	–	–	–	–	0.1
Equity settled share-based payments	–	–	–	–	–	0.6	0.6
Dividends paid	–	–	–	–	–	(8.9)	(8.9)
At 31 March 2009	5.0	3.3	0.9	39.9	(1.0)	122.8	170.9

Notes to the condensed financial statements

1. General information

The comparative figures for the financial year ended 31 March 2009 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group'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's statutory accounts for the year ended 31 March 2009 are available from the Company's registered office, at Lakeside House, Higham Ferrers, Northants NN10 8RP or from the Group's website, at www.rpc-group.com.

2. Accounting policies

The condensed consolidated half-yearly financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting', as adopted by the EU and in accordance with the Disclosure and Transparency Rules of the UK's Financial Services Authority. 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 2009.

Except as noted below, 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 for 2009.

Changes in accounting policies
At the beginning of the current period, the Group adopted the following revised and amended standards and interpretations that are relevant to its operations.

- IAS 1 (Revised), 'Presentation of Financial Statements', has resulted in the Statement of Recognised Income and Expense being renamed the Statement of Comprehensive Income and the introduction of the Statement of Changes in Equity as a primary statement. IAS 1 (Revised) has no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.
- IAS 23 (Revised), 'Borrowing Costs', has removed the option of immediately recognising as an expense borrowing costs that relate to qualifying assets that take a substantial period of time to get ready for use or sale. The revised standard requires such borrowing costs to be capitalised as part of the cost of the asset. The Group's previous policy in relation to borrowing costs was to recognise them in the income statement using the effective interest rate method. To date IAS 23 (Revised) has had no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.
- Amendments to IAS 32, 'Financial Instruments: Presentation', and IAS 1, 'Presentation of Financial Statements', relating to puttable financial instruments and obligations arising on liquidation. These amendments have no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.
- IFRS 8, 'Operating Segments', see note 3 below.

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 financial statements as at and for the year ended 31 March 2009.

3. Business segments

The Group has adopted IFRS 8 'Operating Segments' with effect from 1 April 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, which is considered to be the Group's chief operating decision maker, to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard (IAS 14 'Segment Reporting') required the Group to identify two sets of segments (geographical and business), using a risks and rewards approach. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

Products and services from which reportable segments derive their revenues

In prior years the primary segment information reported externally was based on the geographical region in which businesses were located and the secondary segment information was based on manufacture by specific conversion process. The information reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance is based on manufacturing conversion process. Details of these processes can be found in the Business Review on pages 1 to 3.

Information regarding the Group's operating segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

Segment revenues and results

The accounting policies of the reportable segments are the same as the Group's accounting policies in note 2. Segment profit represents the profit earned by each segment with an allocation of central items. Pricing of inter-segment revenue is on an arms length basis.

The following is an analysis of the Group's revenue and results by reportable segment.

	6 months to 30 September 2009 £m Inter-segment	6 months to 30 September 2009 £m External	6 months to 30 September 2008 £m Inter-segment	6 months to 30 September 2008 £m External	12 months to 31 March 2009 £m Inter-segment	12 months to 31 March 2009 £m External
Revenue						
Injection Moulding	2.6	143.4	2.1	148.1	5.2	309.0
Blow Moulding	0.6	77.0	0.5	86.6	1.1	169.0
Thermoforming	0.6	131.5	0.1	146.3	1.0	291.1
	3.8	351.9	2.7	381.0	7.3	769.1
Segmental results						
Injection Moulding		9.0		8.5		17.7
Blow Moulding		3.8		2.0		4.9
Thermoforming		6.3		5.5		12.9
Adjusted operating profit		19.1		16.0		35.5
Restructuring		(4.6)		(9.1)		(22.4)
Impairments		(1.0)		(2.4)		(3.4)
Finance costs		(1.7)		(6.2)		(14.2)
Profit/(loss) before tax		11.8		(1.7)		(4.5)
Taxation		(3.8)		(1.4)		(3.2)
Profit/(loss) after tax		8.0		(3.1)		(7.7)

Notes to the condensed financial statements

3. Business segments continued

	30 September 2009 £m	30 September 2008 £m	31 March 2009 £m
Total assets by segment			
Injection Moulding	188.4	212.0	203.4
Blow Moulding	100.9	109.8	103.9
Thermoforming	137.2	155.1	140.8
	426.5	476.9	448.1
Total liabilities	(132.6)	(139.2)	(140.3)
Unallocated assets/liabilities	(30.2)	(16.4)	(20.3)
Net debt	(102.8)	(154.0)	(116.6)
Net assets	160.9	167.3	170.9

The following is an analysis of the Group's revenue and adjusted operating profit by origin.

	6 months to 30 September 2009 £m	6 months to 30 September 2008 £m	12 months to 31 March 2009 £m
Revenue by origin			
United Kingdom	93.5	102.3	198.2
Mainland Europe	258.4	278.7	570.9
	351.9	381.0	769.1
Segmental results			
United Kingdom	8.7	4.0	10.1
Mainland Europe	10.4	12.0	25.4
Adjusted operating profit	19.1	16.0	35.5

4. Restructuring costs and impairment losses

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Closure costs	3.2	7.7	20.0
Restructuring of operations	1.4	1.4	2.4
	4.6	9.1	22.4
Impairment losses	1.0	2.4	3.4

The closure costs incurred in the period relate mainly to the planned closure under the RPC 2010 programme of the operations at Halfweg and Ravenstein (the Netherlands), Aš (Czech Republic) and Raunds (UK). Closure costs in the half year to 30 September 2008 were attributable to the closure of the operation at Mozzate (Italy) which was announced in August 2008, the remaining closure costs of the UK operation in Hereford and the reorganisation of the Bebo business in Poland.

Restructuring costs incurred in the period are in relation to employment termination costs, the cost optimisation project and other restructuring activities under the RPC 2010 programme.

The charge in the period for impairment losses on property, plant and equipment and goodwill were a result of the closure of the Halfweg operation. The charge for impairment losses for the 6 month period to 30 September 2008 relate to the closure of the Mozzate operation (£2.2m) and further impairments relating to the Hereford and Thornaby operations.

5. Net financing costs

Net financing costs comprise:

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Net interest payable	2.4	5.9	10.4
Market to market losses/(gains) on foreign currency hedging instruments	1.6	(1.2)	(2.1)
Exchange differences on bonds	(2.3)	1.5	5.9
	1.7	6.2	14.2

6. Tax

A taxation charge of £3.8m has been made in the half year to 30 September 2009 in respect of the profit before taxation of £11.8m, based on the Group tax charge expected for the full year applied to the pre-tax income of the six month period. The tax charge reflects an effective tax rate of 28.5% on the adjusted profit before tax and a tax credit at an effective tax rate of 20.0% on the restructuring costs and impairment losses. The relatively low effective tax rate on the exceptional costs is mainly due to some of the costs being disallowed for tax purposes and lower local tax rates.

The Group tax rate excluding restructuring costs and impairment losses of 28.5% compares with 29.0% for the year ended 31 March 2009 and 29.0% for the half year to 30 September 2008.

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 which was at the half year ended 30 September 2009: 98,959,365 (half year ended 30 September 2008: 99,049,128 and year ended 31 March 2009: 99,067,693).

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 at the half year ended 30 September 2009: 99,785,293 (half year ended 30 September 2008: 99,120,633 and year ended 31 March 2009: 99,150,116).

Adjusted

The directors believe that the presentation of an adjusted basic earnings per ordinary share provides a better understanding of the underlying performance of the Group. For this purpose the restructuring and impairment losses identified separately on the face of the Condensed consolidated income statement have been excluded, together with the exchange differences on the US dollar 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:

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Profit/(loss) after tax as reported in the Condensed consolidated income statement	8.0	(3.1)	(7.7)
Restructuring costs and impairment losses	5.6	11.5	25.8
Exchange differences on bond	(2.3)	1.5	5.9
Foreign currency hedging instruments	1.6	(1.2)	(2.1)
Tax effect thereon	(1.0)	(1.5)	(4.1)
Adjusted profit after tax	11.9	7.2	17.8

Notes to the financial statements

8. Property, plant and equipment

During the period the Group spent £14.3m on capital expenditure (2008: £17.4m) of which £0.5m is related to a movement in capital creditors resulting in additions to property, plant and equipment of £13.8m. The depreciation charge was £18.2m (2008: £16.9m). The impairment of assets is disclosed in note 4. Foreign currency exchange movements in the period reduced the carrying value of property, plant and equipment by £5.2m (2008: £0.2m).

9. Employee benefits

The liability recognised in the Condensed consolidated balance sheet for long-term employee benefits and the movement in retirement benefit obligations was:

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Retirement benefit obligations at 1 April	33.7	20.4	20.4
Total expense charged to the income statement	2.3	1.9	3.8
Actuarial losses recognised in the statement of comprehensive income	12.7	4.9	12.3
Contributions and benefits paid	(2.6)	(2.9)	(5.5)
Exchange differences	(0.3)	–	2.7
Retirement benefit obligations at 30 September/31 March	45.8	24.3	33.7
Termination benefits	2.9	3.1	3.3
Other long-term employee benefit liabilities	3.2	2.5	3.1
Restructuring termination cost provision due after one year	–	0.3	–
Employee benefits due after one year	51.9	30.2	40.1

Retirement benefit obligations

The defined benefit obligations for employee pensions and similar benefits as at 30 September 2009 have been re-measured based on the disclosures as at 31 March 2009, 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 2009 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 2009. 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 comprehensive income.

The principal source of the rise in the retirement benefit obligations at 30 September 2009 is an increase in the UK Pension Scheme deficit from £16.1m at 31 March 2009 to £27.3m. This was due to a reduction in the discount rate and an increase in the inflation rate used to calculate the present value of liabilities partially offset by a significant rise in the market value of assets.

10. Dividends

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Dividends on ordinary shares:			
Final for 2008/09 paid of 6.4p per share	6.3	–	–
Interim for 2008/09 paid of 2.9p per share	–	–	2.9
Final for 2007/08 paid of 6.1p per share	–	6.0	6.0
	6.3	6.0	8.9

The proposed interim dividend for the year ending 31 March 2010 of 3.1p per share will be paid on 26 January 2010 to shareholders on the register at close of business on 29 December 2009. It has not been included as a liability as at 30 September 2009.

11. Bank overdrafts and loans

During the period net loans of £28.3m were repaid under the Group's existing loan facility. The amount undrawn under the Group's facilities at 30 September 2009 amounted to £196.6m.

12. Share capital

The Group acquired 380,000 of its own shares through purchase on the London Stock Exchange during the period (30 September 2008: nil; 31 March 2009: nil). The total amount paid to acquire the shares was £807,305 (30 September 2008: £nil; 31 March 2009: £nil) and this has been deducted from shareholders equity. The shares are held in trust for the benefit of directors and employees for future payments under share-based payment schemes.

13. Contingent liabilities

There were no significant changes to the contingent liabilities reported at 31 March 2009 for the Group.

14. Exchange rates

The average euro exchange rate for the 6 months to 30 September 2009 was 1.14 (6 months to 30 September 2008: 1.26; 12 months to 31 March 2009: 1.20) and the period end rate at 30 September 2009 was 1.10 (30 September 2008: 1.27; 31 March 2009: 1.07).

The average US dollar exchange rate for the 6 months to 30 September 2009 was $1.60 (6 months to 30 September 2008: $1.92; 12 months to 31 March 2009: $1.70) and the period end rate at 30 September 2009 was $1.61 (30 September 2008: $1.81; 31 March 2009: $1.43).

15. 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 26 of the annual report and accounts for the year ended 31 March 2009.

Copies of this half-yearly financial report will be mailed to shareholders on 4 December 2009 and are also available from the Company Secretary, RPC Group Plc, Lakeside House, Higham Ferrers, Northants NN10 8RP.

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