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PRESS RELEASE

RPC GROUP PLC

Preliminary results for the full year ended 31 March 2008

Reported under International Financial Reporting Standards (IFRS)

RPC Group Plc (“RPC” or “the Group”), Europe’s leading supplier of rigid plastics packaging, today announces its results for the year ended 31 March 2008.

Highlights

- Record sales (up 7.7%) and adjusted operating profit (up 6.6%) achieved in a challenging environment
- Adjusted EPS improved to 21.5p (2007: 20.6p)
- Basic EPS of 4.4p (2007: 13.2p) due to significant restructuring costs and impairment charges
- Cost pressures being met by determined action on operational efficiencies and on underperforming businesses
- Improving trend in revenue and margins in the second half
- 7.1% increase in total dividend to 9.0p (2007: 8.4p) with recommended final dividend up to 6.1p (2007: 5.7p)

Commenting on the results, Peter Williams, Chairman, said:

“It is very pleasing in my last year as Chairman to be able to report a record adjusted operating profit despite the challenging environment. Sales have continued to grow and the adjusted EPS has improved from 20.6p to 21.5p.

The new financial year has started satisfactorily but the surge in oil prices may restrict our progress in the short-term. I am convinced that RPC’s medium and long-term prospects are excellent and I hope that the recently announced strategic review will confirm this and find the best route forward to maximise shareholder value.”

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CHAIRMAN'S STATEMENT

As I am stepping down as Chairman at the AGM I have decided to revert to a more conventional format and make this separate statement.

The Chief Executive's statement that follows this outlines RPC's progress last year. Trading was challenging largely because of input cost pressures, particularly for polymers. Nevertheless, RPC reported an improvement in adjusted operating profit and ended the year in a strong financial position despite incurring significant restructuring and closure costs. RPC also continued to deliver on its strategy, growing organically and by acquisition, and building its market and technology leadership position in Europe. In my judgement, these are excellent results in the circumstances and are ahead of the latest market estimates; they also compare very favourably with our European industry peer group.

Unfortunately, despite good strategic execution and operational management, there has been only limited progress in underlying earnings per share over recent years. This is primarily due to the unprecedented and unrelenting rise in polymer costs and to the difficulties recovering these and other cost increases from our customers. Over the last five years, polymer prices have increased by approximately 80%. Despite our improved efficiencies and the strong growth in specialist products, polymer costs now represent 33% of our revenue compared with 25% five years ago. Price increases over this period have not kept pace, under-recovering the rapid escalation in input costs including polymers. Thankfully, our focus on improving the product mix towards more specialised, higher added value packaging, and at making significant operational improvements, has limited the decline in our adjusted operating profit margin to 1%.

This resilience is a consequence of RPC's long-term strategic development. A little over a decade ago, we were a UK based company producing mainly commodity products with no presence in Continental Europe. Over the last ten years, we have built, by acquisition and investment, a very strong Continental European business which includes a European leader in specialist rigid plastics packaging. The rising profits from our rapidly growing specialist business have largely offset the deterioration in the profitability of our commodity businesses as a result of these sustained cost pressures. The latter includes, of course, most of our original UK businesses.

This brings me to my decision to step down. Some large shareholders have over the last few months indicated their disappointment with the Group's recent lack of progress and have expressed concerns about our strategy, management and the Board. Whilst I believe their concerns to be unjustified and result from the very difficult trading environment in which RPC has operated for some time, I and the rest of the Board accept that over the last few years there has been limited progress in underlying earnings per share and share shareholders' frustration with the Group's recent share price performance. Against this background, and in order to restore shareholder confidence, the Board has launched a strategic review, including a full property valuation, which will consider all options available to RPC to maximise shareholder value. In coming to this decision I have concluded that this will be best accomplished by appointing a new set of independent eyes in my role.

We are therefore following due process to find my replacement as quickly as possible and hope to have the appointment announced by the upcoming AGM. This should permit the new Chairman to participate in the review process and to act on its conclusions as appropriate.

The strategic review will be completed as quickly as possible and the present strategic direction reconfirmed or a new direction established. Given current industry conditions there are an unusually large number of attractive businesses potentially available at reasonable prices. If the strategy remains to participate in industry consolidation, RPC must avail itself of this window of opportunity. For this reason, and to minimise uncertainty amongst the management team and the rest of our employees, urgency is important.

CHAIRMAN'S STATEMENT – continued

The last few years have been exceptionally difficult for the plastics packaging industry. In my view much better days are ahead. Growth for plastics packaging is expected to continue at rates above GDP. Polymer costs appear set to move in our favour as a result of substantial new capacity coming on-stream later this year. There are already early signs that a shift in the market is beginning which should lead in time to better returns from our commodity businesses. I expect our specialist businesses to continue to prosper and the benefits of our recent rationalisation programmes to be felt across the Group. While my positive view of the future has to be tempered in the short-term by the adverse impact of the continuing surge in oil prices, I am convinced that RPC's medium and long-term prospects are excellent.

Lastly, I want to say it has been a pleasure serving RPC shareholders. I want to thank my Board colleagues and the management team for their support over the years and to wish RPC every success in the future.

Peter Williams
Chairman

CHIEF EXECUTIVE'S STATEMENT

In 2007/08, we achieved record revenue and adjusted operating profit levels in what continues to be a very competitive environment marked by input cost pressures from both high polymer and energy costs. This year has seen a continuation of effort to give the Group a more efficient cost base with major rationalisation programmes underway across five of the seven clusters. Given this backdrop, it is pleasing to report that a record adjusted operating profit of £40.6m (2007: £38.1m) was achieved and that the adjusted profit before tax* increased to £30.2m (2007: £29.4m). The adjusted earnings per share** improved from 20.6p to 21.5p. Significant restructuring costs, in total amounting to £19.7m (2007: £12.0m), were incurred. Consequently the basic earnings per share was reduced to 4.4p (2007: 13.2p).

Overview of the Year

The principal challenge came again from rising polymer prices which, for the 12 month period, were at their highest ever level and more than 9% ahead of the average for the previous year. This means that our 2007/08 portfolio of business has now incurred almost £100m of additional polymer cost over the last five years which we have either passed on to our customers or has damaged our profits. This is before the substantial increases in electricity, outer packaging and carriage costs which were once again a feature of the year and from which a high proportion of manufacturing industry is currently suffering. The Blow Moulding and Thermoforming businesses have a high content of raw material and experienced another difficult year. Generally speaking, these businesses have been able, however, to offset the input cost challenge with a combination of cost saving initiatives and pricing strategies to pass on the raw material increases to our customers. We had another successful year in Injection Moulding with good underlying performance in both the UK Injection Moulding and Bramlage-Wiko clusters, the latter demonstrating strong growth in Tassimo coffee capsules.

The cost pressures on the Group are being met by a real determination across all our operations to effect operational efficiencies and achieve cost reductions. In this challenging environment we are looking harder at our underperforming operations and, as can be seen from the size of our restructuring costs, we are taking strong action where necessary. Sites at Hereford, Thornaby, Piaseczno and Łaskarzew have been closed or will be by the end of the second quarter of 2008/09. We have also moved activity between locations, with an example being our recent decision to rationalise our blow moulding activities in the Netherlands leading to a significant reduction in the workforce at Halfweg and the transfer of equipment to our Kerkrade site. The significant restructuring costs incurred over the last 2 years, encompassing the closure of 6 sites, are starting to have a progressively more beneficial effect not only by eliminating some loss-making operations but also by the transfer of profitable contracts to other locations without taking on additional overhead.

Financial Highlights

Revenue for the year at £695.2m was 7.7% ahead of last year's £645.7m; this represents a 4.4% increase on a like-for-like basis. Adjusted operating profit was up 6.6% at £40.6m (2007: £38.1m) although margins reduced slightly to 5.8% of sales (2007: 5.9%). Adjusted EBITDA was largely flat at £71.6m compared with £72.2m in the previous year. The underlying tax rate at 29.5% is lower than the previous year (31.0%) primarily as a result of reduced corporate tax rates in some of our key operating environments, in particular, Germany. Performance in the second half improved compared with the first half year with revenues up by 10.8% and the adjusted operating profit increasing from £18.7m to £21.9m.

Cash generated by operations was £63.5m compared with £40.9m last year mainly due to a better working capital performance reflecting the increased focus on cash generation. The higher value of raw materials and finished goods stocks was primarily due to higher polymer prices and the weakening of the Sterling exchange rate to the Euro. Net bank debt at the year end was £149.4m

CHIEF EXECUTIVE'S STATEMENT – continued

(2007: £137.1m). At constant exchange rates the equivalent net debt would be approximately £137m. Gearing reduced to 83.1% (2007: 86.5%).

Capital expenditure at £33.4m (2007: £35.5m) was lower reflecting the increased focus on cash generation. Significant projects completed were the installation of new capacity to make barrier jars for the expanding fruit market, the extension of our facility to manufacture Nestlé's Dolce Gusto capsules, the re-location of equipment for the manufacture of cups from the Netherlands to the UK to save transport costs and the automation of our specialised electro-plating facility in France. Capital expenditure net of disposals reduced to £27.1m (2007: £33.2m).

* - *adjusted profit before tax is operating profit before restructuring, disruption and impairment charges, and negative goodwill released to income less net interest*

** - *adjusted earnings per share is adjusted profit before tax less underlying tax at 29.5% (2007: 31.0%) divided by the weighted average number of shares in issue during the year*

Strategy and Acquisitions

Our key strategy over the years has been to develop our business through organic growth and acquisition in well-defined niches within the rigid plastic packaging industry. It is of benefit that we are able to service our customers with the full range of technologies used in this industry, but it is critical that we have not sought to be a minor player in every niche. Thus we have a major position in plastic paint cans for the UK surface coatings market, in stock injection and blow moulded packs for the UK market, and across Europe in blow-moulded and thermoformed oxygen barrier technology, in pre-printed lids principally for the yellow fats market, in deo-sticks, toothpaste dispensers, airless cream dispensers, inhalant devices and a host of other products. It is because we offer our customers unique strengths in these well-defined areas that we have been able to recover the majority of the unprecedented cost increases that we have incurred in recent years. Nonetheless on 6 June 2008, we launched a comprehensive strategic review of all these issues in the hope and expectation that we can further improve our performance. The results will be announced as soon as they are available.

Meanwhile there were three beneficial acquisitions made in the year under review:

On 1 June 2007, we acquired the plastic manufacturing operations of DM Plast s.r.o. in Vel'ký Meder, near Bratislava, in Slovakia for a consideration of £1.7m. Importantly, it gives us our first injection moulding facility in the lower-cost economies of Central Europe, ideally situated to supply the Central and Eastern European economies and with a track-record of supplying Western European customers, notably Henkel. Annual sales in the full year before acquisition totalled c. £3.0m; it has integrated well and is providing an additional dimension to our successful Bramlage-Wiko injection moulding business.

We acquired Raytec BV for £3.0m on 8 October 2007. Raytec, which is based in the Netherlands, reported sales of about £11.0m in its last financial year and will allow further expansion into the DIY, household and stationery markets. This business is now trading as RPC Bramlage DHS BV.

We purchased a business called MOB located at Moirans en Montagne from the Administrator on 23 November 2007 for a consideration of £1.7m. MOB was a leader in the French blow moulded stock container industry until July 2007 when it was forced into administration by its parent, Smoby, which was in financial difficulties. The turnover of c. £12.0m recorded in the year to 31 March 2007 fell as a result of polymer supply problems during the early part of the period in which it was in administration, but we have seen some recovery since its acquisition by the Group. This acquisition has allowed us to concentrate our French stock container manufacture at this site moving the more specialised customised products to our nearby, existing facility at Montpont.

All three of these acquisitions made a positive contribution to the Group's results.

CHIEF EXECUTIVE'S STATEMENT – continued

New Product Development Activities

Our reputation in the market place for innovation and development of new packaging concepts is based upon a number of successful launches including those of the in-mould labelled margarine tub and pre-printed lid for Unilever, the Dolce Gusto coffee capsule for Nestlé, the Snap Pots pack for Heinz' Baked Beans and Spaghetti Hoops and the Fruitissimo jar for Schwartauer Werke. This activity has intensified during the year under review and we anticipate a number of novel and interesting new pack launches over the coming months, including a new dry powder inhalation system for the pharmaceutical market which we are developing in conjunction with a major pharmaceutical company. We have also strengthened our design and development facilities at Bramlage in Germany and at Rushden in the UK. Furthermore, we have continued to explore some exciting new processing technologies which we expect will yield significant benefits in the future.

All in all we have become the supplier of choice for the development of novel, innovative products designed to open up new markets. Nothing could demonstrate this more clearly than our supply position to the newly emerging market for pods and discs for closed loop coffee systems to replace "instant" beverages.

Board and Personnel

We have ensured a smooth Board succession with the appointment of a new Finance Director, Pim Vervaat, on 1 November 2007. Pim has brought a refreshing new impetus to the Group with a renewed focus on performance measurement, working capital management and cash conservation.

Chris Sworn who has made an invaluable contribution as Finance Director over 17 years, has assumed responsibility for managing our Blow Moulding operations and has adopted this role with characteristic energy and enthusiasm. Chris remains an executive member of the Board.

The Board would like to thank Peter Williams who is retiring as Chairman after 17 years on the Board, with the last 8 of those years at the helm of your Company. In that period, Peter has been instrumental in forging our special ethos by helping to create the decentralised structure that has so influenced the culture of the Company and has led the Group's growth to its current size. Without him the Group would not have enjoyed the success it has and the Board have thanked him for his contribution over this period. The search for his successor is underway with a specialist firm having been appointed to assist us. Further information on this appointment will be provided as soon as it is available.

As a consequence of our decentralised structure we are able to provide many opportunities for individuals to make their own contribution to the Group. We appreciate the outstanding efforts by all who together have enabled the Group to confront the difficult market conditions.

Dividend

Your Board is recommending an increase in the final dividend to 6.1p per share (2007: 5.7p) making a total for the year of 9.0p (2007: 8.4p), an increase of 7.1%. Subject to approval at the forthcoming Annual General Meeting, the final dividend will be paid on 5 September 2008 to shareholders on the register on 8 August 2008.

Outlook

Our market positioning will benefit us in the uncertain period that lies ahead. Over 50% of our products are supplied to the food market which can be relied upon to remain resilient. Our second

CHIEF EXECUTIVE'S STATEMENT – continued

biggest market is beauty and personal care which continues to grow strongly. Overall, rigid plastic packaging continues to grow faster than GDP, and GDP in Germany is outpacing GDP in the rest of Europe to our advantage. We are also benefiting from the adverse effect increased costs have had on our competitors.

Our performance in the last financial year improved as it progressed and we have benefited in the later stages from some modest amelioration in polymer prices. It is not possible to predict with any certainty whether this favourable development will continue in the short-term particularly with oil prices hitting new highs. However, the significant polymer capacity coming on stream over the next few years makes it highly likely that polymer markets will move in our favour in the medium term. What is sure for 2008/09 is that energy costs will be higher, but the on-going cost reduction measures and recent acquisitions will benefit our results along with the translational effect of the strong Euro – a currency in which we make a significant percentage of our sales and profits. The new financial year has started satisfactorily but the surge in oil prices may restrict our progress in the short-term. Nevertheless, the Board continues to believe that our medium and long-term prospects are excellent.

R J E Marsh
Chief Executive

BUSINESS REVIEW

Review of Operations

Injection Moulding

We had another successful year in injection moulding with both the Bramlage-Wiko and the UK Injection Moulding clusters maintaining their good underlying performance while progress in the beauté cluster was slower than anticipated. Bramlage-Wiko, in particular, saw increasing volumes with a strong position in personal care and pharmaceuticals which helped drive increased profitability this year. In order to optimise the future cost base of both the UK Injection Moulding and beauté clusters, a significant rationalisation programme was undertaken which resulted in the closure of the Hereford and Thornaby sites.

Bramlage-Wiko is partner to a wide variety of customers with activities in a number of distinct markets. Our traditional product ranges of deo-sticks, cream jars, toothpaste dispensers, airless cream dispensers, margarine tubs, and inhalant devices have enjoyed another good year, while sales of Tassimo coffee capsules demonstrated their strong growth potential. The main part of the operations in this cluster is located in Germany and has benefited noticeably from the improvement in the German economy. During the year, DM Plast (Slovakia) was acquired to provide a low cost manufacturing facility for Central Europe. Raytec in the Netherlands (now re-branded as RPC Bramlage DHS) was acquired to strengthen the position with one of our major customers and extend our product range into the DIY, household and stationery sectors.

Our injection moulding business is the largest in the UK with activities at five sites and has maintained a good performance despite the weakening demand witnessed towards the end of the financial year, particularly in the surface coatings market sector. In order to maintain a competitive cost base, the Hereford site has been closed with the majority of the business retained and re-distributed to other sites. The expanded range of healthcare packaging produced at Market Rasen coupled with the move of a major competitor into receivership has improved its prospects. The Barplas facility in Bradford has continued to make a very valuable contribution.

The sales development of the beauté cluster has been disappointing as competition in mass market cosmetics intensified. In order to maintain an optimum cost base, the Thornaby site in the UK has been closed with some of the business transferred elsewhere.

Thermoforming

The thermoforming operations (comprising the Bebo, Tedeco-Gizeh and Cobelplast clusters) produce products with a high raw material content and, with polymer prices once again rising significantly, experienced another challenging year in terms of input costs. Nonetheless significant progress has been made during the year to improve profitability through numerous actions including optimising the cost base through rationalisation and consolidation of our central European operations. This resulted in the closure of two Polish sites at Łaskarzew and Piaseczno. Many of our competitors have also rationalised their activities and this has strengthened our position as the clear leader in the European thermoforming sector.

The Bebo thermoformed packaging business enjoyed the recovery of sales of one of our barrier packaging products, fruit bowls, which directly benefited our Dutch facilities. In spite of this sales recovery, we initiated a cost optimisation programme with the objective of simplifying operations so that assets can be better utilised, resources more effectively focused and manufacturing costs reduced. As part of this programme the Piaseczno site in Poland was closed with the major part of the business being transferred to the Kruszwica site. In the UK, the Bristol closure and subsequent consolidation on to the Corby site was completed early in the financial year. We are in the course of expanding our pre-printed lid capacity in Germany in

BUSINESS REVIEW – continued

order to meet the demands of our customers for ever higher standards of decoration. We have innovated products in other areas of the thermoforming business with the release, for example, of new barrier packaging products such as the Heinz Snap Pots.

Our Tedeco-Gizeh plastic cup and disposables business enjoyed some success in achieving price increases. The “price over volume” strategy, combined with cost reductions has led to improved profitability, although some business has been lost. A further cost optimisation programme was initiated which has meant that the Central European production activities will be concentrated on our Kajárpéc site in Hungary; the Łaskarzew site in Poland is to be closed. Sales of Dolce Gusto coffee capsules to Nestlé have shown strong growth this year in an area where we have excellent prospects of achieving further volume growth.

The Cobelplast sheet business rebounded as the demand from our major customer for fruit bowls recovered significantly while two of our major competitors in this area have struggled to produce the products that the market demands. We aim to increase our capacity to serve this market, thereby ensuring that we are able to maintain and deepen our relationships with key customers. The facility in Italy continued to benefit from past investment and an improved balance of supply and demand in the PET sheet market.

Blow Moulding

All the blow moulding activities have been organised into one cluster with Chris Sworn, the former Finance Director, appointed as Cluster Manager in November 2007. The major issue for this cluster is to retain cost competitiveness while achieving price increases to reflect ever increasing raw material costs in what is a very competitive environment.

Various initiatives have been undertaken to optimise the overall cost base. Towards the end of the financial year, we decided to rationalise our activities in the Netherlands by significantly reducing the workforce at Halfweg and transferring some equipment to our Kerkrade site. Energy saving equipment is being installed to combat high energy costs. In order to fully utilise the installed cost base at Envases in Spain, the Arganda site will also produce injection moulded products going forward. Our north German site at Kutenholz has grown considerably in the last seven years with a more than doubling of its volumes and nearly half its capacity dedicated to serving customers in the personal care sector such as Beiersdorf’s Nivea range. Gent in Belgium is increasing its capacity to meet the demands of Monsanto for large containers. Further cost savings are being planned for our UK stock container businesses as we seek to automate more of the packaging in this area and we rationalise the product range. At our Corby site, volume has been lost with Heinz’ move to source PET co-injected stretch blown bottles from a competitor. We are seeking opportunities to replace this lost volume with both new customers and new products that are showing signs of considerable promise.

The acquisition of MOB in France will allow the nearby site of Montpont to focus on custom-moulded products with MOB itself focusing on standardised products. The relatively low cost base of MOB has served as a catalyst for the exchange of best practice across the cluster.

Financial Review

Consolidated income statement

The Group’s 2007/08 turnover was 7.7% ahead of that in 2006/07, with all clusters achieving higher revenue levels. The like-for-like increase (excluding acquisitions) was 4.4% (2007: 1.8%) which was partly driven by exchange rate movements.

BUSINESS REVIEW – continued

The adjusted operating profit (before restructuring, disruption and impairment costs) increased by 6.6% from £38.1 to £40.6m. The operating profits in both years include some non-recurring benefits and costs, including in 2007/08 the sale of property at Hereford that realised a gain of £1.0m. In our efforts to actively manage our pension liabilities and optimise the cost base, the defined benefit Deventer Pension Plan was closed and all accrued past service benefits were transferred to an industry-wide scheme. The overall impact of the review of the employee benefits liabilities such as the Deventer Pension Plan resulted in a £0.6m non-recurring benefit. In 2006/07, we received £3.0m of compensation for sales shortfalls on major product launches.

The net financing costs increased from £7.2m in 2006/07 to £11.5m in 2007/08 due to a rise in the net interest charge from £8.7m to £10.4m and a £1.1m net financial expense related to exchange rate movements (2006/07: net financial income of £1.5m). The increase in the net interest charge is due to higher average borrowings (average 2007/08: £183.6m, 2006/07: £166.0m) and higher interest rates.

The adjusted profit before tax improved from £29.4m in 2006/07 to £30.2m in 2007/08 as the improvement in adjusted operating profit of £2.5m was partially offset by the £1.7m increase in the net interest charge.

The underlying tax rate for the Group decreased from 31.0% in 2006/07 to 29.5% in 2007/08 primarily as the corporate tax rate in Germany, where a high proportion of the Group's taxable profits arise, reduced from 39.0% to 30.0%. The Group's overall taxation charge of £5.4m resulted in a tax rate of 55.5% as the tax rate related to the restructuring charges and impairment losses was considerably lower than the underlying tax rate.

The adjusted profit after tax improved from £20.3m in 2006/07 to £21.3m in 2007/08 as the adjusted profit before tax improved by £0.8m and the underlying tax rate reduced as noted above. The adjusted basic earnings per share thus improved from 20.6p in 2006/07 to 21.5p in 2007/08.

The restructuring, disruption and impairment costs incurred this year total £19.7m compared with £12.0m in the previous year. This year, the charge relates to rationalisation programmes in the Blow Moulding, UK Injection Moulding, beauté, Bebo and Tedeco-Gizeh clusters which have resulted in the closure of sites at Piaseczno and Łaskarzew in Poland, and Hereford and Thornaby in the UK. The workforce at the Halfweg site in the Netherlands was significantly reduced. Included in the total restructuring costs are £8.4m of asset impairments and write downs leaving £11.3m of redundancy and other closure costs. In 2006/07, the charge included the final costs associated with the closure of Woburn Sands (£2.2m), the estimated cost of closing Bristol (£2.0m), the cost of staff redundancies at Deventer (£0.7m), the impairment of the assets within the beauté cluster and Spain (£6.2m), as well as the cost of disruption at Halstead following a fire (£0.4m).

The net profit for the period reduced from £13.1m in 2006/07 to £4.4m in 2007/08 primarily due to the increase in the (net of tax) restructuring, disruption costs and impairment losses. Basic earnings per share have consequently fallen from 13.2p to 4.4p.

In the second half of the year the revenues increased by £35.8m or 10.8% compared with the first half. On a like-for-like basis the increase was 8.3%. The adjusted operating profit improved in the second half to £21.9m (equal to 6.0% of revenues) compared with £18.7m (equal to 5.7% of revenue) in the first half.

BUSINESS REVIEW – continued

Consolidated balance sheet and cash flow statement

The property, plant and equipment book value increased from £234.5m last year to £259.1m in 2007/08 primarily as a consequence of the exchange rate movements' impact of £24.3m. The capital expenditure (net of disposals) stayed below the depreciation level.

The overall working capital (defined as the sum of inventories, trade and other receivables and trade and other payables) increased from £91.6m in 2006/07 to £92.5m in 2007/08 due to exchange rate movements. When relating the working capital to annualised second half revenues the working capital efficiency improved from 13.6% in 2006/07 to 12.7% in 2007/08. The higher value of raw materials and finished goods stocks was primarily due to higher polymer prices and the weakening of the Sterling exchange rate to the Euro.

The long-term employee benefits liabilities reduced from £33.0m in 2006/07 to £26.3m in 2007/08. The main component of these liabilities is the retirement benefit obligations which reduced from £28.5m in 2006/07 to £20.4m in 2007/08. The UK defined benefit pension scheme remains in deficit but the net liability included in the Balance Sheet has reduced by £6.0m.

The capital and reserves increased from £158.5m in 2006/07 to £179.7m in 2007/08 primarily due to a £19.6m increase in the translation differences reserves.

Despite a net increase in net debt from £137.1m to £149.4m during the year, the Balance Sheet remains sound with a gearing of 83.1% (86.5% at 31 March 2007). The main reason for the rise in the net bank debt is the weakened Sterling: Euro exchange rate. At constant exchange rates, the 31 March 2008 net debt would have been approximately £137m. The Group has total finance facilities of approximately £279m of which £28m will fall due in 2011 with the main balance due in 2012. At 31 March 2008, the headroom under the finance facilities was approximately £130m.

Net cash from operating activities (after tax and interest) was £42.0m compared with £25.0m last year mainly due to a better working capital performance reflecting the increased focus on cash generation. The cash outflow from investing activities reduced from £42.1m in 2006/07 to £33.7m in 2007/08 as the acquisition of property, plant and equipment (net of proceeds on disposal) was £6.1m lower. The net cash outflow from the acquisition of subsidiaries reduced from £8.1m in 2006/07 to £5.6m in 2007/08. During the year DM Plast (Slovakia), Raytec BV (the Netherlands) and MOB (France) were acquired with an overall net goodwill of £2.0m which included a small amount of negative goodwill of £0.4m which was taken to the Income Statement.

Group KPIs

The Group's financial KPIs are value added per tonne of goods produced (which is the difference between production sales value per tonne and the cost of polymer per tonne produced), gross margins (which are selling prices less all directly variable costs such as polymer, packaging, transport, electricity) as well as the return on capital employed, though this is a longer-term metric in comparison with the former two indicators.

The Group's KPIs are as follows:

	2008	2007
Added value per tonne	£1,724	£1,710
Gross margin	45%	46%

The year-on-year increase in added value per tonne from £1,710 to £1,724 is due to currency and acquisition impacts. The acquired businesses in total showed a higher added value per tonne than the Group's average. The movement of Sterling versus the Euro also increased the consolidated

BUSINESS REVIEW – continued

Group's average. The gross margin percentage reduced slightly as a consequence of rising input costs and generally higher price levels. Overall the Group has been reasonably successful this year in compensating the rise in input costs with improvements in sales mix and prices.

The key measure of our stewardship is the return on capital employed. This shows a slight decrease in the year under review:

	2008	2007
Return on capital employed	10.7%	10.9%

Return on capital employed is defined as being adjusted operating profit divided by the average of opening and closing of shareholders' equity, adding back net deferred tax assets or liabilities, retirement benefit obligations and liabilities in connection with derivative financial instruments and after adding back average net borrowings for the year in question.

The return on capital employed reduced slightly as the improvement in adjusted operating profit was negated by the increased average capital employed. This increase was partly due to exchange rate movements but also due to the higher revenues which necessitated additional working capital requirements throughout the year. Going forward the continuing focus on cash generation should help to improve the overall return by reducing the capital employed.

**Consolidated income statement
for the year ended 31 March 2008**

	Note	2008 £m	2007 £m
Revenue	3	695.2	645.7
Operating costs	4	<u>(673.9)</u>	(619.6)
Operating profit	3	21.3	26.1
Analysed as:			
Operating profit before:		40.6	38.1
Restructuring and disruption costs	5	(16.2)	(5.8)
Impairment losses	5	(3.5)	(6.2)
Negative goodwill released to income	5	0.4	-
Operating profit		<u>21.3</u>	26.1
Financial income	6	0.5	2.2
Financial expenses	6	(12.0)	(9.4)
Net financing costs		<u>(11.5)</u>	(7.2)
Profit before taxation	3	9.8	18.9
Taxation	7	(5.4)	(5.8)
Profit for the period attributable to equity shareholders of the parent		<u>4.4</u>	13.1
Basic earnings per ordinary share	9	4.4p	13.2p
Diluted earnings per ordinary share	9	4.4p	13.1p
Adjusted basic earnings per ordinary share	9	21.5p	20.6p
Adjusted diluted earnings per ordinary share	9	21.4p	20.5p

**Consolidated statement of recognised income and expense
for the year ended 31 March 2008**

Foreign exchange translation differences	19.6	(2.2)
Effective portion of movement in fair value of interest rate swaps	(0.4)	0.8
Deferred tax liability on above	0.1	(0.2)
Actuarial gains on defined benefit pension plans	7.4	2.0
Deferred tax on actuarial gains	(2.6)	(0.7)
Net income / (expense) recognised directly in equity	<u>24.1</u>	(0.3)
Profit for the period	<u>4.4</u>	13.1
Total recognised income and expense for the period attributable to equity shareholders of the parent	<u>28.5</u>	12.8

Consolidated balance sheet
at 31 March 2008

	2008	2007
	£m	£m
Non-current assets		
Goodwill	22.2	17.0
Other intangible assets	2.8	1.5
Property, plant and equipment	259.1	234.5
Derivative financial instruments	0.5	1.3
Deferred tax assets	4.7	6.9
Total non-current assets	289.3	261.2
Current assets		
Inventories	110.3	94.2
Trade and other receivables	139.9	128.2
Cash and cash equivalents	31.7	12.3
Derivative financial instruments	0.3	-
Total current assets	282.2	234.7
Current liabilities		
Bank loans and overdrafts	(3.1)	(3.9)
Trade and other payables	(157.7)	(130.8)
Current tax liabilities	(6.3)	(8.6)
Employee benefits	(1.8)	(0.4)
Provisions	(3.6)	(0.5)
Total current liabilities	(172.5)	(144.2)
Net current assets	109.7	90.5
Total assets less current liabilities	399.0	351.7
Non-current liabilities		
Bank loans and other borrowings	(178.0)	(145.5)
Employee benefits	(26.3)	(33.0)
Deferred tax liabilities	(13.7)	(14.6)
Derivative financial instruments	(1.3)	(0.1)
Total non-current liabilities	(219.3)	(193.2)
Net assets	179.7	158.5
Equity		
Called up share capital	5.0	4.9
Share premium account	3.2	2.7
Capital redemption reserve	0.9	0.9
Retained earnings	147.6	146.3
Cash flow hedging reserve	0.4	0.7
Cumulative translation differences reserve	22.6	3.0
Total equity attributable to equity shareholders of the parent	179.7	158.5

**Consolidated cash flow statement
for the year ended 31 March 2008**

	Note	2008 £m	2007 £m
Cash flows from operating activities			
Profit before tax		9.8	18.9
Financing costs		11.5	7.2
Profit from operations		<u>21.3</u>	26.1
Adjustments for:			
Amortisation of intangible assets		0.3	0.1
Impairment loss on property, plant and equipment		3.5	6.2
Depreciation		30.7	34.0
Negative goodwill taken to income		(0.4)	-
Share-based payment expense		0.7	0.5
(Gain) / loss on disposal of property, plant and equipment		(1.6)	0.2
Increase / (decrease) in provisions		1.7	(2.0)
Operating cash flows before movements in working capital		<u>56.2</u>	65.1
(Increase) / decrease in inventories		(1.4)	(4.9)
Decrease / (increase) in receivables		9.2	(7.4)
(Decrease) / increase in payables		(0.5)	(11.9)
Cash generated by operations		<u>63.5</u>	40.9
Taxes paid		(10.9)	(7.5)
Interest paid		(10.6)	(8.4)
Net cash from operating activities		<u>42.0</u>	25.0
Cash flows from investing activities			
Interest received		0.3	0.2
Proceeds on disposal of property, plant and equipment		6.3	2.3
Acquisition of property, plant and equipment		(33.4)	(35.5)
Acquisition of intangible assets		(1.3)	(1.0)
Acquisition of subsidiaries		(5.6)	(8.1)
Net cash flows from investing activities		<u>(33.7)</u>	(42.1)
Cash flows from financing activities			
Dividends paid	8	(8.5)	(7.9)
Proceeds from the issue of share capital		0.5	0.9
Repayments of borrowings		(4.0)	(43.8)
New bank loans raised		14.2	56.1
Payment of finance costs		(0.1)	(0.1)
Net cash flows from financing activities		<u>2.1</u>	5.2
Net increase / (decrease) in cash and cash equivalents		10.4	(11.9)
Cash and cash equivalents at beginning of period		12.3	24.5
Effect of foreign exchange rate changes		5.9	(0.3)
Cash and cash equivalents at end of period		<u>28.6</u>	12.3
Cash and cash equivalents comprise:			
Cash at bank		31.7	12.3
Bank overdrafts		(3.1)	-
		<u>28.6</u>	12.3

NOTES

1. Basis of Preparation

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 March 2008 or 2007. The financial information for the year ended 31 March 2007 is derived from the statutory accounts for 2007 which have been delivered to the Registrar of Companies. The auditors have reported on the 2008 accounts; their report 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 statutory accounts for 2008 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

2. Principal Accounting Policies

These extracts from the Group financial statements for the year ended 31 March 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs').

3. Segmental Analysis

Primary segments – Geographical

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

NOTES – continued

Segmental information by geographic segment

	UK		Mainland Europe		Other*/Eliminations		Consolidated	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
Revenue								
External sales	218.2	216.5	477.0	429.2	-	-	695.2	645.7
Inter-segment sales	-	-	5.0	3.2	(5.0)	(3.2)	-	-
Total revenue	<u>218.2</u>	<u>216.5</u>	<u>482.0</u>	<u>432.4</u>	<u>(5.0)</u>	<u>(3.2)</u>	<u>695.2</u>	<u>645.7</u>
Operating profit/(loss)	(1.2)	(2.1)	24.3	27.0	(1.8)	1.2	21.3	26.1
Net financing costs							(11.5)	(7.2)
Profit before taxation							<u>9.8</u>	<u>18.9</u>
Segment assets	138.9	144.5	390.7	324.0	9.7	15.1	539.3	483.6
Segment liabilities	(50.0)	(52.0)	(136.0)	(108.2)	(24.2)	(27.8)	(210.2)	(188.0)
Net segment assets							329.1	295.6
Net borrowings							(149.4)	(137.1)
Net assets per Balance Sheet							<u>179.7</u>	<u>158.5</u>
Capital expenditure	13.3	16.1	21.5	17.0	0.3	0.3	35.1	33.4
Depreciation and amortisation	10.1	11.3	20.7	22.6	0.2	0.2	31.0	34.1
Impairment loss	2.8	5.3	0.7	0.9	-	-	3.5	6.2

Inter-segment transfers are measured on an arm's length basis.

Secondary segments – Business Process

The Group comprises the following principal secondary segments whose activities are the manufacture, by their specific process, and sale of rigid plastic packaging and associated equipment.

Segment information by business segment

	Revenue		Segment assets		Capital expenditure	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
Blow Moulding	152.4	147.7	117.8	97.9	10.6	10.7
Injection Moulding	295.9	281.0	231.4	215.9	15.0	13.6
Thermoforming	246.9	217.0	180.3	151.8	9.2	8.7
Other*	-	-	9.8	18.0	0.3	0.4
	<u>695.2</u>	<u>645.7</u>	<u>539.3</u>	<u>483.6</u>	<u>35.1</u>	<u>33.4</u>

* Other includes Head Office, current and deferred tax balances.

NOTES – continued

Geographical analysis of revenue by destination

	UK		Mainland Europe and USA		Consolidated	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
Revenue	222.1	209.8	473.1	435.9	695.2	645.7

4. Operating Costs

	2008 £m	2007 £m
Raw material and consumables	358.6	307.0
Own work capitalised	(0.5)	(2.2)
Changes in stock of finished goods and work in progress	(5.8)	(1.4)
Other external charges	80.0	82.6
Carriage	32.5	30.2
Staff costs	177.6	165.6
Depreciation of property, plant and equipment	30.7	34.0
Amortisation of intangibles	0.3	0.1
Negative goodwill released to income	(0.4)	-
Impairment losses	3.5	6.2
Other operating income	(2.6)	(2.5)
	673.9	619.6

5. Restructuring and Disruption Costs

	2008 £m	2007 £m
Closure costs	14.3	4.2
Restructuring of operations	1.9	1.2
Disruption costs caused by fire	-	0.4
	16.2	5.8

2008

During the year, the Group has closed and restructured operations in five of its seven clusters leading to the closure of sites in Piaseczno and Łaskarzew in Poland, and Thornaby and Hereford in the UK. Closure of these sites is expected to be completed by the end of the second quarter of 2008/09. Costs of £14.3m were incurred in closing these sites. Of these costs, £9.4m was spent on staff redundancy and other closure costs while £4.9m of charges were incurred in relation to asset write downs (including inventory write downs of £4.4m). The Group's restructuring led to a further £1.9m of costs being incurred in relation to employment termination costs and other restructuring activities.

2007

During the previous year the decision was taken to close our factory in Bristol, UK after an appraisal of the ongoing viability of the site. The operation ceased on 31 March 2007 and the closure costs amounted to £2.0m. Costs of £2.2m (2006: £2.4m) were incurred at the Woburn Sands site leading up to the planned closure on 31 October 2006.

Other restructuring costs of £1.2m principally relate to the restructuring of an existing operation within the Tedeco-Gizeh cluster. The costs relate to redundancy arising from a radical re-assessment of working practices following the loss of a major contract.

NOTES – continued

Our Halstead operation in the UK suffered a fire in February 2007. The cost of writing off fire damaged stock and the clean up operation amounted to £0.4m.

Impairment losses

	2008	2007
	£m	£m
Impairment loss recognised in respect of assets	<u>3.5</u>	<u>6.2</u>

During the year, the Group incurred a £3.5m charge in relation to writing down property, plant and equipment at the sites that were closed or are in the process of being closed. In the previous year, the Group incurred a charge of £5.3m in relation to the beauté cluster and £0.9m in respect of our operation in Spain. The decision to impair certain assets of the beauté cluster followed on from the initial findings of an exercise to address the cost base of the cluster. The poor performance of our operation in Spain had resulted in an appraisal of its recoverable amount. The recoverable amount of the cash-generating unit was measured by determining the value in use of the assets.

Goodwill is tested at least annually and property, plant and equipment is tested where there is an indication of impairment. Cash-generating units have been determined as individual sites within the Group.

The recoverable amounts of the cash-generating units are determined from value in use calculations. The cash flow projections used in these calculations cover a five year period and are based on the 2008 budget and the outline plans for 2009 and 2010 approved by the Board. Cash flows beyond this three year period have been extrapolated using a zero growth rate.

The key assumptions used in the recoverable amount calculations include:

- (i) Sales. Forecasts are based on cluster level analysis of sales, markets, competitors and prices for the budget period. Consideration was given to past experience, knowledge of future contracts and expectations of future potential changes in the markets.
- (ii) Polymer and electricity costs. Forecasts for polymer costs were based on prices at the time the budget was prepared. Forecasts for electricity costs are based on contractual arrangements taking into account supply and demand factors.

The pre-tax discount rates used for the cash-generating units vary depending upon the risks faced by each individual cash-generating unit. These range from 6.6% to 10% using the weighted average cost of capital for the Group, adjusted for risks specific to the cash-generating units.

Negative goodwill released to income

During the year ended 31 March 2008, the Group released £0.4m (2007: £nil) of negative goodwill related to the acquisition of MOB.

NOTES – continued

6. Financial Income and Expenses

	2008 £m	2007 £m
Interest receivable on cash at bank	(0.3)	(0.2)
Exchange differences on bonds	(0.2)	(2.0)
Total financial income	<u>(0.5)</u>	<u>(2.2)</u>
Interest payable on bank loans and overdrafts	8.1	6.5
Interest payable on bonds	2.5	2.2
Mark to market loss on foreign currency hedging instruments	1.3	0.5
Other interest payable and similar charges	0.1	0.2
Total financial expenses	<u>12.0</u>	<u>9.4</u>
Net financial expense	<u>11.5</u>	<u>7.2</u>

7. Taxation

	2008 £m	2007 £m
United Kingdom corporation tax at 30% (2007: 30%):		
Current year	-	(0.3)
Overseas taxation:		
Current year	7.5	6.8
Adjustments in respect of prior periods	0.3	0.2
Total current tax	<u>7.8</u>	<u>6.7</u>
Deferred tax:		
United Kingdom		
Current year	(1.6)	(0.8)
Adjustments in respect of prior periods	(0.3)	(0.3)
Overseas		
Current year	(0.6)	0.1
Adjustment in respect of prior years	0.1	0.1
Total tax expense in Income Statement	<u>5.4</u>	<u>5.8</u>

8. Dividends

	2008 £m	2007 £m
Dividends on ordinary shares:		
Interim for 2007/08 paid of 2.9p per share	2.9	-
Final for 2006/07 paid of 5.7p per share	5.6	-
Interim for 2006/07 paid of 2.7p per share	-	2.7
Final for 2005/06 paid of 5.25p per share	-	5.2
	<u>8.5</u>	<u>7.9</u>

The proposed final dividend for the year ended 31 March 2008 of 6.1p per share has not been included as a liability as at 31 March 2008.

NOTES – continued

9. Earnings per Share

Basic

The earnings per share have been computed on the basis of earnings of £4.4m (2007: £13.1m), and on the weighted average number of shares in issue during the year of 98,904,009 (2007: 98,352,849). The number of shares in issue at 31 March 2008 was 99,000,695 (2007: 98,693,711).

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 year of 632,647 (2007: 636,433). The number of shares used for the diluted calculation for the year was 99,536,656 (2007: 98,989,282).

Adjusted

The directors believe that the presentation of an adjusted basic earnings per ordinary share assists with the understanding of the underlying performance of the Group. For this purpose we have excluded the restructuring and disruption costs, impairment losses and negative goodwill released to income identified separately on the face of the consolidated Income Statement, together with the debit or credit for the foreign currency hedging instruments less the tax thereon.

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

	2008	2007
	£m	£m
Profit after tax as reported in the consolidated Income Statement	4.4	13.1
Restructuring and disruption costs and impairment losses	19.7	12.0
Foreign currency hedging instruments	1.1	(1.5)
Negative goodwill released to income	(0.4)	-
Tax effect thereon	(3.5)	(3.3)
	<hr/>	<hr/>
Adjusted profit after tax	21.3	20.3

Adjusted basic earnings per share

The weighted average number of shares used in the adjusted basic earnings per share calculation is as follows:

	2008	2007
Weighted average number of shares	98,904,009	98,352,849
Adjusted basic earnings per share	21.5p	20.6p

NOTES – continued

Adjusted diluted earnings per share

The weighted average number of shares used in the adjusted diluted earnings per share calculation is as follows:

	2008	2007
	Number	Number
Weighted average number of shares	98,904,009	98,352,849
Effect of share options in issue	632,647	636,433
	99,536,656	98,989,282
Adjusted diluted earnings per share	21.4p	20.5p