Europe's Leader in
Rigid Plastic Packaging

# Half-yearly Financial Report 2011

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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 56 operations in 18 countries and employs over 7,200 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
*Independent Non-executive Director*

Drs P R M Vervaat RC
*Finance Director*

P S Wood FCA
*Senior Independent Director*

**Retired on 27 July 2011**

D J Wilbraham BSc PhD

**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 operations in 18 countries. The business, which comprises 50 manufacturing sites and six separate distribution and sales centres, converts polymer granules into finished packaging product by a combination of moulding and assembly processes. It is organised around the three main conversion processes used within the Group, each site being managed within one of seven clusters which are defined along technological and market lines.

The conversion processes, clusters and the 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, pharmaceuticals, cosmetics, tablet dispensers & inhalant devices, food, coffee capsules |
| | Superfos | Food, soups & sauces, margarine & spreads, paints, DIY products |
| Thermoforming | Bebo | Margarine & spreads, fresh, frozen and long shelf-life foods, coffee capsules, dairy market |
| | Tedeco-Gizeh | Vending & drinking cups, coffee capsules, disposable products |
| | Cobelplast | Phone cards, long shelf-life foods and form-fill-seal lines (sheet products) |
| Blow Moulding | Blow Moulding | Personal care, automotive, agrochemicals, food & drinks, long shelf-life foods |

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

RPC has achieved a leading position in its chosen markets and geographies by establishing strong long-term relationships with its customers and by developing high quality, innovative products that meet rigorous customer demands. The Group's strategy is to maintain its leading market positions and to continue to develop and grow existing and new products in selected markets. This will be achieved by continued innovation and investment, leveraging RPC's leading technological capability and through strategic corporate development.

Following the successful completion of the RPC 2010 programme, the Group is well placed to achieve growth by building on its strong market positions and technological know-how. The aim is to achieve a return on capital employed (ROCE) of 20% following the realisation of £15m to £25m steady state synergies related to the Superfos acquisition, assuming a non-recessionary economic environment and no significant volatility in raw material prices. At the half year circa £4m of these synergies had been achieved which together with the growth in higher added value products, resulted in an annualised ROCE of 18.1% indicating that the Group has made good progress in meeting this target. Total synergies this year are anticipated to be circa £9m.

Opportunities for further organic and acquisitive growth continue to be explored, both in the European market as well as in less mature higher growth economies outside Europe.

## Business review

Revenues were significantly higher than the same period last year due to the inclusion of a full six months of Superfos trading activity, a business which was acquired by RPC in February 2011. The sales of £586.7m in the first half (2010: £381.9m) were 11% higher than the same period last year on a like-for-like basis. Overall like-for-like sales volumes measured in polymer tonnes converted were at similar levels to last year, with improved activity levels in higher added value segments such as long shelf-life products, pharmaceutical products and coffee capsules. This compensated for lower activity levels in segments such as paint containers, industrial products and vending cups which were affected by weakening macro-economic conditions. Selling prices increased reflecting the pass through of higher polymer prices and the improved sales mix. Polymer markets in the first half of 2011/12 stabilised and prices started to fall from June, resulting in improved margins for most product groups. Polymer prices in the third quarter of the financial year are anticipated to be relatively stable with upward movement possible in the fourth quarter.

Adjusted operating profit (before restructuring and impairment charges) more than doubled to £45.4m (2010: £21.8m) due to the contribution of Superfos trading activity and margin improvements arising from a better sales mix and more stable polymer prices. Net financing costs increased as a consequence of the additional funding costs of the Superfos acquisition, resulting in higher net debt levels and higher costs of borrowing following the renewal of the Group's banking facilities in 2010. The Group reported a

## Interim management report

record half year net profit of £26.3m, more than twice that of the same period last year.

Restructuring costs and other exceptional items in the first half year of £4.1m (2010: £3.1m) mainly comprised the planned closure costs of the Runcorn site and other costs arising from the Superfos integration programme. The sale in August of the non-core activities of the Bramlage Verschlüsse wines and spirits closures operation in Germany generated a small profit on disposal.

The Group had a satisfactory cash performance over the period with £30.9m cash generated from operations (2010: £27.1m). The increase in working capital to 4.9% of sales was driven by the growth in higher added value products. Investment in capital projects was higher than in previous years and included new production lines for growth in the coffee capsule and personal care markets. As anticipated these developments, combined with an increase in dividend payments, resulted in a higher net debt of £200.1m. The Group retains a strong balance sheet with a total of £442m of finance facilities available. In November 2011 a significant proportion of the existing debt was refinanced with longer dated borrowings through the US Private Placement market.

*Injection Moulding*

| | 6 months to 30 September 2011 £m | 6 months to 30 September 2010 £m | 12 months to 31 March 2011 £m |
|---|---|---|---|
| Sales | 342.3 | 163.6 | 369.0 |
| Operating profit | 31.9 | 11.6 | 30.9 |
| Return on sales | 9.3% | 7.1% | 8.4% |

The business comprises the UK Injection Moulding (UKIM), Bramlage-Wiko and Superfos clusters. Overall the injection moulding business performed very well in the period, with sales significantly higher due to the inclusion of the Superfos business within the Injection Moulding results, and return on sales improving to 9.3%.

In the UKIM business, which comprises five sites in England and from 1 April the Superfos site at Runcorn, sales volumes were slightly down on last year with reduced activity in the UK construction and DIY sectors affecting profits. Following a review of business profitability, the closure of the Superfos site was proposed in June and confirmed in October 2011, with the majority of the business anticipated to be transferred to other UKIM sites by the end of June 2012. The related closure costs have been charged to restructuring costs and impairment charges and are not included in the results above.

Bramlage-Wiko, which operates in Germany, France, Belgium, Slovakia and the USA, continued to experience strong volume growth, mainly due to increased levels of new product development in pharmaceuticals, cosmetics and personal care. In these areas the Group is well positioned to take a significant share of new business opportunities through its strong market position and leading technological know-how. In the pharmaceutical segment the cluster benefited from moving to a sole supply position with a major customer whilst further efficiencies were achieved by increasing production at the Slovakian manufacturing facility. Significant growth opportunities have arisen in the USA, again based on the Group's leading technological position.

Superfos, which was acquired in February 2011, manufactures and distributes open top filled injection moulded containers and has manufacturing facilities in France, Belgium, Spain, Poland, Denmark and Sweden, with joint ventures in Turkey and North Africa. Although sales volumes in southern Europe were relatively weak in the second quarter due to generally subdued activity levels in the industrial markets, overall margins were strong as the polymer purchasing and other synergies have started to take effect. The integration into the RPC Group has progressed very well with Superfos now operating as a stand-alone cluster and key management retained. Purchasing of raw materials has been centralised at Group level whilst the necessary central overhead cost reductions were effected in August. Growth opportunities in light-weighting and barrier products are being actively pursued as is the exploitation of cross-selling opportunities across the relevant geographies.

*Thermoforming*

| | 6 months to 30 September 2011 £m | 6 months to 30 September 2010 £m | 12 months to 31 March 2011 £m |
|---|---|---|---|
| Sales | 150.8 | 136.4 | 281.4 |
| Operating profit | 7.1 | 6.0 | 14.7 |
| Return on sales | 4.7% | 4.4% | 5.2% |

The thermoforming operations comprise the Bebo (retail food packaging), Tedeco-Gizeh (food service – vending and disposables) and Cobelplast (sheet production) clusters and are largely based in mainland Europe. Overall the thermoforming business performance was stable in the period, with growth in coffee capsules and barrier products offsetting lower volumes in vending. The increase in sales was largely attributable to the pass through of higher polymer prices to customers.

The margarine and spreads market is a significant part of the thermoforming business but most of the growth is currently generated from new business developments in oxygen barrier packaging (replacing glass and metal) and coffee capsules, which continues to grow with further investment in the period in three new production lines at Kenfig (Wales) and additional lines at Bouxwiller (France) and Deventer (the Netherlands) required to keep up with customer and consumer demand. The reorganisation of the Beuningen site was completed in the period. The overall demand for sheet products was relatively flat compared with last year although the sales mix continues to improve with growing sales in multi-layer sheet. The demand in the vending cup market continues to be affected by the high unemployment levels across the markets served by Tedeco-Gizeh.

*Blow Moulding*

| | 6 months to 30 September 2011 £m | 6 months to 30 September 2010 £m | 12 months to 31 March 2011 £m |
|---|---|---|---|
| Sales | 93.6 | 81.9 | 168.8 |
| Operating profit | 6.4 | 4.2 | 10.2 |
| Return on sales | 6.8% | 5.1% | 6.0% |

The blow moulding operations are based both in the UK and in mainland Europe. The blow moulding business performed well in the period; sales volumes improved again and operating profit increased by 52% to £6.4m (2010: £4.2m) as the cost savings from restructuring activities and higher volumes helped improve profitability.

There was strong demand in both food and non-food sectors with good volume increases at Llantrisant, Gent and Corby.

The site at Corby has particularly benefited from the strong demand for barrier blow moulded plastic jars and bottles as manufacturing capability and technological innovation is helping to accelerate the conversion of conventional glass and metal packaging to lighter weight plastic. Rising demand from the agrochemical market improved the activity levels at Gent whereas Llantrisant increased its sales through the gain of a major contract. UK demand in general was however relatively subdued.

*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 2011 | 6 months to 30 September 2010 | 12 months to 31 March 2011 |
|---|---|---|---|
| Non-financial KPIs: | | | |
| Electricity usage per tonne (kWh/T) | 1,801 | 1,870 | 1,837 |
| Water usage per tonne (L/T) | 769 | 849 | 769 |
| Reportable accident frequency rate | 1,480 | 1,597 | 1,695 |

*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, multiplied by the constant 100,000.*

The improvement in electricity usage is largely the result of the inclusion of the Superfos sites in the period. The reportable accident frequency rate improved significantly compared with the same period last year and the year end, following a concerted effort to raise awareness of the importance of health and safety matters throughout the Group.

## Financial review

*Condensed consolidated income statement*
Revenue in the first half of 2011/12 was significantly higher at £586.7m compared with the corresponding period last year, due to the inclusion of the Superfos business acquired in February 2011 and an 11% increase in like-for-like revenues. Overall like-for-like sales volumes were at similar levels to last year; the increase in turnover was largely due to an improved sales mix arising from the continued growth in higher added value products and sales price increases resulting from the pass through of polymer price increases to customers, together with the translation effect of the strengthening of the euro against sterling.

Adjusted operating profit (before restructuring costs and impairment losses) increased significantly in the first half of 2011/12 from £21.8m in the same period last year to £45.4m due to the impact of Superfos and related synergies as well as a like-for-like increase in profit which arose from a general improvement in margins, as polymer prices started to fall from June, together with the impact of an improved sales mix of higher added value/higher margin products.

Restructuring, impairment losses and other exceptional items of £4.1m (2010: £3.1m) were incurred in the first half year, comprising mainly the integration costs of Superfos, including expected redundancy and closure costs of the Runcorn site and head office reorganisation costs at Taastrup (Denmark). Other items include insurance income expected to be recovered for the damaged warehouse at Kerkrade (the Netherlands) and the remainder of the RPC 2010 costs such as the profit on the sale of the Bramlage Verschlüsse wines and spirits closures operation, a non-core business identified for sale within the RPC 2010 programme.

Net financing costs in the first half increased from £0.7m to £6.2m. Net interest charges were £5.2m (2010: £1.6m) reflecting the additional funding costs of the Superfos acquisition with an increase in average net debt in the first half, and the higher cost of borrowing following the renewal of the Group's bank borrowing facilities in December 2010. Unfavourable foreign exchange movements relating to the US dollar bonds resulted in a net financial expense of £0.1m (2010: financial income £0.9m). Net financing costs on retirement benefit obligations have now been classified under net financing costs in order to comply with the anticipated classification change in IAS19 and to improve comparability with the Company's peers. A net charge of £0.9m arose in the period, comprising £2.9m of income from pension fund assets and £3.8m of expense relating to the interest cost on retirement benefit liabilities.

The adjusted profit before tax[1] increased from £20.2m to £39.3m as a result of the improvement in operating profit, partly offset by the higher net interest charge. The tax rate fell to 25.0% (2010: 28.0%) resulting in an adjusted profit after tax of £29.5m (2010: £14.6m) and adjusted basic earnings per share[2] of 18.3p (2010 restated: 11.7p). The 2010 half year earnings per share measures have been restated to reflect the bonus element of the rights issue made on the acquisition of Superfos.

*(1) Adjusted profit before tax is defined as operating profit before restructuring, closure and impairment charges and other exceptional items less net interest.*
*(2) Adjusted basic earnings per share is defined as adjusted profit before tax less tax adjustments divided by the weighted average number of shares in issue during the period.*

A taxation charge of £8.8m has been made in the half year to 30 September 2011 in respect of the profit before taxation of £35.1m, based on the Group tax rate expected for the full year applied to the pre-tax income of the six month period. The effective tax rate of 25.0% on both reported and adjusted profit before tax reflects further utilisation of tax losses and reduced UK tax rates.

The profit after tax was £26.3m (2010: £13.1m); the increase was mainly due to the higher adjusted operating profit, offset by slightly higher restructuring and impairment costs and higher net financing costs. The basic earnings per share was 16.4p (2010 restated: 10.5p).

*Condensed consolidated balance sheet and cash flow statement*
Goodwill and other intangible assets were largely unchanged and only affected by the translation impact of the weakening of the euro against sterling between 31 March and 30 September 2011. Property, plant and equipment increased slightly to £381.8m compared with the year end; net capital expenditure levels at £32.5m were £9.2m ahead of the depreciation charged in the period, as the Group accelerated its investment in growth sectors such as coffee capsules and personal care.

Working capital (the sum of inventories, trade and other receivables and trade and other payables) increased by £21.5m to £56.7m compared with the year end position and represents 4.9% as a percentage of revenue for the half year (annualised). The growth in higher added value products has required relatively greater levels of working capital.

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The long-term employee benefit liabilities decreased from £51.0m at the year end to £48.8m, mainly due to a reduction in the UK net pension deficit. This was due to an increase in the value of the UK scheme's assets including the investment of the second of the two one-off lump sum deficit contributions of £5.0m, partially offset by a rise in the present value of liabilities mainly due to a reduction in the discount rate used.

Capital and reserves increased in the period by £4.7m, the net profit for the period of £26.3m being offset by pension related net actuarial losses of £3.2m, dividends paid of £13.1m, adverse exchange movements on translation of £6.2m and other share and 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 £20.9m compared with £22.0m in the same period in 2010, with higher cash generated from operations being offset by increased interest and tax payments. The net cash outflow from investing activities of £34.0m was higher than 2010 due to the planned increase in capital expenditure in support of growth, including additional production lines for coffee capsules.

Net debt increased by £21.4m, from £178.7m at 31 March 2011 to £200.1m at 30 September 2011, as a consequence of the increased capital investment and higher dividends paid. Gearing stands at 74% compared with 68% at the year end and the net debt to EBITDA ratio remains at 1.5. The Group has total finance facilities of approximately £442m with an amount of £239m undrawn. The facilities are unsecured and comprise a revolving credit facility of up to £200m, a €130m term loan provided for the purchase of Superfos (repayable in August 2012) and seven year floating notes totalling €35m and $40m (repayable in March 2012), together with various other credit and overdraft arrangements.

In November 2011 the Group refinanced the term loan and floating rate notes with $216m and €60m of bonds in the US Private Placement market, providing the Group with 7 year and 10 year dated borrowings thereby strengthening the financial position of the Group for future growth.

***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 2011 | 6 months to 30 September 2010 | 12 months to 31 March 2011 |
|---|---|---|---|
| Financial KPIs: | | | |
| Return on capital employed[(1)] | 18.1% | 14.9% | 15.1% |
| Added value per tonne[(2)] | £2,011 | £2,043 | £2,031 |
| Gross margin[(3)] | 43% | 45% | 44% |
| Free cash flow[(4)] | £(4.5)m | £19.2m | £50.9m |
| Cash conversion[(5)] | 12% | 111% | 102% |

[(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, net retirement benefit obligations and net borrowings for the year concerned.*

[(2)] *Added value per tonne is the difference between production sales value per tonne produced and the cost of polymer per tonne produced. The 2010/11 comparative numbers have been restated using 2011/12 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 and one-off pension deficit reduction payments.*

[(5)] *Cash conversion is defined as the ratio of cash generated from operations less net capital expenditure excluding exceptional cash flows and one-off pension deficit reduction payments, to adjusted operating profit.*

The key measure of the Group's financial performance is return on capital employed (ROCE). This shows a 3.2% improvement versus the comparative period last year and a 3.0% improvement versus the full year 2010/11. The increase is largely attributable to the higher annualised adjusted operating profit in the first half. The Group's target which was announced in March 2011, is to achieve a 20% ROCE following realisation of the steady state synergies relating to the integration of Superfos by March 2014, assuming a non-recessionary economic environment without significant volatility in raw material prices.

Whilst the impact of an improved sales mix and more stable polymer market serve to increase added value per tonne and gross margin, the inclusion of Superfos trading, at margins slightly lower than the rest of the RPC Group, has diluted this effect. Free cash flow was negative due to higher capital expenditure levels and investment in working capital related to growth in higher added value products. The cash conversion ratio has consequently reduced for the period.

## 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 its business. These include, amongst other risks, polymer price and availability, mitigated by the pass through of price changes to customers and reducing dependence on a few suppliers; energy costs, managed by purchasing a proportion of electricity at fixed rates and by increasing efficiency of energy consumption; and dependency on key customers, reduced by joint-investment in product and technological development.

The Board regularly considers the principal risks that the Group faces and how to reduce their potential impact. The key risks to which the Group is exposed have not changed significantly over the first half of the financial year. Further information concerning the principal risks and uncertainties faced by the Group can be found on pages 10 and 11 of the Group's annual report and accounts for the year ended 31 March 2011.

## Dividend

In line with its progressive dividend policy, the Board has declared an interim dividend of 4.2p per share which represents an increase of 24% over the previous year. This will be paid on 27 January 2012 to ordinary shareholders on the register at 30 December 2011.

## Prospects

In the first half year good progress in profitability has been made based on achieving accelerated synergies, an enhanced sales mix and a more benign polymer price environment. Broader macro-economic weakness is giving rise to some slowdown in demand across certain of the Group's product areas. Growth in higher added value products is however anticipated to continue. With circa 60% of the revenues related to the relatively resilient food markets and whilst enjoying strong market positions based on leading technological capabilities, the Group is well positioned to weather any general economic downturn. The Board remains confident that the stated aim of 20% ROCE by March 2014 will be achieved.

# 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

30 November 2011

R J E Marsh
Chief Executive

30 November 2011

# 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 2011 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 IFRS 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 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

**G A Watts (Senior Statutory Auditor)**
**for and on behalf of**
**KPMG Audit Plc, Statutory Auditor**
Chartered Accountants
1 Waterloo Way
Leicester
LE1 6LP

30 November 2011

## Condensed consolidated income statement

| | | 6 months to 30 September 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|---|
| | **Continuing Operations** | | | |
| Note 3 | **Revenue** | 586.7 | 381.9 | 819.2 |
| | Operating costs | (545.4) | (363.2) | (781.4) |
| Note 3 | **Operating profit** | 41.3 | 18.7 | 37.8 |
| | Analysed as: | | | |
| | Operating profit before restructuring and impairment losses | 45.4 | 21.8 | 55.8 |
| Note 4 | Closure costs | (2.3) | (1.9) | (8.7) |
| Note 4 | Restructuring and other exceptional items | (1.8) | (0.3) | (8.6) |
| Note 4 | Impairment losses | – | (0.9) | (0.7) |
| | Operating profit | 41.3 | 18.7 | 37.8 |
| | Financial income | 0.9 | 1.1 | 2.3 |
| | Financial expenses | (6.2) | (1.8) | (5.5) |
| | Employee benefit net finance expense | (0.9) | – | – |
| Note 5 | Net financing costs | (6.2) | (0.7) | (3.2) |
| Note 3 | **Profit before taxation** | 35.1 | 18.0 | 34.6 |
| Note 6 | Taxation | (8.8) | (4.9) | (9.0) |
| | **Profit for the period attributable to equity shareholders** | 26.3 | 13.1 | 25.6 |
| | | | restated | |
| Note 7 | **Basic earnings per ordinary share** | 16.4p | 10.5p | 19.5p |
| Note 7 | **Diluted earnings per ordinary share** | 16.1p | 10.4p | 19.1p |
| Note 7 | **Adjusted basic earnings per ordinary share** | 18.3p | 11.7p | 29.9p |
| Note 7 | **Adjusted diluted earnings per ordinary share** | 18.0p | 11.6p | 29.4p |

## Condensed consolidated statement of comprehensive income

| | 6 months to 30 September 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| **Profit for the period** | 26.3 | 13.1 | 25.6 |
| **Other comprehensive (loss)/income** | | | |
| Foreign exchange translation differences | (6.2) | (4.9) | 2.0 |
| Effective portion of movement on fair value of interest rate swaps | (0.4) | 0.6 | 0.8 |
| Deferred tax liability on above | 0.1 | (0.2) | (0.2) |
| Actuarial (losses)/gains on defined benefit pension plans | (4.0) | (2.8) | 5.6 |
| Deferred tax on actuarial losses/(gains) | 0.8 | 0.5 | (2.0) |
| **Other comprehensive (loss)/income for the period, net of tax** | (9.7) | (6.8) | 6.2 |
| **Total comprehensive income for the period, attributable to equity shareholders** | 16.6 | 6.3 | 31.8 |

## Condensed consolidated balance sheet

| | | 30 September 2011 (unaudited) £m | 30 September 2010 (unaudited) £m | 31 March 2011 (audited) £m |
|---|---|---|---|---|
| | **Non-current assets** | | | |
| | Goodwill | 100.9 | 22.5 | 102.9 |
| | Other intangible assets | 7.1 | 3.4 | 8.0 |
| Note 8 | Property, plant and equipment | 381.8 | 249.0 | 380.9 |
| | Derivative financial instruments | 0.9 | 0.7 | 0.1 |
| | Deferred tax assets | 24.0 | 16.3 | 25.7 |
| | **Total non-current assets** | 514.7 | 291.9 | 517.6 |
| | **Current assets** | | | |
| | Inventories | 147.8 | 91.8 | 146.9 |
| | Trade and other receivables | 189.3 | 118.5 | 186.5 |
| | Cash and cash equivalents | 20.8 | 26.1 | 23.0 |
| | Derivative financial instruments | 0.2 | 0.1 | – |
| | **Total current assets** | 358.1 | 236.5 | 356.4 |
| | **Current liabilities** | | | |
| | Bank loans and overdrafts | (169.7) | – | (57.2) |
| | Trade and other payables | (280.4) | (187.1) | (298.2) |
| | Current tax liabilities | (8.6) | (6.3) | (7.6) |
| | Employee benefits | (2.0) | (3.0) | (2.0) |
| | Provisions and other liabilities | (9.6) | (1.6) | (15.5) |
| | Derivative financial instruments | (0.2) | (0.3) | (0.4) |
| | **Total current liabilities** | (470.5) | (198.3) | (380.9) |
| | **Net current (liabilities)/assets** | (112.4) | 38.2 | (24.5) |
| | **Total assets less current liabilities** | 402.3 | 330.1 | 493.1 |
| | **Non-current liabilities** | | | |
| | Bank loans and other borrowings | (51.2) | (100.3) | (144.5) |
| Note 9 | Employee benefits | (48.8) | (53.2) | (51.0) |
| | Deferred tax liabilities | (30.4) | (20.6) | (29.7) |
| | Provisions and other liabilities | (2.7) | – | (3.8) |
| | Derivative financial instruments | (0.5) | (0.2) | (0.1) |
| | **Total non-current liabilities** | (133.6) | (174.3) | (229.1) |
| | **Net assets** | 268.7 | 155.8 | 264.0 |
| | **Equity** | | | |
| | Called up share capital | 8.1 | 5.0 | 8.1 |
| | Share premium | 87.4 | 3.6 | 86.2 |
| | Capital redemption reserve | 0.9 | 0.9 | 0.9 |
| | Retained earnings | 141.8 | 116.4 | 131.8 |
| | Cash flow hedging reserve | (0.5) | (0.4) | (0.2) |
| | Cumulative translation differences reserve | 31.0 | 30.3 | 37.2 |
| | **Total equity attributable to equity shareholders** | 268.7 | 155.8 | 264.0 |

The half-yearly financial report was approved by the Board of Directors on 30 November 2011, 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 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|---|
| | **Cash flows from operating activities** | | | |
| | Profit before tax | 35.1 | 18.0 | 34.6 |
| | Net financing costs | 6.2 | 0.7 | 3.2 |
| | Profit from operations | 41.3 | 18.7 | 37.8 |
| | Adjustments for: | | | |
| | Amortisation and impairment of intangible assets | 0.8 | 0.2 | 1.2 |
| | Impairment loss on property, plant and equipment | – | 0.9 | 0.7 |
| | Depreciation | 23.3 | 15.4 | 28.7 |
| | Share-based payment expense | 0.6 | 0.4 | 0.9 |
| | Loss on disposal of property, plant and equipment | 0.1 | – | 0.7 |
| | Gain on disposal of subsidiary | (0.3) | – | – |
| | Movement in provisions | (13.7) | (9.5) | (11.7) |
| | Other non-cash items | (0.9) | – | – |
| | Operating cash flows before movement in working capital | 51.2 | 26.1 | 58.3 |
| | Movement in working capital | (20.3) | 1.0 | 22.6 |
| | **Cash generated by operations** | 30.9 | 27.1 | 80.9 |
| | Taxes paid | (5.0) | (3.1) | (6.5) |
| | Interest paid | (5.0) | (2.0) | (5.1) |
| | **Net cash from operating activities** | 20.9 | 22.0 | 69.3 |
| | **Cash flows from investing activities** | | | |
| | Interest received | 0.1 | 0.2 | 0.6 |
| | Proceeds on disposal of property, plant and equipment | – | 0.7 | 2.2 |
| | Proceeds on disposal of subsidiary | 0.8 | – | – |
| | Acquisition of property, plant and equipment | (34.9) | (14.0) | (43.3) |
| | Acquisition of intangible assets | – | (0.1) | (1.5) |
| | Acquisition of business | – | – | (197.6) |
| | **Net cash flows from investing activities** | (34.0) | (13.2) | (239.6) |
| | **Cash flows from financing activities** | | | |
| Note 10 | Dividends paid | (13.1) | (7.3) | (10.6) |
| | Purchase of own shares | (0.6) | (0.3) | (0.8) |
| | Proceeds from the issue of share capital | 1.3 | 0.2 | 85.9 |
| Note 11 | Repayment of borrowings | – | (5.8) | (35.6) |
| Note 11 | Proceeds of borrowings | 21.8 | – | 123.7 |
| | **Net cash flows from financing activities** | 9.4 | (13.2) | 162.6 |
| | **Net decrease in cash and cash equivalents** | (3.7) | (4.4) | (7.7) |
| | Cash and cash equivalents at beginning of period | 23.0 | 32.2 | 32.2 |
| | Effect of foreign exchange rate changes | 1.5 | (1.7) | (1.5) |
| | **Cash and cash equivalents at end of period** | 20.8 | 26.1 | 23.0 |
| | **Cash and cash equivalents comprise:** | | | |
| | Cash at bank and overdrafts | 20.8 | 26.1 | 23.0 |

# Condensed consolidated statement of changes in equity

| | Share capital £m | Share premium account £m | Capital redemption reserve £m | Translation reserve £m | Cash flow hedging reserve £m | Retained earnings £m | Total equity £m |
|---|---|---|---|---|---|---|---|
| **Six months to 30 September 2011 (unaudited)** | | | | | | | |
| **At 1 April 2011** | 8.1 | 86.2 | 0.9 | 37.2 | (0.2) | 131.8 | 264.0 |
| Profit for the period | – | – | – | – | – | 26.3 | 26.3 |
| Actuarial losses | – | – | – | – | – | (4.0) | (4.0) |
| Deferred tax on actuarial losses | – | – | – | – | – | 0.8 | 0.8 |
| Exchange differences on foreign currencies | – | – | – | (6.2) | – | – | (6.2) |
| Movement in fair value swaps | – | – | – | – | (0.4) | – | (0.4) |
| Deferred tax on hedging movements | – | – | – | – | 0.1 | – | 0.1 |
| Total comprehensive (expense)/income for the period | – | – | – | (6.2) | (0.3) | 23.1 | 16.6 |
| Issue of shares | – | 1.2 | – | – | – | – | 1.2 |
| Equity-settled share-based payments | – | – | – | – | – | 0.6 | 0.6 |
| Purchase of own shares | – | – | – | – | – | (0.6) | (0.6) |
| Dividends paid | – | – | – | – | – | (13.1) | (13.1) |
| Total transactions with owners recorded directly in equity | – | 1.2 | – | – | – | (13.1) | (11.9) |
| At 30 September 2011 | 8.1 | 87.4 | 0.9 | 31.0 | (0.5) | 141.8 | 268.7 |
| Six months to 30 September 2010 (unaudited) | | | | | | | |
| At 1 April 2010 | 5.0 | 3.4 | 0.9 | 35.2 | (0.8) | 112.7 | 156.4 |
| Profit for the period | – | – | – | – | – | 13.1 | 13.1 |
| Actuarial losses | – | – | – | – | – | (2.8) | (2.8) |
| Deferred tax on actuarial losses | – | – | – | – | – | 0.5 | 0.5 |
| Exchange differences on foreign currencies | – | – | – | (4.9) | – | – | (4.9) |
| Movement in fair value swaps | – | – | – | – | 0.6 | – | 0.6 |
| Deferred tax on hedging movements | – | – | – | – | (0.2) | – | (0.2) |
| Total comprehensive (expense)/income for the period | – | – | – | (4.9) | 0.4 | 10.8 | 6.3 |
| Issue of shares | – | 0.2 | – | – | – | – | 0.2 |
| Equity-settled share-based payments | – | – | – | – | – | 0.4 | 0.4 |
| Purchase of own shares | – | – | – | – | – | (0.2) | (0.2) |
| Dividends paid | – | – | – | – | – | (7.3) | (7.3) |
| Total transactions with owners recorded directly in equity | – | 0.2 | – | – | – | (7.1) | (6.9) |
| At 30 September 2010 | 5.0 | 3.6 | 0.9 | 30.3 | (0.4) | 116.4 | 155.8 |
| Year to 31 March 2011 (audited) | | | | | | | |
| At 1 April 2010 | 5.0 | 3.4 | 0.9 | 35.2 | (0.8) | 112.7 | 156.4 |
| Profit for the period | – | – | – | – | – | 25.6 | 25.6 |
| Actuarial gains | – | – | – | – | – | 5.6 | 5.6 |
| Deferred tax on actuarial gains | – | – | – | – | – | (2.0) | (2.0) |
| Exchange differences on foreign currencies | – | – | – | 2.0 | – | – | 2.0 |
| Movement in fair value swaps | – | – | – | – | 0.8 | – | 0.8 |
| Deferred tax on hedging movements | – | – | – | – | (0.2) | – | (0.2) |
| Total comprehensive income for the period | – | – | – | 2.0 | 0.6 | 29.2 | 31.8 |
| Issue of shares | 3.1 | 82.8 | – | – | – | – | 85.9 |
| Equity-settled share-based payments | – | – | – | – | – | 1.3 | 1.3 |
| Purchase of own shares | – | – | – | – | – | (0.8) | (0.8) |
| Dividends paid | – | – | – | – | – | (10.6) | (10.6) |
| Total transactions with owners recorded directly in equity | 3.1 | 82.8 | – | – | – | (10.1) | 75.8 |
| At 31 March 2011 | 8.1 | 86.2 | 0.9 | 37.2 | (0.2) | 131.8 | 264.0 |

# Notes to the condensed financial statements

## 1. General information

The comparative figures for the financial year ended 31 March 2011 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 498(2) or (3) of the Companies Act 2006. The Group's statutory accounts for the year ended 31 March 2011 are available from the Company's registered office, at Sapphire House, Crown Way, Rushden, Northants NN10 6FB 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 2011.

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 2011.

**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 2011.

# Notes to the condensed financial statements

## 3. Operating segments

Operating segments are identified on the basis of internal reports regularly reviewed by the Board of Directors, considered to be the Group's chief operating decision makers, that are used to monitor performance and make strategic decisions. The Group operates three business segments based on conversion process, details of which can be found in the Business Review on pages 1 to 3.

During the six month period to 30 September 2011, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment results.

**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 arm's length basis.

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

| | 6 months to 30 September 2011 (unaudited) £m Inter-segment | 6 months to 30 September 2011 (unaudited) £m External | 6 months to 30 September 2010 (unaudited) £m Inter-segment | 6 months to 30 September 2010 (unaudited) £m External | 12 months to 31 March 2011 (audited) £m Inter-segment | 12 months to 31 March 2011 (audited) £m External |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Injection Moulding | 2.4 | 342.3 | 2.2 | 163.6 | 4.0 | 369.0 |
| Thermoforming | – | 150.8 | 0.1 | 136.4 | 0.1 | 281.4 |
| Blow Moulding | 0.5 | 93.6 | 0.6 | 81.9 | 1.1 | 168.8 |
| | 2.9 | 586.7 | 2.9 | 381.9 | 5.2 | 819.2 |
| **Segmental results** | | | | | | |
| Injection Moulding | | 31.9 | | 11.6 | | 30.9 |
| Thermoforming | | 7.1 | | 6.0 | | 14.7 |
| Blow Moulding | | 6.4 | | 4.2 | | 10.2 |
| Segment operating profit | | 45.4 | | 21.8 | | 55.8 |
| Restructuring and other exceptional items | | (4.1) | | (2.2) | | (17.3) |
| Impairments | | – | | (0.9) | | (0.7) |
| Finance costs | | (6.2) | | (0.7) | | (3.2) |
| Profit before tax | | 35.1 | | 18.0 | | 34.6 |
| Taxation | | (8.8) | | (4.9) | | (9.0) |
| Profit after tax | | 26.3 | | 13.1 | | 25.6 |

| | 30 September 2011 (unaudited) £m | 30 September 2010 (unaudited) £m | 31 March 2011 (audited) £m |
|---|---|---|---|
| **Segment assets** | | | |
| Injection Moulding | 523.8 | 210.5 | 527.9 |
| Thermoforming | 164.1 | 146.1 | 163.4 |
| Blow Moulding | 113.5 | 105.5 | 112.7 |
| | 801.4 | 462.1 | 804.0 |
| Unallocated assets | 71.4 | 66.3 | 70.0 |
| Total assets | 872.8 | 528.4 | 874.0 |

## 3. Operating segments continued

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

| | 6 months to 30 September 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| **Revenue by origin** | | | |
| United Kingdom | 121.9 | 100.7 | 207.0 |
| Germany | 186.0 | 134.6 | 285.9 |
| France | 88.3 | 44.7 | 108.3 |
| Other | 190.5 | 101.9 | 218.0 |
| Mainland Europe * | 464.8 | 281.2 | 612.2 |
| | 586.7 | 381.9 | 819.2 |
| **Operating profit by origin** | | | |
| United Kingdom | 9.3 | 9.1 | 19.7 |
| Mainland Europe * | 36.1 | 12.7 | 36.1 |
| | 45.4 | 21.8 | 55.8 |

* Mainland Europe also includes an operation in the USA whose sales are predominantly sourced from intra-group supplies manufactured in Germany.

## 4. Restructuring and impairment losses

| | 6 months to 30 September 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| Closure costs | 2.3 | 1.9 | 8.7 |
| Restructuring and other exceptional items | 1.8 | 0.3 | 8.6 |
| | 4.1 | 2.2 | 17.3 |
| Impairment losses | – | 0.9 | 0.7 |

The closure costs incurred in the period relate mainly to the closure of the Superfos site at Runcorn announced in June 2011. This is expected to be completed by June 2012. Closure costs in the half year to 30 September 2010 and the year ended 31 March 2011 were attributable to the closures of Goor (the Netherlands) and Raunds (UK) under the RPC 2010 programme.

Restructuring and other exceptional items incurred in the period related mainly to costs incurred during the integration of Superfos, partially offset by insurance proceeds receivable on substantial building damage at Kerkrade reported in 2010/11. Restructuring and other exceptional costs to 31 March 2011 also included transaction costs on the purchase of Superfos of £3.3m.

During the period the subsidiary Bramlage Verschlüsse GmbH was sold, a non-core business identified for sale within the RPC 2010 programme. This generated a profit on disposal of £0.3m.

# Notes to the condensed financial statements

## 5. Net financing costs

| | 6 months to 30 September 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| Net interest payable | 5.2 | 1.6 | 4.2 |
| Mark to market (gains)/losses on foreign currency hedging instruments | (0.9) | – | 0.6 |
| Exchange differences on bonds | 1.0 | (0.9) | (1.6) |
| Interest cost on retirement benefit obligations | 3.8 | – | – |
| Expected return on pension scheme assets | (2.9) | – | – |
| | 6.2 | 0.7 | 3.2 |

During the period employee benefit net finance expense of £0.9m was reclassified from operating profit to net financing cost.

## 6. Tax

A taxation charge of £8.8m has been made in the half year to 30 September 2011 in respect of the profit before taxation of £35.1m, based on the Group tax rate expected for the full year applied to the pre-tax income of the six month period.

The reported Group tax rate of 25.0% compares with 26.0% for the year ended 31 March 2011 and 27.2% for the half year to 30 September 2010.

## 7. Earnings per share

**Basic**

The earnings per share has been computed on the basis of the weighted average number of shares in issue during the half year ended 30 September 2011 of 160,750,569 (half year ended 30 September 2010 restated: 123,507,808 and year ended 31 March 2011: 131,167,065). The weighted average number of shares excludes shares held by the Employee Benefit Trust to satisfy awards in respect of incentive arrangements.

**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 as at the half year ended 30 September 2011 was 163,357,351 (half year ended 30 September 2010 restated: 125,163,895 and year ended 31 March 2011: 133,472,985).

**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 the restructuring and closure costs and impairment losses identified separately on the face of the Condensed consolidated income statement, together with the debit or credit for the foreign currency hedging instruments and exchange differences on bonds, adjusted for the tax thereon, have been excluded.

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 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| Profit after tax as reported in the Condensed consolidated income statement | 26.3 | 13.1 | 25.6 |
| Restructuring and closure costs and other exceptional items | 4.1 | 3.1 | 18.0 |
| Foreign currency hedging instruments and exchange differences on bonds | 0.1 | (0.9) | (1.0) |
| Tax effect thereon | (1.0) | (0.7) | (3.4) |
| Adjusted profit after tax | 29.5 | 14.6 | 39.2 |

Earnings per share has been restated for the 6 months to 30 September 2010 to reflect the bonus element of the 5 for 8 rights issue completed in January 2011. More information on the rights issue is shown in note 22 of the annual report and accounts for the year ended 31 March 2011.

## 8. Property, plant and equipment

During the period the Group spent £34.9m on capital expenditure (2010: £14.0m) of which £2.4m is related to a movement in capital creditors resulting in additions to property, plant and equipment of £32.5m. The depreciation charge was £23.3m (2010: £15.4m). 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 £7.9m (2010: £6.9m).

## 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 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| Retirement benefit obligations at 1 April | 45.5 | 50.3 | 50.3 |
| Net liabilities acquired on acquisition | – | – | 6.6 |
| Net liabilities disposed on sale of subsidiary | (0.1) | – | – |
| Total expense charged to the income statement | 1.3 | 2.3 | 3.4 |
| Actuarial losses/(gains) recognised in the statement of comprehensive income | 4.0 | 2.8 | (5.6) |
| Contributions and benefits paid | (6.9) | (7.1) | (9.2) |
| Exchange differences | (0.4) | (0.6) | – |
| Retirement benefit obligations at 30 September/31 March | 43.4 | 47.7 | 45.5 |
| Termination benefits | 2.0 | 2.4 | 2.1 |
| Other long-term employee benefit liabilities | 3.4 | 3.1 | 3.4 |
| Employee benefits due after one year | 48.8 | 53.2 | 51.0 |

**Retirement benefit obligations**

The defined benefit obligations for employee pensions and similar benefits as at 30 September 2011 have been re-measured based on the disclosures as at 31 March 2011, 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 2011 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 2011. 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 reduction in the retirement benefit obligations at 30 September 2011 is a decrease in the UK RPC Containers Limited Pension Scheme deficit from £23.0m at 31 March 2011 to £19.0m. This was due to an increase in the value of the Scheme's assets including the investment of the second of two one-off lump sum contributions of £5.0m, partially offset by a rise in the present value of liabilities mainly due to a reduction in the discount rate assumed.

# Notes to the condensed financial statements

## 10. Dividends

| | 6 months to 30 September 2011 (unaudited) £m | 6 months to 30 September 2010 (unaudited) £m | 12 months to 31 March 2011 (audited) £m |
|---|---|---|---|
| Dividends on ordinary shares: | | | |
| Final for 2010/11 paid of 8.1p per share | 13.1 | – | – |
| Interim for 2010/11 paid of 3.4p per share | – | – | 3.3 |
| Final for 2009/10 paid of 7.4p per share | – | 7.3 | 7.3 |
| | 13.1 | 7.3 | 10.6 |

The proposed interim dividend for the year ending 31 March 2012 of 4.2p per share will be paid on 27 January 2012 to shareholders on the register at close of business on 30 December 2011. It has not been included as a liability as at 30 September 2011.

## 11. Bank overdrafts and loans

During the period net loans of £21.8m were drawn under the Group's existing loan facility. The amount undrawn under the Group's facilities at 30 September 2011 totalled £238.5m.

## 12. Share capital

The Group acquired 200,000 of its own shares through purchase on the London Stock Exchange during the period (30 September 2010: 100,000; 31 March 2011: 506,250). The total amount paid to acquire the shares was £0.6m (30 September 2010: £0.3m; 31 March 2011: £0.8m) and this has been deducted from shareholders equity. The shares are held in trust to satisfy awards in respect of share-based incentive arrangements.

## 13. Contingent liabilities

There were no significant changes to the contingent liabilities reported at 31 March 2011 for the Group.

## 14. Exchange rates

The average euro/sterling exchange rate for the 6 months to 30 September 2011 was €1.14 (6 months to 30 September 2010: €1.19; 12 months to 31 March 2011: €1.18) and the period end rate at 30 September 2011 was €1.15 (30 September 2010: €1.16; 31 March 2011: €1.13).

The average US dollar/sterling exchange rate for the 6 months to 30 September 2011 was $1.62 (6 months to September 2010: $1.52; 12 months to 31 March 2011: $1.56) and the period end rate at 30 September 2011 was $1.56 (30 September 2010: $1.59; 31 March 2011: $1.61).

## 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 2011.

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