GROUP PLC

Annual Report and Accounts 2012

Bringing packaging to life

In this report

Overview

Performance

Governance

Financial statements

Shareholder information

For more information on our business please go to:
www.rpc-group.com

About us

Who we are

RPC is a leading supplier of rigid plastic packaging. The Group has over 50 operations in 18 countries and employs more than 7,300 people.

The Group develops and manufactures a diverse range of high quality products for a wide variety of customers, including many household names, and enjoys strong positions in the markets and geographical areas in which it operates.

By developing innovative packaging solutions and providing unparalleled customer service, RPC continues to create value for both its customers and shareholders.

Designed for living

The diversity of plastic packaging solutions means that you will find our products in many locations.

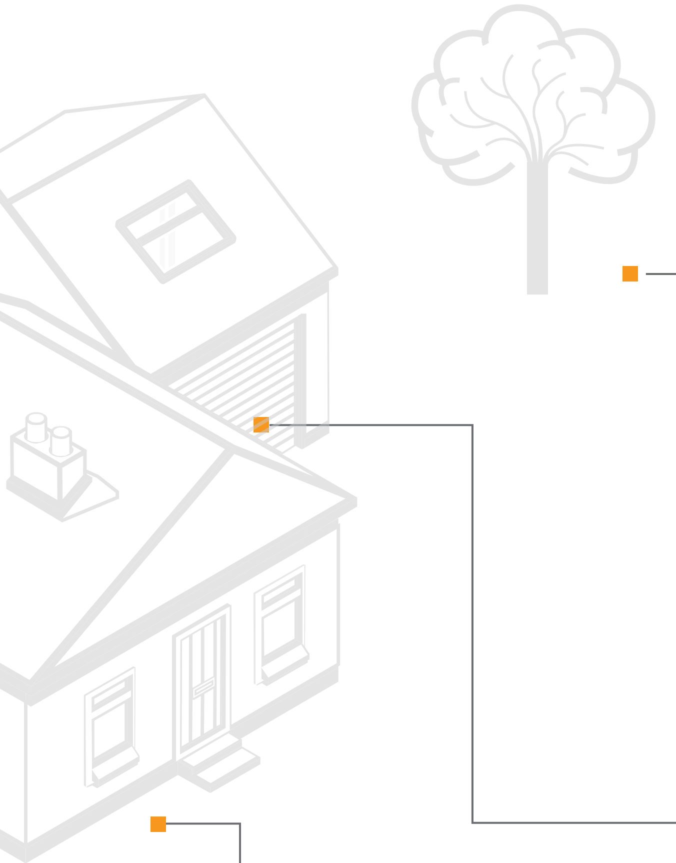
Design flexibility, convenience and ease of use are many of plastic's benefits which makes it an ideal packaging solution for today's modern lifestyles.

Kitchen

RPC's design skills and choice of technologies create outstanding food packaging solutions, tailored to precise requirements and delivering effective protection, maximum convenience and premium branding.

Bathroom

RPC combines design and technical skills to devise packs that are as good as they look, the perfect fusion of function and aesthetics to help consumers feel good.



Garden

How does your garden grow – beautifully, thanks to RPC's practical and stylish packaging solutions that ensure products are appropriately packed, promoted and dispensed.

Office

RPC's solutions cover a wide variety of end markets. Catering disposables, eating and drinking 'on the go' and the effective packaging of a variety of office products – all examples of the diversity of our offerings that still feature the quality and innovation that you would expect from a market leader.

Workshop

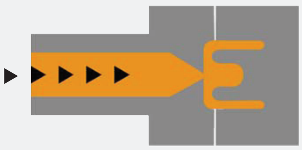
RPC produces sturdy, durable, practical and user-friendly packaging, vital for consumers with a job to do, with design and decoration options which create the required brand image and on-shelf appeal that tell them they made the right choice.

What we do

Rigid plastic packaging is created by heating, shaping and cooling polymer to create unique moulded products. RPC uses the three main polymer conversion processes that are used in over 90% of rigid plastics manufacture and allows RPC to offer the widest range of plastic packaging solutions to its customers.

The processes employed are Injection Moulding, Blow Moulding and Thermoforming, each technology producing different product characteristics that are suitable for specific packaging applications. Operations in RPC are structured along market and technological lines into seven clusters which are aligned to these three conversion processes.

Injection Moulding



Complex designs

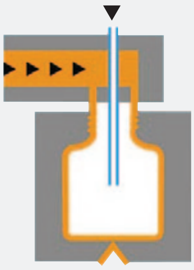
High level decoration

High added value

Injection Moulding is used to produce packaging requiring complex design, rigidity and a high level of decoration and is generally used in the manufacture of higher value added plastic packaging products across all of the Group's end markets.

The RPC injection moulding clusters comprise UK Injection Moulding, Bramlage-Wiko and Superfos.

Blow Moulding



Re-closable

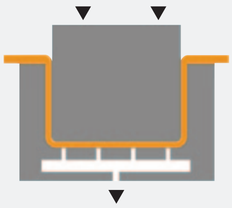
Narrow neck

Pourable

Blow Moulding is used for the manufacture of re-closable narrow neck and pourable products for a diverse range of markets, including personal care, motor oil, agrochemicals and the food and drink sectors.

These operations are managed by the Blow Moulding Cluster.

Thermoforming



High volume

Low cost

Barrier applications

Thermoforming produces high volume, low cost packaging and barrier applications mainly for the food industry and products include trays and pots for ready meals, salads, fruit, snacks and functional foods, coffee capsules and vending cups.

The RPC thermoforming clusters comprise Bebo, Tedeco-Gizeh and Cobelplast.

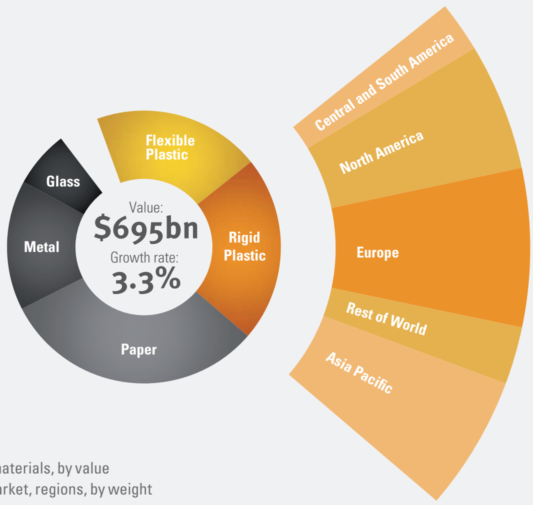
The markets we serve

RPC operates in the rigid plastic packaging market which has the highest growth rates in the global packaging industry. Rigid plastic packaging covers a wide range of packaging products, substrates, processing technologies and end use markets. The 2011–16 compound annual growth rate for global rigid plastic packaging is forecast to be circa 5%.

RPC manages its business mix to focus on plastic packaging end markets which exhibit both stability and growth. With around 60% of RPC's revenue coming from the relatively stable food sector, a strong focus on non-cyclical end markets such as pharmaceuticals, and the development of a number of higher value added and higher growth niches such as barrier foods and coffee capsules, the Group is able to achieve strong and stable returns for its stakeholders from its investments in these markets.

The rigid plastic market

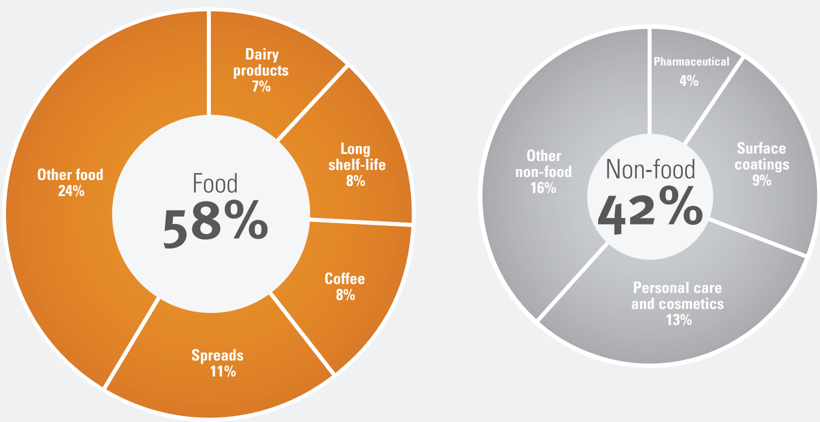
Global packaging market[1]



Rigid plastics packaging market[2]

Source:
[1] Pira International, 2011 – Global packaging market, materials, by value
[2] Pira International, 2011 – Rigid plastics packaging market, regions, by weight

RPC market segments



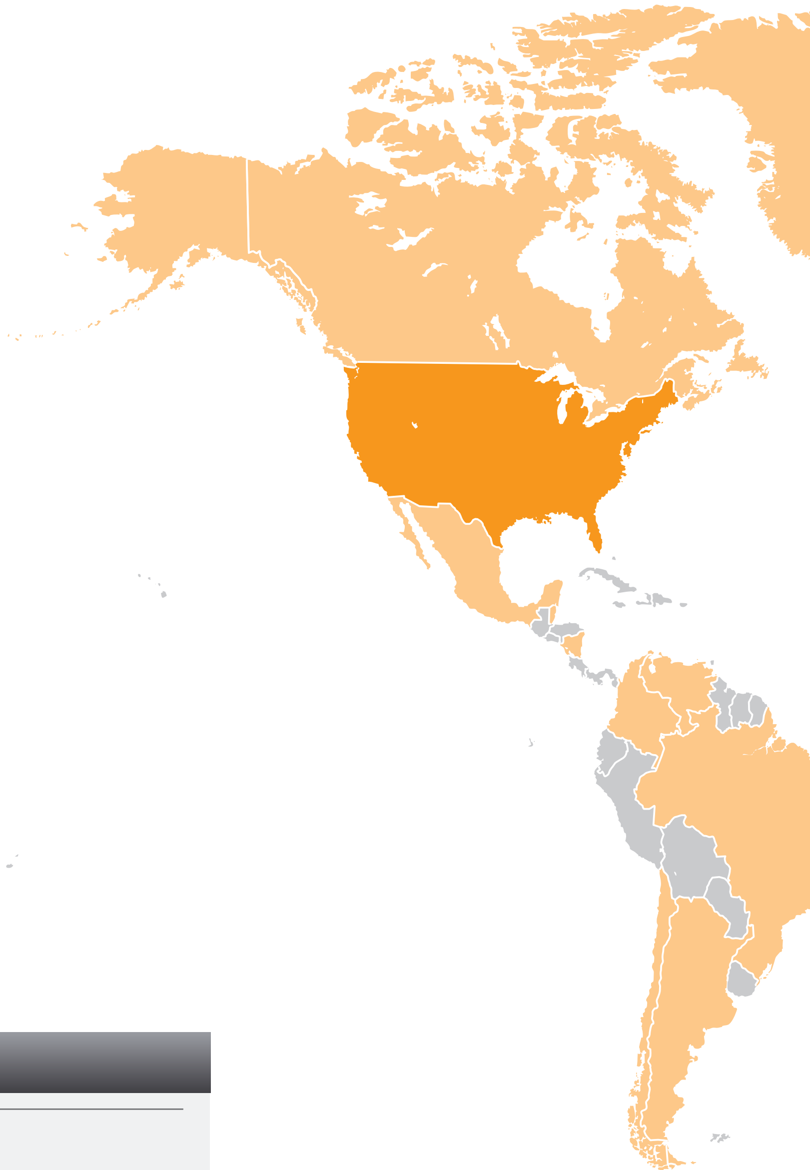
Source:
Enlarged Group 2011/12

Overview
Performance
Governance
Financial statements
Shareholder information

A global force in rigid plastic packaging

The Group has over 50 operations in 18 countries, mainly within Europe but with facilities also in North Africa and the USA. The Group's broad geographic footprint and trading partners allow it to operate close to its customers and provide them with multi-plant security of supply.

Many of the Group's high value added products can be economically transported further afield where one or more product characteristics – including functionality, performance, innovation and decorative services – outweigh shipping costs.



Key

- Countries where we manufacture
- Countries where we sell

Key facts

>50 operations in 18 countries

Industry leading innovator

Over 7,300 employees

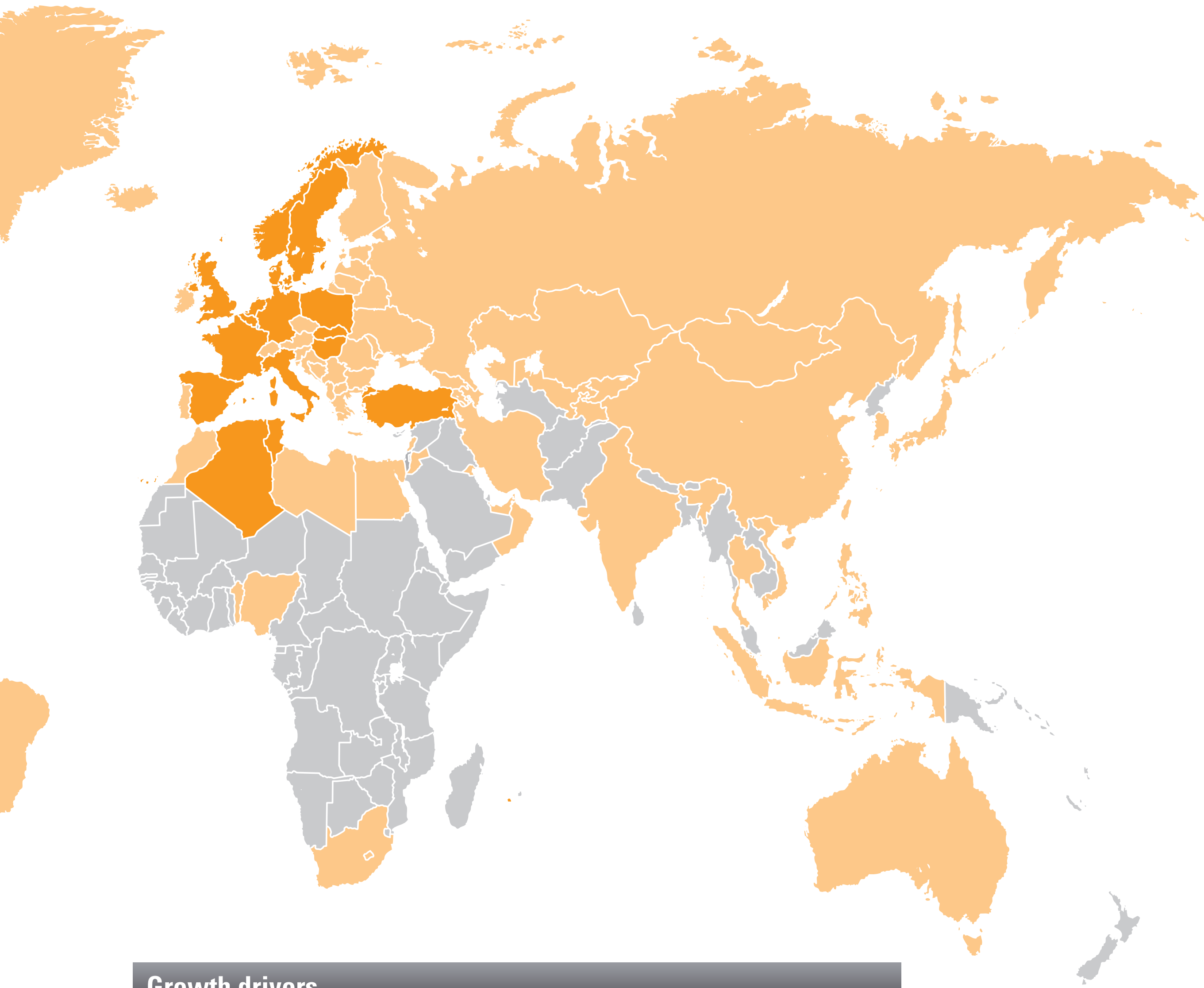
Listed on the London Stock Exchange 1993

Annual sales of over £1.1bn

Entered the FTSE 250 March 2011

Leading European manufacturer utilising all 3 conversion processes

Achieving ROCE of 19.1%



Growth drivers

The global packaging industry is predicted to grow by $150bn between 2010 and 2016 to reach almost $820bn. Rigid plastic is forecast to be the fastest growing packaging material following from technological developments.

Drivers of packaging growth

– Demand in both industrial and emerging economies is driving technological developments and enhanced value adding opportunities for more sophisticated packaging with functional and barrier properties, as well as enhanced decoration.

– In emerging economies, growing urbanisation, investment in housing and construction and increasing disposable incomes are driving demand for consumer products and the packaging of these goods.

– Corresponding growth in healthcare, the demand for convenience foods and the need for packaging to maximise shelf-life for perishable products is driving the consumption of rigid plastic as well as other forms of consumer goods packaging.

– Particularly robust growth in the demand for cosmetics, toiletries and household & personal care products is stimulating consumption of rigid plastic packaging. Suppliers are developing profitable niche applications in Western markets as well as in the faster-growing markets in Asia, Central and Eastern Europe and South America.

Source: Pira International 2011

Our strategy and business model

Strategy

Our strategy is to grow and develop leading positions in our chosen product markets and geographical areas in the rigid plastic packaging industry by establishing strong long-term relationships with our customers and by developing high quality, innovative products that meet customer needs.

We achieve and maintain our leading market positions by continued innovation and investment, leveraging our leading technological capability and through strategic corporate development both in our existing core markets and new geographical regions.

- **Innovation**
  Innovate to maintain a pipeline of novel applications and solutions in all conversion processes to create new high return, niche market positions that are scalable across existing and new markets.
- **Investment**
  Continue to invest to enhance strong market positions, gain market share and maintain barriers to entry.
- **Technological capability**
  Leverage technologies across the business using the Group's technological edge to increase our exposure to, or enter, emerging markets where there is a 'pull' for more sophisticated packaging.
- **Strategic corporate development**
  Consolidate and grow our core market positions, acquiring where existing market positions can be further enhanced and available synergies will enhance shareholder value. Expand into new geographical areas through selective investment to create or cement strong or differentiated positions and to participate in high growth emerging markets.

How We Add Value

- **Offering unparalleled choice**
  We have expertise across all three conversion processes, offering unparalleled choice in both standard and customised products. Therefore we can provide the widest range of rigid plastic packaging solutions to our customers.
- **Excellence in design**
  Where possible we offer a one-stop shop approach to design that achieves product requirements across brand image, functionality and packaging performance. Our extensive facilities, including tool and mould making, mean that we can provide customers with a complete service from initial concept to finished pack, thereby reducing the packaging development lead time.
- **Product innovation**
  We create and grow markets for rigid plastic packaging through technical innovation, supported by the continuing substitution of glass and metal for plastic packaging alternatives. We are a leader in plastic packaging innovation, developing technically advanced production processes to enhance the functionality and economy of our products and the efficiency of our operations, for the benefit of our customers, shareholders and the environment.
- **Customer service**
  We operate through an autonomous but connected business structure that meets the diverse needs of global and local customers across a wide geographical area. With more than 50 operations spanning 18 countries, we have close proximity to our customers and access to a wide range of markets. We develop long and mutually dependent relationships with our customers by providing excellent quality and service.

One-stop shop

Market research
↓
Design office
↓
Development centre
↓
Rapid prototyping
↓
Mould design
↓
Mould shop
↓
Project monitoring
↓
Moulding
↓
Decoration
↓
Assembling

The Rigid Plastic Packaging value chain

Raw materials	Polymer crackers	Polymer converters	Packaging buyers	End users
Raw material providers for the crackers (oil refinery, naptha, gas etc)	Creation of raw polymer granules	Conversion of raw polymer granules into finished packaging products	RPC's direct customers are filler/packers, brand owners and retailers	Rigid plastic packaging is used by industry and the end consumer

Sun-Pat – Substitution

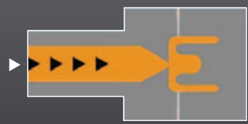
Sun-Pat, the UK's leading peanut butter brand, has been re-launched in a lightweight 'glass clear' PET jar manufactured by RPC Blackburn. The change from the existing glass packaging reflects significant sustainability benefits for brand owner Premier Foods.

The benefits:

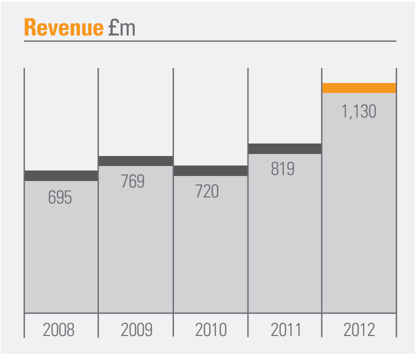
– 90% weight reduction compared with previous packaging
– 'Glass clear' pack to show contents
– Shatterproof
– Single material for easy recycling
– Lower carbon footprint during transportation

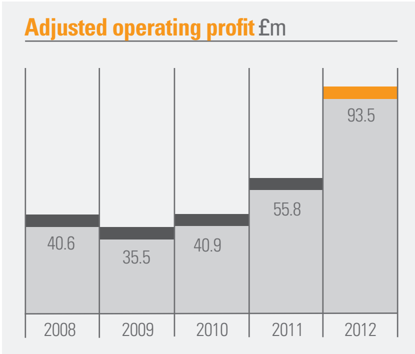
Bringing packaging to life – lightweighting

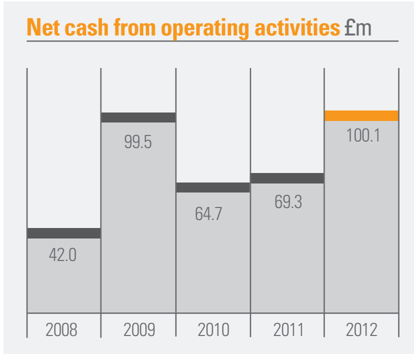
Customer:	Premier International Foods
Brand:	Sun-Pat Peanut Butter
Product:	PET jar – Various sizes
Process:	Injection Stretch Blow Moulding

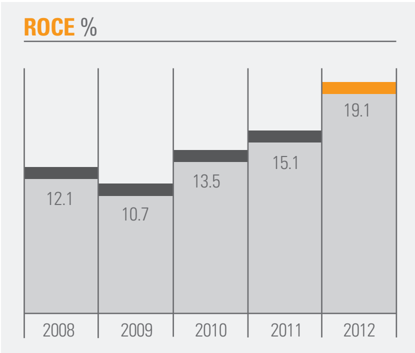


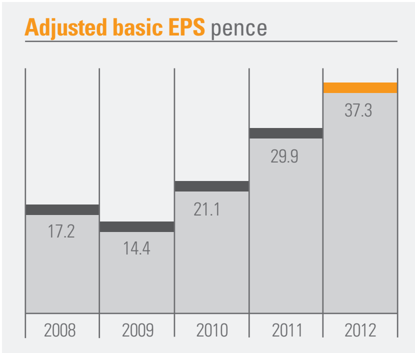
Our performance

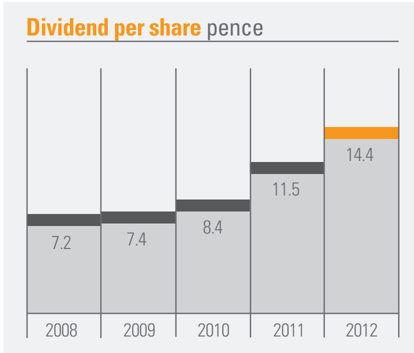












Key highlights

- Revenue increased by £311m to £1,130m due to the full year impact of Superfos and 5% growth on a like-for-like basis;
- Adjusted operating profit improved by 68% to £93.5m (2011: £55.8m);
- Adjusted EPS increased to 37.3p (2011: 29.9p);
- Record net profit achieved of £44.7m (2011: £25.6m);
- Strong cash performance with net cash from operating activities at £100.1m (2011: £69.3m) and net debt reduced to £167.9m (2011: £178.7m);
- Final dividend of 10.2p recommended giving a total year dividend of 14.4p (2011: 11.5p);
- ROCE of 19.1% ahead of expectations (2011 pro-forma: 15.1%);
- Superfos integration largely completed with synergies of £10m achieved in first full year of ownership.

Definitions:

Adjusted operating profit is operating profit before restructuring, closure and impairment charges and other exceptional items.

Adjusted earnings per share (EPS) is adjusted operating profit after interest and tax adjustments divided by the weighted average number of shares in issue during the year.

Chairman's statement

"It is pleasing to report yet another record performance. The Superfos business has been successfully integrated and has made a significant contribution whilst the growth in higher added value products continued. Very good progress has been made towards achieving our stated 20% ROCE target. Notwithstanding the current economic uncertainties, following the significant increase in underlying earnings after the Superfos acquisition the Board is proposing to increase the final dividend to 10.2p representing a full year increase of 25%."

Overview of the Year

I am pleased to report another excellent set of results for the Group which were delivered against a background of increasingly tough economic conditions. Adjusted operating profit increased by 68% from £55.8m to £93.5m, reflecting both the full year impact of Superfos trading and an improvement in margins in the pre-acquisition business driven by further growth in higher added value products. Sales were at a record £1,130m (2011: £819m) and adjusted earnings per share increased by 25% to 37.3p (2011: 29.9p). Cash flow was well controlled with the Group ending the year with lower net debt of £168m (2011: £179m).

The Superfos business, which was acquired in February 2011, has been successfully integrated into the Group and now operates as a standalone cluster with key management retained. Unfortunately it was necessary to close the UK site at Runcorn which has been largely completed without any significant loss of business. Together with the centralisation of polymer purchasing and other overhead savings, the acquisition has delivered cost and revenue synergies of £10m in the first year of ownership, with more to come as expected. In addition circa £20m of cash synergies related to working capital management have been realised. Overall the Superfos acquisition has been significantly earnings enhancing.

In January 2012 the Group announced its intention to exit from the loss making vending cup business in mainland Europe and its automotive components business in Germany before the end of 2012. These businesses operate in a very competitive environment where it is no longer possible to generate satisfactory returns for the Group.

Strategy

RPC's strategy is to grow and develop leading positions in its chosen product markets and geographical areas in the rigid plastic packaging industry, by establishing strong long-term relationships with its customers and by developing high quality, innovative products that meet customer needs. The Group achieves and maintains its leading market positions by continued innovation and investment, leveraging RPC's leading technological capability and through strategic corporate development.

Following the successful completion of its restructuring programme, RPC 2010, and the recent acquisition of Superfos, the Group is well placed to continue to grow by building on its strong market positions and technological know-how. The Group's current aim is to achieve a return on capital employed (ROCE) of 20% following the realisation of £15m to £25m steady state cost and revenue synergies related to the Superfos acquisition, assuming a non-recessionary economic environment and no significant volatility in raw material prices. Good progress was made during the year towards meeting the target with a ROCE of 19.1% realised (2011 pro-forma: 15.1%).

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

Board and Governance

There have been a number of recent changes to the Board. Peter Wood, who joined as a non-executive director in 2006, retired on 31 March 2012. I would like to take this opportunity to thank Peter for the contribution he has made to the Board over the last six years. Martin Towers has taken over Peter's role as Senior Independent Director and Stephan Rojahn has been appointed Chairman of the Remuneration Committee.

I am pleased to welcome Ilona Haaijer, who joined the Board on 30 May 2012 as a non-executive director. Ilona, who is a Dutch national, is currently President of the global Personal Care business unit and a member of the Executive Committee of the Nutritional Products division of Royal DSM NV, a global life sciences and material sciences company quoted on the Euronext Stock Exchange in Amsterdam.

Corporate Governance continues to evolve and emerging practice has remained a regular subject for discussion at the Board. We seek to run our businesses in a responsible way, recognising that good corporate governance supports the long term health of the Group. Acknowledging the need to review regularly the effectiveness of our external auditors, during the year the Audit Committee undertook an external audit tender which resulted in the recommendation that KPMG Audit Plc be reappointed as Group auditors.

As a consequence of a decentralised structure, the Group is able to provide many opportunities for individuals to make their own contribution to the Group. On behalf of the Board I would like to thank all employees for their outstanding efforts, who together have enabled the Group to deliver a strong financial performance for its shareholders, and I look forward to their contribution in achieving our growth strategy.

Dividend

In light of the Group's financial performance and in line with its progressive dividend policy of targeting dividend cover at approximately 2.5 times adjusted earnings through the cycle, the Board is recommending a final dividend of 10.2p per share making a total for the year of 14.4p, representing a 25% increase over the previous year.

Subject to approval at the forthcoming AGM, the final dividend will be paid on 7 September 2012 to shareholders on the register on 10 August 2012.

J R P Pike
Chairman

Operating review

Conversion process	Cluster	Markets
Injection Moulding	UK Injection Moulding	Paints, DIY products, soups & sauces, edible fats, promotional products
Injection Moulding	Bramlage-Wiko	Personal care, pharmaceuticals, cosmetics, tablet dispensers & inhalant devices, food, coffee capsules
Injection Moulding	Superfos	Food, soups & sauces, margarine & spreads, paints, DIY products
Thermoforming	Bebo	Margarine & spreads, fresh, frozen and long shelf-life foods, coffee capsules, dairy market
Thermoforming	Tedeco-Gizeh	Vending & drinking cups, coffee capsules, disposable products
Thermoforming	Cobelplast	Phone cards, long shelf-life foods and sheet for form-fill-seal lines
Blow Moulding	Blow Moulding	Personal care, automotive, agrochemicals, food & drink, long shelf-life foods

2012 Revenue

£1,130m

+38%

2011: £819m

Higher added-value sales

£337m

+15%

2011: £292m

Group Overview

RPC is a 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.

Each cluster has on average seven manufacturing sites, operating across a wide geographical area for reasons of customer proximity, local market demand and manufacturing resource. Each plant is run autonomously, commensurate with maintaining overall financial control and effective coordination in each market sector. Hence every cluster and most operating sites have a separate management team headed by a cluster or general manager. This structure encourages focus on business issues and delivers enhanced performance.

Group Performance

In 2011/12 the Group delivered another strong financial performance, reflecting not just the full year impact of the Superfos business but margin and operating profit improvements in the existing businesses. This was achieved in spite of generally tough market conditions which adversely impacted a number of the markets in which the Group operates. However continued investment in innovative product development with key customers and the further growth in sales of higher added value products of 15% (on a like-for-like basis) have more than compensated for these effects.

Dose Indicator – Pharmaceutical

RPC Formatec has over 30 years experience in the development and manufacture of high quality inhalation systems. One of the company's more recent innovations is the Dose Indicator which enables patients to track accurately and reliably the number of doses taken from their inhaler. As well as being available for all new inhalers, the Dose Indicator can be easily integrated into existing dosing aerosols with only slight modification of the mouthpiece. The patented Dose Indicator is FDA approved.

The benefits:

– Innovative device enables usage of inhaler to be monitored

– Hi-tech design and manufacture

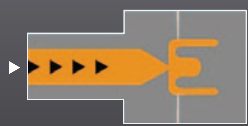
– Can be integrated into existing dosing aerosols

Bringing packaging to life – technological development

Customer: Various

Product: Dose Indicator

Process: Injection Moulding



RPC's innovative Dose Indicator clearly shows the usage of the inhaler

Operating review continued

Considerable progress was made in integrating the Superfos business during the year and it now operates as a standalone cluster. The UK site at Runcorn will be closed in June 2012 with its business successfully transferred to other sites within the UK Injection Moulding cluster. The alignment of purchasing contract terms to those used in the rest of the Group, together with other reorganisation and efficiency improvements, have already realised £10m of the £15m to £25m of steady state cost and revenue synergies identified, ahead of initial estimates for the first year of ownership. A further £5m of synergies is expected to be realised in 2012/13. The Group incurred £6.4m of exceptional charges in making these changes, mainly relating to redundancies and impairments at Runcorn together with other cost saving and integration costs. Circa £20m of cash synergies with respect to working capital reduction had been realised by March 2012 of which £12m were already achieved in the previous year.

As part of the ongoing review of its businesses and their market positions, in January 2012 the Group announced its intention to exit the vending cup business in mainland Europe. The market for plastic vending cups had been severely hit by the recession over the last couple of years and the structural oversupply in this market had led to both margin erosion and volume losses. Consequently the decision was made to withdraw from the market in mainland Europe. However the Group enjoys a strong market position in vending cups in the UK and remains committed to this business.

At the same time the Group announced that it would also exit, either through closure or sale, from its automotive components business in Germany which had become loss making over recent years in a highly competitive market. Exceptional redundancy and impairment costs of £12.6m have been charged in the year relating to both of these withdrawals and further costs will be incurred in 2012/13. It is anticipated that proceeds from asset sales together with the release of working capital will be more than sufficient to fund any redundancy costs.

Revenue for the year increased by 38% to £1,130m due to the inclusion of the Superfos business and 5% growth in like-for-like sales. As sales volumes, measured in polymer tonnes converted, were at similar levels year on year, the growth was achieved through higher selling prices due to sales mix improvements and the pass-through of higher polymer prices to customers. The adjusted operating profit reached a record £93.5m (2011: £55.8m) driven by the impact of Superfos and its related synergies and improved profitability of the pre-acquisition business. Increased levels of sales in higher added value products such as long shelf-life food packaging, pharmaceuticals and coffee capsules compensated for lower activity levels in sectors such as paint containers, industrial products and vending cups. In addition, margins were enhanced by a more stable polymer market although polymer prices did rise to record levels in the last quarter of 2011/12.

Adjusted operating profit

£93.5m

+68%

2011: £55.8m

Superfos synergies to date

£10m cost and revenue

£20m cash

As a consequence of the above and through selective capital investments and a continued focus on working capital management, the Group achieved a ROCE of 19.1% which is significant progress towards achieving its stated target of 20% within the first three years of ownership of Superfos.

New Product Development

RPC remains at the forefront of polymer conversion technology in the packaging industry and has developed an enviable reputation in the market place for innovative packaging design and concepts. Through its design and development facilities, the Group is able to develop unique packaging solutions that meet the needs of individual customer demands.

Good progress has been made in developing lightweight injection moulded products, most recently in the paint containers business, with both the UK Injection Moulding cluster and Superfos developing new technologies in this area. In thermoforming, the Group is among the worldwide leaders in the production of multi-layer, high barrier trays and tubs for oxygen sensitive foods thereby replacing long shelf-life packaging in other materials with lightweight plastic alternatives, such as packaging for baby food, sauces and ready meals. In blow moulding, developments in the multi-layer bottle and jar market continue to move forward where there is a potentially significant opportunity for substitution of glass by plastic due to its weight reduction and a more favourable carbon footprint.

The overall innovation capabilities across the range of conversion technologies combined with the ability to continue to invest and the geographical reach of the Group provides RPC with a significant competitive advantage.

The Group's commitment to growing higher added value products and investment in innovation was reflected in its higher levels of capital expenditure, which at £72m were significantly ahead of the depreciation level of £45m. The Group remains committed to invest in projects that are innovative, provide a competitive advantage and generate attractive returns.

Segment Performance

A review of the operational and financial performance of the Injection Moulding, Thermoforming and Blow Moulding businesses is provided on pages 16 to 21.

Non-financial KPIs

RPC has three main non-financial key performance indicators (KPIs). From an environmental and cost control perspective electricity usage per tonne produced and water usage per tonne produced are measured. From an employee welfare perspective reportable accidents are monitored.

The Group continues to make stringent efforts to improve its efficient usage of electricity and water, with part of the improvement this year attributable to the inclusion of the Superfos sites in the reported figures. The reportable accident frequency rate improved significantly as a result of concerted efforts to raise awareness of the importance of health and safety matters throughout the Group.

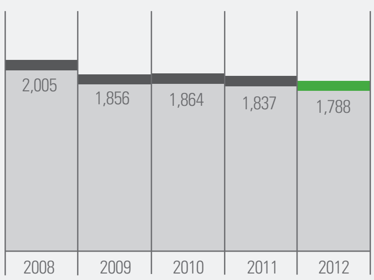
Outlook

The outlook for the Group remains positive with good growth opportunities existing both in more mature European and US markets as well as emerging markets. Following the successful integration of Superfos and the planned withdrawal from the loss making businesses of vending cups in mainland Europe and automotive components in Germany, the Group has improved its competitive cost base and strengthened its leading market positions. The Group is on track to achieve its targeted ROCE of 20% in the year ending March 2014. In the short term the Group is contending with a difficult and uncertain macro-economic environment whilst the current weakness of the euro against sterling should be noted as a significant part of the earnings are made in the euro zone. The new financial year has started satisfactorily with results in line with management expectations.

R J E Marsh
Chief Executive

Non-financial KPIs

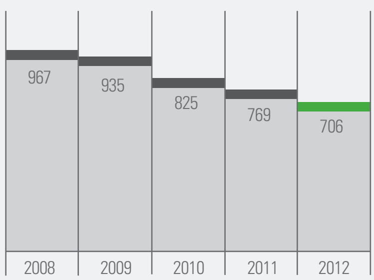
Electricity usage per tonne kWh/t



Electricity usage per tonne

Electricity usage per tonne is the ratio of electricity used to the number of tonnes produced.

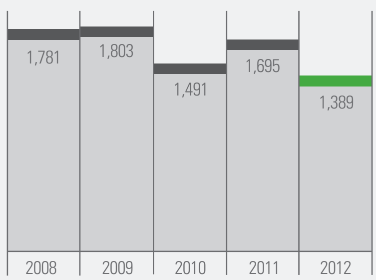
Water usage per tonne L/t



Water usage per tonne

Water usage per tonne is the ratio of water used to the number of tonnes produced.

Reportable accident freqency rate



Reportable accident frequency rate

Reportable accident frequency rate is defined as the number of accidents resulting in more than three 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.

Operating review continued

Injection Moulding

Injection Moulding	12 months to 31 March 2012 £m	12 months to 31 March 2011 £m
Revenue	**657.7**	369.0
Adjusted operating profit	**66.8**	30.9
Return on sales	**10.2%**	8.4%
Return on net operating assets	**28.2%**	26.0%

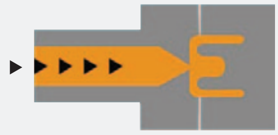
The business comprises the UK Injection Moulding (UKIM), Bramlage-Wiko and Superfos clusters. Overall the injection moulding business performance was very strong over the year, with sales and operating profit significantly higher due to the inclusion of a full year of trading of the Superfos business. The increase in operating profit was due to the additional Superfos profitability, realisation of the associated synergies and like-for-like profit improvement driven by growth in the personal care and pharmaceutical sectors, offsetting volume reductions in paint containers.

The UKIM cluster, which comprises five sites in the UK, serves a wide range of customers in the food, health care and DIY markets. Overall sales volumes were slightly down compared with last year, with volumes still being affected by weak demand in the DIY retail sector and the relatively low level of activity in the UK housing market. The main focus for the cluster has been the integration of the Superfos site at Runcorn into the cluster. Following a review of its profitability its closure was confirmed in October, with the business being transferred to other sites within the UKIM cluster. This was achieved within the agreed timeframe and with no adverse impact on customer service.

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. During the year, the cluster concluded a strategic review of its automotive components business at Neutraubling (Germany) resulting in the decision to exit from this highly competitive non-core market.

Superfos 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 subdued due to the weak macro-economic environment, particularly within the paint and industrial products segments, overall margins were strong as the polymer purchasing and other synergies started to take effect. Its integration into the RPC Group has progressed very well with Superfos now operating as a standalone cluster and with key management retained. Purchasing of raw materials has been centralised at Group level whilst the necessary central overhead cost reductions have been effected. Growth opportunities in light-weighting and barrier products are being actively pursued as is the future delivery of cross-selling opportunities across the relevant geographical areas.

Injection Moulding



Revenue

£658m

+78%

2011: £369m

Adjusted operating profit

£66.8m

+116%

2011: £30.9m

Key markets
Paints & surface coatings
Coffee capsules
Cosmetics
DIY products
Food
Margarine & spreads
Personal care
Pharmaceuticals
Promotional products
Soups & sauces
Tablet dispensers & inhalant devices

SuperLock – Arachidi

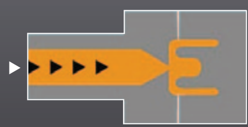
SuperLock, developed by the RPC Superfos cluster, offers a plastic container with excellent barrier protection for long shelf-life, combined with a great design including a see-through area that also reduces the risk of breakage. The twist off lid ensures trouble-free opening and re-closure, along with straight sides which provides easy access to all of the content.

The benefits:

– Greater cost-efficiency
– Longer shelf-life
– Flexible design possibilities
– Single material for easy recycling
– Lower carbon footprint

Bringing packaging to life – Injection Moulding

Customer: Murano SpA
Product: SuperLock
Process: Injection Moulding

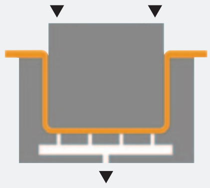


Operating review continued

Thermoforming

Thermoforming	12 months to 31 March 2012 £m	12 months to 31 March 2011 £m
Revenue	**287.7**	281.4
Adjusted operating profit	**13.7**	14.7
Return on sales	**4.8%**	5.2%
Return on net operating assets	**20.0%**	22.0%

Thermoforming



The thermoforming businesses comprise the Bebo (retail food packaging), Cobelplast (sheet production) and Tedeco-Gizeh (food service – vending and disposables) clusters and are largely based in mainland Europe. The overall thermoforming business performance was adversely impacted by a reduction in volumes and deterioration in margins at Tedeco-Gizeh where sales of vending cups suffered from adverse market circumstances.

The Bebo cluster performed well during the year, completing the reorganisation of its thermoforming business in the Netherlands, and successfully transferring its operation at Troyes (France) to a new, more efficient site. The margarine and spreads market is a significant part of its business and although sales volumes were flat overall margins improved. Most of the growth in the cluster was generated from new business developments in oxygen barrier packaging (replacing glass and metal) and Dolce Gusto coffee capsules, which continue to grow with further investment in the year in three new production lines at Port Talbot (UK) and additional lines at Bouxwiller (France) and Deventer (the Netherlands), required to keep up with customer and consumer demand.

For Cobelplast, 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 where the replacement trend of glass and metal continues. At Montonate (Italy) a new line capable of producing PET sheet from post-consumer recycled PET flake was successfully commissioned.

Demand in the vending cup market, which is served by the Tedeco-Gizeh cluster, continued to fall during the year and following a strategic review of the Group's position in this market, it was decided to exit the mainland European vending cup market. Consequently a restructuring programme commenced in January 2012 resulting in redundancies and asset impairments at Deventer (the Netherlands). Going forward, this site will be focused on production of convenience food packaging and Dolce Gusto coffee capsules. The Group remains committed to the vending cups market in the UK which is served from its Port Talbot site in Wales.

Revenue

£288m

+2%

2011: £281m

Adjusted operating profit

£13.7m

-7%

2011: £14.7m

Key markets
Margarine & spreads
Coffee capsules
Dairy market
Disposable products
Sheet for form-fill-seal lines
Fresh, frozen and long shelf-life foods
Phone cards
Vending & drinking cups

Dolce Gusto – Coffee capsules

RPC Thermoforming is producing the unique single serve drinks capsules for Nestlé's revolutionary Nescafé Dolce Gusto system, which delivers coffee shop quality beverages at home. The capsules, which are the result of a joint development project between Nestlé and RPC Tedeco-Gizeh, meet two critical requirements – to ensure a long shelf-life for the product and to be able to withstand the high pressure of the Dolce Gusto machine, which is the key to delivering each drink's high quality taste.

The benefits:

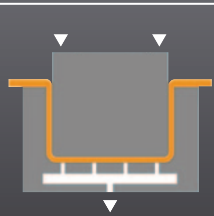
- Innovative design
- Outer layer available in a variety of colours
- Fully automated process
- Long shelf-life

Bringing packaging to life – Thermoforming

Customer: Nestlé

Product: Nescafé Dolce Gusto capsules

Process: Thermoforming



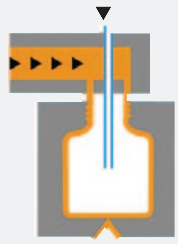
Operating review continued

Blow Moulding

Blow Moulding

	12 months to 31 March 2012 £m	12 months to 31 March 2011 £m
Revenue	**184.5**	168.8
Adjusted operating profit	**13.0**	10.2
Return on sales	**7.1%**	6.0%
Return on net operating assets	**21.8%**	17.7%

Blow Moulding



The blow moulding operations are based both in the UK and in mainland Europe. Overall the blow moulding business performed well in the year as it continues to consolidate its market positions and benefits from the restructuring activities of prior years. Sales volumes improved again and adjusted operating profit increased by 27% to £13.0m.

There was strong demand in both food and non-food sectors with good volume increases at Corby (UK), Gent (Belgium), Montpont (France) and Llantrisant (UK). The Corby business 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 agrochemicals market improved the activity levels at Gent and Montpont whereas Llantrisant increased its sales through the gain of a major contract for PET containers.

In the rest of the UK volumes were relatively subdued, the warm winter weather weakening demand for de-icing products and lower demand for standard containers used by industrial customers due to the general economic downturn.

Blow moulding product innovation during the year included the new 'anti-glug' bottle for the motor oil market and in foods the development of the 'Eurosqueeze' range of standard multilayer bottles.

Revenue

£185m

+9%

2011: £169m

Adjusted operating profit

£13.0m

+27%

2011: £10.2m

Key markets
Agrochemicals
Automotive
Food & drink
Long shelf-life food
Personal care

Heinz – Spaghetti Hoops

Building on the success of its 1kg Heinz Beanz Fridge Pack, HJ Heinz has augmented its range with Spaghetti Hoops in barrier jars from RPC Corby and caps from RPC Halstead. The resealable jar provides portion flexibility and its size is the equivalent of nearly two-and-a-half standard size cans – an average of five servings.

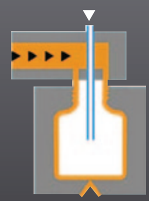
Plastic's lightweight and shatterproof qualities make the jar safe and easy to handle for family cooking. At the same time, the choice of recyclable polymer ensures that Heinz can meet sustainability targets.

The benefits:

- Resealable
- Lightweight
- Shatterproof
- Shelf-life up to 15 months
- Single material for easy recycling

Bringing packaging to life – Blow Moulding

Customer: Heinz
Product: Fridge Pack
Process: Blow Moulding

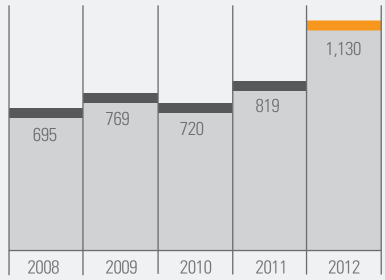


Financial review

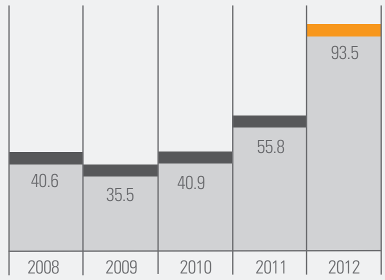
Key highlights

	12 months to 31 March 2012 £m	12 months to 31 March 2011 £m
Revenue	**1,129.9**	819.2
Adjusted operating profit	**93.5**	55.8
Exceptional items	**(20.6)**	(18.0)
Operating profit	**72.9**	37.8
Net financing costs	**(13.3)**	(3.2)
Profit before tax	**59.6**	34.6
Tax	**(14.9)**	(9.0)
Profit after tax	**44.7**	25.6
Adjusted EPS	**37.3p**	29.9p
Net debt	**167.9**	178.7

Revenue £m



Adjusted operating profit £m



Group Overview

The Group's results for the year were enhanced by both the inclusion of a full years trading of Superfos, which only included six weeks of trading in the same period last year, and improvements in the profitability of the existing RPC business, including £10m of synergies from the integration of Superfos. In spite of higher capital expenditure levels than in previous years, cash was well controlled and net debt was reduced to £168m. Adjusted EPS increased by 25% to 37.3p.

Consolidated Income Statement

Group revenue for the year was significantly higher at £1,129.9m due to the inclusion of Superfos sales and a 5% increase in sales on a like-for-like basis. Overall like-for-like volumes measured in polymer tonnes converted were at similar levels to last year. The increase in sales was largely due to an improved sales mix of higher value added products, the impact of higher polymer prices on sales prices where these have been passed on to customers and a small currency translation impact. Revenue growth in higher added value products was 15%.

Adjusted operating profit (before restructuring costs, impairment and other exceptional items) increased by 68% to a record level of £93.5m, due to the impact of Superfos and related synergies as well as the like-for-like increase in profit driven by the impact of an improved sales mix of higher added value products. Overall average polymer index prices increased by 5% compared with last year, particularly in the last quarter of the financial year thereby reaching record levels. Whilst increases in polymer costs are passed on to customers, there is a time lag which adversely impacts on margins, particularly in those lower added value businesses where polymer is a larger proportion of sales value. On a pro-forma basis, the like-for-like adjusted operating profit for the enlarged Group improved from £74.3m to £93.5m driven by the realisation of synergies and enhanced gross margins due to a better sales mix and a less adverse time lag effect in passing through polymer prices. The added value per tonne improved from £1,933 per tonne to £1,983.

Exceptional items totalling £20.6m (2011: £18.0m) comprising restructuring, integration and closure costs of £14.2m (2011: £15.1m), impairment losses of £7.2m (2011: £0.7m) and other items of £(0.8)m (2011: £2.2m) were incurred. As expected the Group incurred £6.4m of integration costs and impairments following the acquisition of Superfos in February 2011, which included the closure of Runcorn and transfer of business to other UKIM sites, and other reorganisation and overhead savings within the Superfos business. In addition the Group provided for £8.0m of restructuring costs and impairments relating to the planned withdrawal from the mainland European vending cup business which will be executed in 2012/13, and provided for an additional £4.6m relating mainly to asset impairments at its automotive component business in Neutraubling, Germany. The remaining exceptional items of £1.6m relate to the finalisation of the

RPC 2010 programme and include £0.3m of profit relating to 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 increased from £3.2m in 2010/11 to £13.3m in 2011/12. Net interest charges were £11.5m (2011: £4.2m) mainly reflecting the full year impact of the debt funding costs of the Superfos acquisition resulting in an overall increase in net debt over the year. In addition the cost of borrowings was higher for the Group over the year, following the renewal of the Group's bank credit facilities in December 2010 and the higher cost of borrowing from December 2011 on notes issued into the US Private Placement market. Unfavourable foreign exchange movements relating to the $40m US dollar bond issued in 2005 resulted in a net financial expense of £0.1m (2011: financial income £1.0m). Net financing costs on retirement benefit obligations have been reclassified under net financing costs in order to comply with future changes to IAS 19 and to improve comparability with the Group's peers. A net charge of £1.7m arose in the year, comprising £6.0m for the expected return on pension fund assets and £7.7m for interest cost on retirement benefit liabilities.

The adjusted profit before tax increased to £80.3m (2011: £51.6m) as a result of the improvement in operating profit partly offset by the higher net interest charge. The tax rate on the adjusted profit before tax for the Group was 25.0% for the year (2011: 23.9%). The Group's overall taxation charge was £14.9m (2011: £9.0m). The resulting adjusted profit after tax was £60.2m (2011: £39.2m) and adjusted basic earnings per share increased to 37.3p (2011: 29.9p).

The improvement in operating profit, offset by slightly higher restructuring and impairment costs and higher net financing costs, resulted in a record net profit of £44.7m, compared with £25.6m in 2010/11. Basic earnings per share was 27.7p, compared with 19.5p in the previous year.

Consolidated Balance Sheet and Consolidated 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 during the year. Property, plant and equipment increased slightly to £381.2m compared with the previous year end; net capital expenditure levels at £72.2m were £27.0m ahead of the depreciation charged in the period, as the Group accelerated its investment in growth sectors such as coffee capsules, personal care and pharmaceuticals.

The £7.9m derivative financial instruments mainly comprise the mark-to-market value of euro currency swaps taken out to hedge the US dollar borrowings from the US private placement.

Continued focus on cash management led to a small reduction in working capital (the sum of inventories, trade and other receivables and trade and other payables) of £1.3m to £33.9m compared with the previous year, representing 3.0% of sales.

The long-term employee benefit liabilities increased from £51.0m at the previous year end to £56.3m, mainly due to an increase in the UK net pension deficit. Although the return on the assets of funded pension obligations was significantly better than expected, and an additional lump sum contribution of £5m was made in the UK, the main cause of the rise in the defined benefit pension liabilities was due to the fall in bond yields over the year.

Adjusted EPS

37.3p

+25%

2011: 29.9p

Working capital

£33.9m

3% of revenue

Financial review continued

Capital and reserves increased in the period by £7.9m, the net profit for the period of £44.7m and the £5.7m of share and share-based payments from employee share schemes being partially offset by pension related net actuarial losses of £10.2m, dividends paid of £19.8m, adverse exchange movements on translation of £12.1m and £0.4m of net fair value movements on derivatives. Further details are shown in the Consolidated statement of changes in equity which is included in the financial statements.

Net cash from operating activities (after tax and interest) was £100.1m compared with £69.3m in the previous year, with higher cash generated from operations being offset by lower working capital improvements and higher interest payments.

Net debt at the end of the year stood at £167.9m (2011: £178.7m), reflecting the improved net cash generated from operations, partially offset by higher capital investment and higher dividends paid. Gearing reduced to 62% (2011: 68%) and the net debt to EBITDA ratio reduced from 1.5 to 1.2. The average net debt for the year was £249m (2011: £158m).

The Group has total finance facilities of approximately £458m with an amount of £286m undrawn at 31 March 2012. The facilities are unsecured and comprise a revolving credit facility of up to £200m with nine major UK and European banks maturing in 2015, US notes of $216m and €60m issued by 17 US life assurance companies maturing in 2018 and 2021, mortgages of £15m and other credit and overdraft arrangements of £33m. The US notes were a debut issue raised in the US Private Placement (USPP) market in December 2011, the proceeds from which were used to refinance a €130m acquisition term loan used to purchase Superfos and floating rate notes totalling €35m and $40m which were issued in 2005 and became repayable in March 2012. The USPP notes provide the Group with 7 year and 10 year dated borrowings strengthening the financial position of the Group for future growth. The Group was designated a NAIC-2 credit rating by the US National Association of Insurance Commissioners.

Financial Key Performance Indicators (KPIs)

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

The key measure of the Group's financial performance is return on capital employed (ROCE). This shows a 4.0 percentage point improvement on the previous year largely attributable to the higher adjusted operating profit. This improvement represents significant progress towards achieving the Group target of 20% ROCE by March 2014, following the realisation of the steady state synergies relating to the integration of Superfos and assuming a non-recessionary economic environment without significant volatility in raw material prices. Return on net operating assets (RONOA) is also reported for the first time and shows a similar year on year improvement.

The improvements in added value per tonne and gross margin reflect the impact of an improved sales mix and a less adverse time lag effect of passing through polymer price variations to the customer base.

The cash performance in the second half year improved giving a full year free cash flow of £41.4m despite the increase in mostly growth related capital expenditure, which represented 160% of depreciation levels. This higher level of capital expenditure also resulted in a year on year reduction in cash conversion.

P R M Vervaat
Finance Director

Net debt

£167.9m
-6%

2011: £178.7m

ROCE

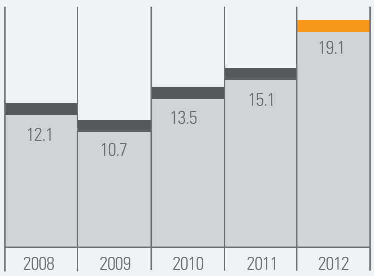
19.1%

2011: 15.1% (pro-forma)

Key performance indicators

Financial KPIs

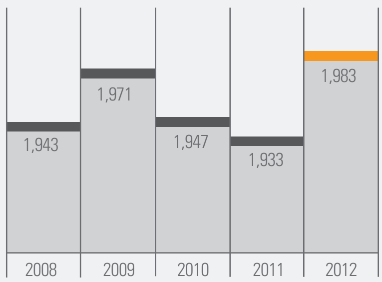
ROCE %



ROCE

Return on capital employed (ROCE), which is measured over the previous 12 months, is defined as adjusted operating profit divided by the average of opening and closing shareholders' equity, after adjusting for net retirement benefit obligations and net borrowings for the year concerned.

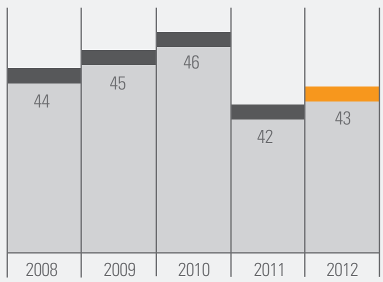
Added value per tonne £



Added value per tonne

Added value per tonne is the difference between production sales value per tonne produced and the cost of polymer per tonne produced. The comparative numbers have been restated using 2011/12 exchange rates and adjusted for the results of Superfos.

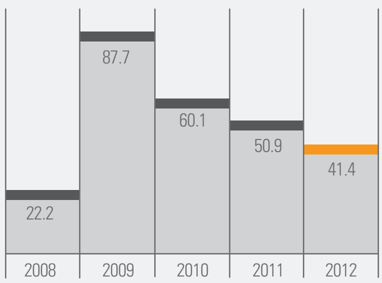
Gross margin %



Gross margin

Gross margin is the difference between sales price and all directly variable costs such as polymer, packaging, transport and electricity. The comparative numbers have been restated using 2011/12 exchange rates and adjusted for the results of Superfos.

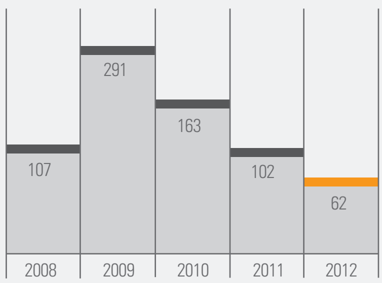
Free cash flow £m



Free cash flow

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.

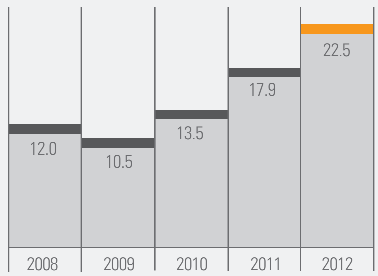
Cash conversion %



Cash conversion

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.

RONOA %



RONOA

Return on net operating assets (RONOA), which is measured over the previous 12 months, is defined as adjusted operating profit divided by the average of the opening and closing property, plant and equipment, working capital and capital expenditure creditors for the year concerned.

Principal risks

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

A regular review is conducted of these risks to identify both the nature and magnitude of a risk and the manner in which it can be mitigated. The risks that are seen as being particularly important at the current time are:

Area of risk	Description of risk	Mitigation
Polymer price and availability	The key raw material used in the manufacture of rigid plastic packaging is polymer, and for RPC this is principally polypropylene, high density polyethylene and polystyrene. The prices of each of these polymers are subject to considerable volatility as they tend to follow the underlying price of oil, as well as changes in global supply and demand, and polymer prices have risen significantly in recent years. In addition some polymer supplies have been seriously affected by plant breakdowns and maintenance, resulting in shortages.	The Group is able to pass on the majority of polymer price increases to its customers through agreed contractual terms, providing an effective hedge against polymer price changes, albeit with a time lag. The Group has also reduced its dependence on individual suppliers by adapting its manufacturing sites to convert a wider range of polymer grades, to mitigate the risk of supply disruption. This will continue as new suppliers come on stream in areas such as the Middle East, Brazil and India.
Energy costs	The action of heating and cooling polymer in the process of manufacturing rigid plastic packaging entails the use of substantial amounts of electricity. The price of electricity is subject to volatility and is a significant cost of manufacture.	The Group has sought to adapt its plants to an era of higher and fluctuating electricity prices by the combination of a purchasing strategy which balances the risks by buying a proportion of expected electricity demand at fixed rates, and a drive to reduce the amount of electricity consumed per tonne of material converted through efficiency improvements and the use of technical advances in equipment and processes. The Group also participates in a Climate Change Agreement, through the British Plastics Federation, which sets out energy reduction targets.
Dependency on key customers	As the top 10 customers in the Group account for 26% of sales, the loss of any one of them could significantly affect the Group's results.	There is a high degree of mutual dependency between RPC and its customers and because of the Group's size, product range and the joint investment often required to develop a product, many customers would have great difficulty in moving their business to another supplier in the short term. In addition customer retention is strengthened by the Group remaining responsive to customer requests, servicing them properly with quality products and continuing to develop packaging products that are suited to their needs.
Business interruption and the loss of essential services and supplies	Every business faces the potential risk of operations being impacted by disruption due to loss of supply, failures with technology, industrial disputes and physical damage arising from fire, flood or other such event. The loss of essential services or products produced by a major supplier could have a significant impact on the Group's ability to service its customers.	The Group maintains alternative sources of supply wherever possible and if a problem is localised, in many cases it is possible to manufacture the product from another site within the RPC Group. In addition sites have established protocols and procedures to ensure business continuity in the event of a major incident.

Area of risk	Description of risk	Mitigation
Pricing and competitive pressures	RPC supplies major European and multinational companies which have the ability to switch significant volumes between alternative suppliers thereby increasing pressure on prices.	The Group continually strives to provide optimal customer service and be at the forefront of product and process innovation while at the same time seeking to reduce its cost base and to achieve improved productivity, efficiency and economies of scale. A significant part of the Group's sales are bespoke with longer-term contracts in place. In addition the Group's ability to continue to invest and maintain its innovation capabilities across a range of conversion technologies in the challenging economic environment of the last few years has improved its competitive position.
Financial risks	The Group faces risks relating to the cost and availability of funds to meet its business needs, movements in interest rates and foreign currency exchange rates. In particular as over half of the Group's businesses report in euros, the Group's earnings and net assets are affected by any volatility in this currency.	RPC's treasury activities are governed by policies and procedures approved and monitored by the Board. The Group negotiates funding requirements in a timely manner ensuring appropriate headroom is secured and funding tenure obtained to mitigate availability risk. During the year the Group undertook a refinancing in the US Private Placement market, raising $216m and €60m with maturities in 2018 and 2021. Cross currency swaps have been used to hedge against any currency volatility when these notes fall due for repayment. RPC borrows at both fixed and floating rates in order to give a degree of stability to the composite interest rate charged each year. The Group has some transactional exposure to the euro. The balance sheet translation exposure is hedged by ensuring that borrowings in euros broadly balance the Group's net assets in euros, and any significant transactional exposures are managed using approved financial derivatives.
Safeguarding physical property	The risk of fire represents the most significant physical risk to the Group and the impact of a major catastrophe of this type could be considerable.	Sites generally have sprinkler and/or smoke detection systems in place. In addition, the Group carries a comprehensive property damage and business interruption insurance policy.

Corporate responsibility

Our sustainability story

As a global force in rigid plastic packaging, we are committed to incorporating sustainability into our overall business strategy and helping our customers to achieve their environmental goals. Since our inception we have been constantly developing innovative packaging solutions that provide sustainability benefits for our own direct operations, our customers and our supply chain. RPC believes that:

- Packaging is making a significant contribution to modern day living and the efficiency of the Western world's food distribution system, where only about 3% of wastage occurs between farm and supermarket, as opposed to wastage rates of 30–50% in less developed countries due to the comparative lack of adequate packaging.
- In rigid plastic packaging we can reduce the environmental impact of our packaging through lightweighting, using recycled plastic and developing novel packaging solutions – and indeed extend the longevity of the products that packaging is designed to protect – while still maintaining functional performance. In partnership with our customers and suppliers we strive to find the most attractive and environmentally beneficial solutions across the whole supply chain to support each lifecycle stage of packaging – from design to disposal.
- By optimising our manufacturing processes we directly reduce our internal environmental impact. The carbon footprint of our electricity and water consumption, distribution systems and our waste disposal are under permanent scrutiny and have been reduced over recent years as a result of proactive actions and investments.

The packaging lifecycle

As a packaging manufacturer, RPC has greatest control over the earliest stages of the packaging lifecycle. However, the influence of our actions at the design stage reaches far beyond, to the customer and even the recycling opportunities at the end-of-life stage. RPC is taking positive steps to tackle sustainability challenges and the diagram below shows the most significant environmental impacts throughout the packaging lifecycle which we can control or influence.

Corporate responsibility continued

Developing sustainable packaging solutions

Product Development and Innovation

Lightweighting
Across the industry, packaging has become progressively lighter while still maintaining the same technical performance. This is evident particularly in the UK where, despite the increased demand for consumer goods, the weight of packaging purchased per person has remained roughly the same over the last 10 years (source: Incpen). RPC has managed to reduce weights of packaging across all three of its manufacturing processes through significant investments in tooling, process changes and machinery alongside developments in materials. This has been achieved while maintaining the technical capability of the packaging and ensuring that it is able to carry out its primary function of protecting a product throughout all stages of supply, distribution and use.

Recycled material
RPC has been working with the recycling industry for many years, collaborating with government agencies such as the Waste & Resources Action Programme (WRAP) to research and develop the use of post consumer recycled (PCR) material in packaging. The use of PCR diverts end-of-life plastic from landfill and also reduces energy demand in comparison with the sourcing of virgin raw materials.

The work in this area is an evolving field in which we are continuously active across all of the main polymers that we use in packaging (PP, HDPE, PET and PS). Our work to date has resulted in the design and manufacture of a number of packaging applications that incorporate PCR material. The case studies shown illustrate two such innovative applications of recycled plastics within the Group and their environmental benefits.

Product protection
The development and use of innovative multi-layer packaging within the Group has provided a protective barrier so that our customers' products have a prolonged shelf-life. This has not only helped to reduce the energy demands on refrigeration, but also ensures food remains fresh on shelf, reducing spoilage and the high environmental impact associated with food waste.

In response to demographic and lifestyle changes, notably the increase in single person households and the overall trend towards greater consumer convenience and eating 'on the move', we continue to manufacture innovative portion packs. Portion control will increasingly be required to contribute to the reduction of food waste and is also relevant in reducing waste within other sectors such as the pharmaceutical market. The Heinz case study (below) provides more information on how we have developed portion control packs.

A Sustainable Solution – Bio-materials

A developing area of focus for us over the past few years has been bio-materials. In terms of use for plastic packaging bio-materials can be split into two categories.

1. Bio-based material which is derived from plants or another non fossil fuel source which can either partly or fully replace oil based polymers in packaging.
2. An additive to aid bio-degradation or composting when the packaging is disposed of.

We are working with a number of bio-material suppliers to evaluate, research and develop these materials within our packaging portfolio. Customer collaboration fuelled by consumer demand and recyclability will be key to the future use of bio-materials within the Group.

Case Study: Partnering with Heinz to develop sustainable solutions

Our work with Heinz, across all three of our manufacturing processes, is one example of where we have provided a customer with a range of sustainable packaging solutions. Innovations include:

- The Heinz Beanz fridge pack cap is a bespoke injection moulded design which is 20% lighter than standard caps.
- The blow moulded fridge pack container is designed to reduce food waste as it is resealable to allow portion control and has multi-layer walls to extend shelf-life and ensure product protection. Its shape also maximises volumes during distribution.
- The thermoformed Snap Pots™ are designed to meet the demand of increasing single person households to reduce food waste through portion control. The shelf-life of the product is also extended through the use of multi-layer barrier technology.

Developing post consumer recycled PET (r-PET)

Our Montonate plastic sheet manufacturing facility in Italy has invested heavily in technology to achieve the production of r-PET sheet from post consumer recycled PET flake. This sheet is then used in applications such as toothpaste packaging. R-PET is also used in other applications within the Group such as bottles, jars and pots with varying recycled content.

Sustainability benefits:

- Reduction in product carbon footprint.
- Closes the packaging lifecycle loop.
- No reduction in the packaging's performance.
- Diverts waste from landfill or incineration.

Future opportunities:

- Increase percentage of recycled content in packs where technical capabilities, supply and economic pressures allow.
- Research and develop new applications of r-PET use within the Group.

Recycled content:

50-70%

Developing post consumer recycled polypropylene (r-PP)

The UK Injection Moulding and Superfos clusters have both been working on the production of packaging containing recycled PP. A project in the UK, in partnership with paint manufacturers AkzoNobel, has resulted in the production of paint cans containing 25% post consumer r-PP. This technically demanding pack came about as a direct result of close cooperation with AkzoNobel. The major challenge was to balance the level of recycled content with the technical and performance requirements of the packaging.

Sustainability benefits:

- Reduction in product carbon footprint.
- Gives used PP products a second life in a new format.
- No reduction in the packaging's performance.
- Diverts waste from landfill or incineration.

Future opportunities:

- Increase the content in paint cans above 25%.
- Explore the use of r-PP in horticultural product packaging, pails and buckets.
- Research and develop the use of r-PP for food packaging applications.

Recycled content:

25%

Corporate responsibility continued

Partnership throughout the packaging lifecycle

Packaging is only one part of the product supply chain. Despite being so visible in the waste stream, its primary role is as a delivery and protection mechanism for a product that has a significantly higher environmental impact than the packaging itself. Our packaging is a key element in the supply chain and we strive to offer our customers, whether big or small, the most appropriate sustainable solution for their product in order to minimise environmental impact.

Determining the Environmental Impact of Packaging

RPC is working with customers, suppliers and external advisory organisations to determine the environmental impact of a number of packaging formats, primarily in the form of a carbon footprint. The main areas of focus for these studies have been 'cradle to gate', investigating areas which we directly influence such as the impacts of the type of raw material used and the manufacturing process applied to the material, as well as the impact of transport to the distribution centre or customer. One of the main advantages of plastic packaging is that it provides a lightweight solution which often provides a lower carbon footprint in comparison with alternative packaging materials.

The Group has developed a CO_2 calculator for injection moulded products which is certified by the Carbon Trust. From benchmark calculations using this tool we have determined the stages of the lifecycle under our control that have the highest environmental impact. As shown in the pie chart the highest area of impact in terms of CO_2e emissions is the raw material stage, followed by production – the conversion of the raw material into a packaging format. The smallest impact comes from transport. This is an area over which we do not have a significant amount of direct control; however, we are investigating ways to improve distribution by increasing full loads and coordinating logistics within geographic regions. This type of product analysis helps us to focus our attention on areas where the greatest improvements in our carbon footprint can be made.

Optimising Recyclability

Our desire to improve the performance of the packaging we manufacture does not end when the packaging leaves our sites. We have also taken a proactive stance with customers in designing packaging to optimise recyclability and to ensure end-of-life collection of packaging. This helps us to play our part in closing the loop in the packaging lifecycle.

Industry Participation

RPC has taken an active role as a member or partner with a number of organisations at the forefront of sustainable packaging. Not only are they a platform for us to keep up to date on developments in the latest field, but they also allow us to offer our expertise in manufacturing to these groups, to improve current processes and develop pioneering technologies such as the use of post consumer recycled plastic in packaging. Our efforts in the sustainability field have been recognised through our inclusion in the FTSE4Good listing.

Over the past year we have participated through membership or partnership with the following organisations:

BPF Member of the British Plastics Federation

Carbon Trust

PAFA Packaging and Films Association

FTSE4Good

IK Industrievereinigung Kunststoffverpackungen e.V.

incpen

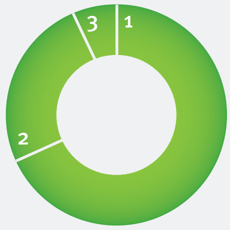
petcore PET Container Recycling Europe

The Packaging Federation

Smithers Pira

wrap Working together for a world without waste

Average CO_2 emissions from Superfos products



1. Raw material 67%
- Reduce weight
- Recycled materials
- New sustainable materials
- Rethink supply sources

2. Production 27%
- Reduce electricity consumption
- Reduce waste
- Reduce use of chemicals

3. Transportation 6%
- Distribution logistics
- More products per pallet
- Product from round to square

Managing our direct environmental impacts

Improving Energy Efficiency

Approximately two-thirds of the carbon footprint of our products is from the raw materials we use. Our first point of focus is to utilise these materials as efficiently and economically as possible. The remaining one-third is embedded in the energy required at the processing stage when we convert plastic granules or flake into packaging. Plastic packaging manufacturing, by its nature, is energy intensive.

We are constantly working to improve the energy efficiency of our manufacturing processes. We have been working on a number of energy efficiency projects over the year ranging from high investment projects to minor site alterations. For example:

- RPC Cobelplast in Lokeren, Belgium, has installed an automated wrapping and palletisation system for its finished sheet goods. Not only has this streamlined the process resulting in an energy saving, there is also a resource efficiency saving as half the amount of shrink wrap is required to protect the finished product.
- RPC Cobelplast Montonate, Italy, has benefited from the installation of a state-of-the-art extrusion line which reduces energy consumption considerably as well as producing food grade plastic sheet from recycled materials in a single step, bypassing the need for a pelletising process.
- RPC Bebo Troyes, France, has relocated to new modern premises which has allowed the site to reduce energy consumption and redesign the plant to maximise efficiency. Measures taken included alteration in layout so that fork lift trucks are not required in the production area, installation of lifting tables and an air treatment system to maintain a controlled temperature and pressure.

Investments such as those outlined above have allowed the Group to achieve a year on year reduction in kWh/tonne over the past few years with a 3% reduction achieved this year in comparison to last year. Since a Group energy efficiency project was set up five years ago the Group energy use per tonne has fallen by 11%.

Carbon Reporting

Through the British Plastics Federation, the Group's UK manufacturing sites have entered into a Climate Change Agreement which sets carbon targets based on energy use at the sites. Our UK sites also qualify for inclusion in the Government's Carbon Reduction Commitment Energy Efficiency Scheme (CRC) but have been granted an exemption due to the Climate Change Agreement already in place.

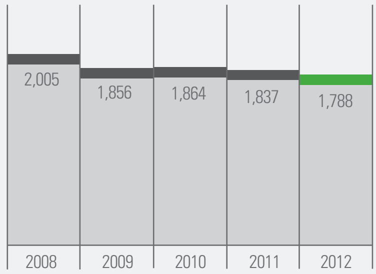
Improving Water Efficiency

Water is an important part of the manufacturing process, primarily as a cooling agent. A number of improvements have been made across the Group to reduce water usage or to re-use it within a closed-loop system which reduces evaporation losses. As a result of these actions, water use in the Group has progressively declined over the last five years by 27%, with an 8% reduction having been achieved over the last 12 months.

Waste and Recycling

Polymer is a valuable resource and our sites operate at a high efficiency in terms of salvaging raw materials. Any material that cannot be re-used is segregated and collected for recycling. The same applies to many other materials that we handle such as scrap metal, cardboard boxes/tubes, wooden pallets and shrink wrap. We are making good progress on the reduction of waste disposal.

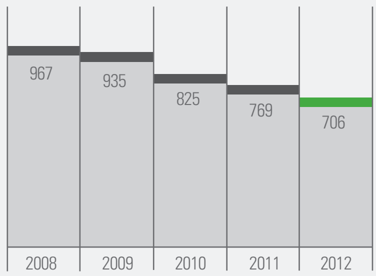
Electricity usage per tonne kWh/t



Electricity usage per tonne

Electricity usage per tonne is the ratio of electricity used to the number of tonnes produced.

Water usage per tonne L/t



Water usage per tonne

Water usage per tonne is the ratio of water used to the number of tonnes produced.

Corporate responsibility continued

Managing our social impacts

Health and Safety

Incident reporting
During 2011 all sites across the Group responded to the challenge of improving their health and safety performance. This has resulted in the Reportable Accident Frequency Rate (RAFR) reaching its lowest level since measurement and reporting began.

The number of major accidents reduced to a new low of 12, a further improvement of 8% compared with the previous year despite the enlarged size of the Group. The total number of reportable accidents rose by only 2%, which included the Superfos businesses. Slips, trips and falls remain the most significant cause of accidents across the Group, in common with many industries, and will continue to be the subject of focus.

Safety Awareness

Health and safety awareness continues to be at the heart of our approach to reducing incidents. In particular, the RPC Safety Intranet continues to grow as a means of sharing best practice across the Group and alerting colleagues of hazards and how to guard against them. Access to the intranet has been extended and every cluster contributes to the knowledge base. The intranet has been a primary tool in the integration of the Superfos businesses whose employees have brought new ideas to the Group.

Safety Week

RPC Tedeco-Gizeh ran a Safety Week poster competition which was open to the children of all employees.

General Manager David Lowe is pictured with the winner and winning entry.

For the first time this year RPC ran a Group-wide event 'RPC Safety Week' involving all employees with the objective of increasing awareness and engagement in reducing accidents. RPC Safety Week involved a permanent, positive safety related change on every site and featured health and safety training for employees, safety tours by senior managers and Board members, competitions and events with the emphasis on the involvement of every employee. The week was a great success and will become an annual event with the objective of building on our safety culture. Some of the events that took place around the Group included:

- RPC Tedeco-Gizeh ran a Safety Week poster competition which was open to the children of all employees.
- At RPC Kutenholz every employee was given a T-shirt with the slogans Safety Comes First (Sicherheit ist Trumpf) and Safety Starts With Me (Sicherheit fängt bei mir an). Colleagues were asked to submit suggestions for improving safety on the site.
- Advice sessions on fire prevention, first aid and health and safety in the workplace were held across the Group.

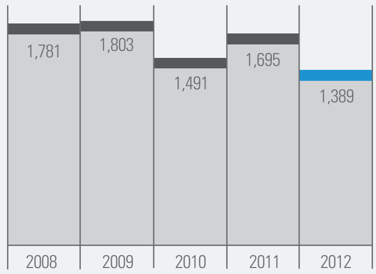
Focusing on Transport Accidents

The Group focused on work place transport accidents during the year, changing internal rules governing the use of fork lift trucks. This has resulted in an 80% reduction in reportable accidents involving workplace vehicles.

Willis-RPC Blue Safety Programme

RPC sets out its required standards in health and safety systems, leadership and performance every year in its Willis-RPC Blue Safety programme. A three day training event was held to inform employees from each of our sites of the Group's requirements in order to ensure that progress is made in this area. An annual audit measured the performance of sites against these standards. Once again, the standards have been increased with greater emphasis on systematic and comprehensive application of procedures which are known to improve safety.

Reportable accident freqency rate



Reportable accident frequency rate
Reportable accident frequency rate is defined as the number of accidents resulting in more than three 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 results continue to be encouraging with 30 out of the 40 sites achieving the highest 'Blue' rating, a 9% improvement over the previous year despite the increased demands of the audit. Superfos sites were also introduced to the system in a campaign of pre-audits under the same set of requirements and with some achieving the 'Blue' grade.

Future Health and Safety Plans

We are making safety shoes compulsory at all sites in manufacturing and warehousing areas. Furthermore, every site General Manager will be required to review and take part in accident investigations including measures to prevent the incident reoccurring, with a report being made to the Chief Executive.

Business Ethics

The Group aims to act responsibly and with integrity, respecting the laws and regulations of all the countries within which it operates as well as internationally accepted standards of responsible business conduct. We require high standards of professional and ethical conduct from all employees, officers and directors. These policies are set out in a Code of Business Conduct which can be read in full on the Group's website.

Each business within the Group is expected to operate with policies and procedures which are consistent with our values and standards. In all dealings, all employees and other persons acting on behalf of the Group are expected to:

- engage in honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- maintain effective procedures to prevent confidential information being misused or used for personal gain;
- advance the legitimate interests of the Group, having regard to the Group's values and standards, as set out in the Code;
- comply with all applicable laws, rules and regulations in every country in which the Group operates;
- treat customers fairly, openly and honestly;
- be intolerant of discrimination, harassment or victimisation;
- maintain high standards of integrity in business relationships with suppliers; and
- encourage the use of those suppliers who operate with values and standards equivalent to the Group's.

The Group does not employ child or forced labour in any of its operations. A child is as defined in the International Labour Organisation Convention.

The Group adopted an anti-bribery policy during the year in response to the Bribery Act 2010 and delivered a training programme to its senior managers and other relevant employees. Anti-bribery procedures have been developed and are now monitored by the Group Internal Audit function.

Employees

Training and development
Employees are provided with training in order to give them the necessary skills to perform their duties and where appropriate to develop those skills and progress their career. The Group invests in a range of development activities including NVQs and apprenticeship schemes and supports other professional and technical training. Across the Group employees have achieved qualifications in a variety of technical, engineering and other skills.

Work experience
The Group provides appropriate work-place and career development for its employees through its sites in response to their operational requirements. This is accomplished using a range of methods including apprenticeship programmes. For example, RPC Llantrisant, Wales, offered work experience to first year apprentices from a local college under the Welsh Assembly Government's Pathways to Apprenticeship scheme as well as recruiting two second year apprentices to complete their apprenticeships.

Communicating with our staff
The Group established a European Works Council in 1998 which meets once a year. A steering committee also meets four times a year. The European Works Council brings together employee representatives from across the Group's operations to discuss business matters with senior managers within the Group including Board members. This involves the provision of information concerning the Group, consultation and discussions. In addition there are national and site-based works councils or employee forums that discuss local business matters.

An employee newsletter 'Perspectives' is issued regularly in five languages. Employees are encouraged to make their views known to the directors and senior management of the Group.

Dealings with Customers and Suppliers

The Group seeks to be honest and fair in its relationships with customers and suppliers, to provide customers with standards of product and service that have been agreed and to pay suppliers and subcontractors on agreed terms.

Safety Week

RPC Chief Executive Ron Marsh receiving an explanation of the safety standards at RPC Kutenholz by General Manager Andreas Köhnen.

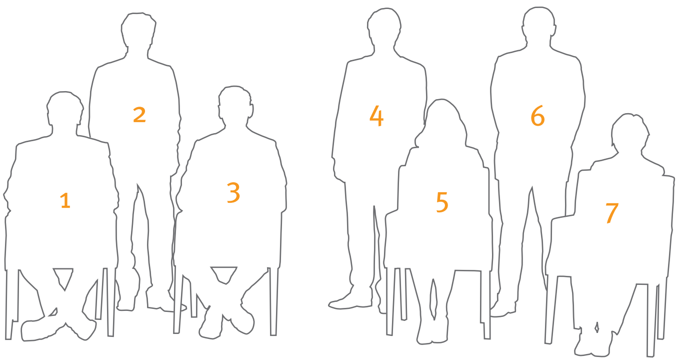
Quality Management

It is Group policy to maintain accreditation to the quality management standard ISO 9001 and operating units are encouraged to gain accreditation to any specific standards required by the markets served or by customers such as the British Retail Consortium and Institute of Packaging (BRC/IOP) Food Packaging Standard. Currently operating units with 97% of the Group's turnover have ISO 9001 accreditation and 24 operating units have BRC/IOP accreditation.

Community Investment

The Board supports initiatives by operating units to contribute to their local community. Staff participate in a variety of local activities including projects with local schools, charity events and factory open days. The Group policy on donations is to support local educational and charitable causes, and in particular those where employees and their families are involved in the fundraising.

Board of Directors



Changes to the Board

On 27 July 2011, non-executive director D J Wilbraham retired from the Board. On 31 March 2012 P S Wood retired from the Board and M G Towers was appointed Senior Independent Director in his place. S Rojahn was appointed as Chairman of the Remuneration Committee and J R P Pike was appointed as a member of the Committee both with effect from 1 April 2012. On 30 May 2012 I Haaijer was appointed as an independent non-executive director and as a member of the Nomination, Remuneration and Audit Committees.

1. R J E Marsh, BA (61)

Chief Executive

Committees: None

Joined RPC: Chief Executive since July 1989.

Experience:
Working in the manufacture and sale of folding cartons first with Metal Box from 1971 to 1987 and subsequently with Reed International and Reedpack. Appointed Chief Executive of Reedpack's plastic packaging businesses before leading the buy-out of RPC in 1991 and subsequent flotation in 1993. Appointed on 7 March 2011 as a non-executive director of British Polythene Industries PLC, one of the world's leading polythene film manufacturers and Europe's largest recycler of waste polythene film.

2. Drs P R M Vervaat, RC (47)

Finance Director

Committees: None

Joined RPC: Joined as Finance Director on 1 November 2007.

Experience:
Joined Dutch metals producer, Hoogovens Groep in 1987 and held various finance positions in the Netherlands, Germany and Belgium. Joined Dutch ship propulsion producer Lips Group as Chief Financial Officer in 1996. In 1999 returned to Hoogovens Groep (acquired by Corus) and in 2004 became divisional Finance Director of the £3bn turnover Corus Distribution and Building Systems Division. Also chaired the Supervisory Board of a Norwegian joint venture, Norsk Stal, during this time.

3. J R P Pike, MBA MA MIMechE (57)

Non-executive Chairman

Committees: Nomination (Chairman)
Remuneration (from 1 April 2012 to 30 May 2012)

Joined RPC: Appointed as non-executive Chairman on 23 July 2008.

Experience:
Joined Burmah Castrol in 1991. Rose to Chief Executive of Burmah Castrol Chemicals before leading the buy-out of Foseco in 2001 and its subsequent flotation in 2005. Chief Executive of Foseco plc until it was acquired in April 2008. Previously a non-executive director of RMC Group plc and Kelda Group plc. Currently Chairman of the Defence Support Group, an engineering and repair business for the Armed Forces, Chairman of a US plastics recycling business, MBA Polymers Inc. and non-executive director and Chairman of AIM Listed Lupus Capital plc.

4. S Rojahn, Dipl-Ing MSIE (63)

Independent Non-executive Director

Committees: Remuneration (Chairman from 1 April 2012)
Nomination
Audit

Joined RPC: Appointed as an independent non-executive director on 25 January 2006.

Experience:
Held various engineering, technical, operational and managerial roles with the Bosch Group from 1978 to 2001 culminating in a position on the Board of Management. Joined Dürr AG in 2002 becoming Chairman of the Board of Management from 2003 to 2005. In 2006 became Chairman of the Board of Management of Wittur Holding GmbH, a global supplier of components to manufacturers of elevators until retired on 31 March 2012. Currently on the Supervisory Board of Brabant Alucast International BV.

5. Drs I Haaijer, (42)

Independent Non-executive Director (from 30 May 2012)

Committees: Nomination (from 30 May 2012)
Remuneration (from 30 May 2012)
Audit (from 30 May 2012)

Joined RPC: Appointed as an independent non-executive director on 30 May 2012.

Experience:
Began international career in product development and marketing with Koninklijke PTT Nederland before becoming a management consultant for The Boston Consulting Group. Subsequently joined Royal Philips Electronics NV as a Vice President helping to build the company's new consumer health and wellness business and leading the €675m acquisition of AVENT culminating with appointment as Chief Executive Officer of Philips AVENT. Served on an advisory board for a private company and on the boards of two foundations in the Netherlands. Currently President of the global Personal Care business unit and a member of the Executive Committee of the Nutritional Products division of Royal DSM NV.

6. M G Towers, BA FCA (59)

Senior Independent Director (from 1 April 2012)

Committees: Audit (Chairman)
Remuneration
Nomination

Joined RPC: Appointed as an independent non-executive director on 1 April 2009.

Experience:
Appointed Group Finance Director of McCarthy & Stone plc in 1990. Subsequently, Group Finance Director of The Spring Ram Corporation plc, Allied Textile Companies plc and Yorkshire Group plc. Group Finance Director of Kelda Group plc from 2003 until its takeover in February 2008. Non-executive director of Homestyle Group Plc from 2004 to 2006 becoming audit committee Chairman and Senior Independent Director. Appointed non-executive director of Spice plc in June 2009 and subsequently as Chief Executive until business sold in December 2010. Currently Chairman of the audit committee of KCOM Group PLC, Chairman of the audit committee and Senior Independent Director of AIM Listed Lupus Capital plc and non-executive director of Norcros Plc.

7. R K Joyce, BA ACA ACIS (53)

Company Secretary

Joined RPC: Joined RPC in June 1989.
Appointed as Company Secretary in November 2000.

Corporate governance

Principles Statement

The Board recognises and fully supports the value of good corporate governance as an important factor in achieving its overall objectives. In accordance with the Financial Services Authority UK Listing Rules a statement describing how the Company has applied the Main Principles contained in the June 2010 UK Corporate Governance Code (the Code) issued by the Financial Reporting Council (available at www.frc.org.uk) and the statements required by sections 7.1 and 7.2 of the Disclosure and Transparency Rules are set out in this report together with the Directors' Report, Operating and Financial Reviews, Corporate Responsibility Report and the Remuneration Report.

Statement of Compliance

With the exceptions set out below, the Company has complied with the provisions of the Code throughout the period under review (references are given to the relevant Code provision).

D.1.1 The performance-related element of the remuneration of executive directors does not form a significant proportion of their total remuneration. Compliance with this Code provision is being addressed through annual conditional share awards under the RPC Group 2008 Performance Share Plan and annual bonuses. Further details are set out in the Remuneration Report.

D.1.5 Notice in the event of a change of control for P R M Vervaat exceeds one year and does not revert to one year after an initial period of employment. An explanation and information on how compliance is being addressed is given in the service contracts section of the Remuneration Report.

Leadership

The Role of the Board

The Board is principally concerned with the overall leadership, strategy and development of the Group in order to promote the success of the Group for the benefit of its shareholders as a whole within a framework of effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic objectives, ensures that the necessary resources are in place for the Group to meet its objectives, reviews management performance and ensures that high ethical standards of behaviour are followed.

In its decision making processes, the Board takes into account the likely consequences of any decision in the long term, the interests of the Company's employees, relationships with suppliers and customers, the impact of the Company's operations on the community and the environment and maintaining the Company's reputation for high standards of business conduct.

A formal schedule of matters reserved for the Board includes:

- approval of the Group's objectives, strategic plans and annual budgets;
- authorisation of material acquisitions, disposals, capital investments, credit facilities, contracts and transactions;
- approving changes to the Group's capital structure, listing and legal and organisational structure;
- approval of financial reports, dividend policy and communication with shareholders and the market;
- monitoring the Group's management, operating and financial performance;
- review of risk assessments and the effectiveness of internal controls;
- responsibility for Board membership and appointments, directors' remuneration and contracts and remuneration policy; and
- Group corporate governance and approval of Group policies.

Matters not specifically reserved for the Board and the day to day operations of the Group are delegated to management.

During the year under review, since the retirement of D J Wilbraham (non-executive director) in July 2011, the Board has consisted of six directors being a non-executive Chairman, three independent non-executive directors and two executive directors. The names and biographical details of the directors are shown on page 37. The significant commitments outside the Group of the Chairman and non-executive directors are given in their biographies. Changes to such commitments are reported to the Board as they arise.

The Board meets at least six times each year. In addition a meeting is held specifically to discuss Group strategy. Normally at least one meeting is combined with a visit to an operating unit and the opportunity to meet the local management team. The directors review the frequency of meetings each year as part of the Board performance evaluation process. The number of Board and Committee meetings held during the year and attendance by their members is given in the table below. Directors who are unable to attend a meeting receive the agenda and meeting papers and provide the Chairman with their comments before the meeting.

	Board		Nomination Committee		Remuneration Committee		Audit Committee	
	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
Non-executive directors								
J R P Pike	8	8	3	3	n/a	n/a	n/a	n/a
S Rojahn	8	7	3	2	4	3	4	3
M G Towers	8	8	3	3	4	4	4	4
D J Wilbraham[1]	3	3	1	1	n/a	n/a	n/a	n/a
P S Wood	8	7	3	3	4	4	4	3
Executive directors								
R J E Marsh	8	8	n/a	n/a	n/a	n/a	n/a	n/a
P R M Vervaat	8	8	n/a	n/a	n/a	n/a	n/a	n/a

[1]Number of meetings held and attended until retired from the Board.

The main areas of business dealt with by the Board during the year other than routine matters included:

- continued development of the Group's strategy and objectives including exploring opportunities for further organic and acquisitive growth;
- conclusion of the RPC 2010 programme and monitoring the integration of the Superfos businesses into the Group, the closure of Superfos Runcorn in the UK and progress on synergies;
- refinancing the term loan and floating rate notes with US$216m and €60m notes in the US Private Placement market, strengthening the financial position of the Group for future growth;
- sale of non-core wine and spirits closures business of Bramlage Verschlüsse in Germany and planning to withdraw from the loss-making market segments of automotive components in Germany and vending cups in mainland Europe;
- approving investment in capital projects including new production lines for growth in coffee capsules and pharmaceuticals;
- dividend policy review and review of investor relations activities following entry to the FTSE 250;
- approving the Group's Anti-bribery Policy; and
- consideration of gender diversification of the Board.

Chairman and Chief Executive

The non-executive Chairman of the Board is J R P Pike and the Chief Executive is R J E Marsh. The roles of the Chairman and the Chief Executive are clearly defined and set out in a written statement on the division of responsibilities between the Chairman and Chief Executive approved by the Board. The Chairman is responsible for the leadership and effective running of the Board and its decision-making processes, for setting the highest standards of integrity and probity, for setting its agenda and the style and tone of Board discussions. The role includes:

- leading the Board in determining strategy and the achievement of the Group's objectives while ensuring that the Board determines the nature and extent of the significant risks associated with the implementation of its strategy;
- creating the conditions for overall Board and individual director effectiveness;
- ensuring effective communication with shareholders and safeguarding their interests;
- ensuring that directors keep their skill, knowledge and familiarity with the Group up-to-date;
- regularly considering succession planning and the composition of the Board; and
- ensuring that directors receive accurate, timely and clear information.

The Chief Executive is responsible for the day to day running of the Group's business, except for matters specifically reserved for the Board.

The Board considered that on appointment, J R P Pike met the independence criteria set out in provision B.1.1 of the Code and is satisfied that the Chairman's external commitments do not interfere with the performance of his duties to the Company.

The Chairman held informal meetings with the non-executive directors during the year to discuss Board related matters without the executive directors present.

Corporate governance continued

The Role of Non-executive Directors

The Company had three non-executive directors at the date of this report whose role, in addition to the general duties and responsibilities of directors, is to:

- constructively challenge and help develop proposals on strategy;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- ensure the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- determine appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors and in succession planning;
- uphold high standards of integrity and probity and support the Chairman and the other directors in instilling the appropriate culture, values and behaviour in the boardroom and beyond;
- insist on receiving high-quality information sufficiently in advance of Board meetings; and
- take into account the views of shareholders and other stakeholders where appropriate.

Senior Independent Director

P S Wood was the Senior Independent Director throughout the year under review. P S Wood retired from the Board on 31 March 2012 and M G Towers was appointed Senior Independent Director in his place. The Senior Independent Director is available to meet with major shareholders on request and to enable shareholders to voice any concerns that contact through the normal investor communication channels of Chairman, Chief Executive or Finance Director has failed to resolve or is inappropriate. The Senior Independent Director provides support for the Chairman on Board matters.

Led by the Senior Independent Director, the non-executive directors have met informally at least once during the year without the Chairman present in order to appraise the Chairman's performance.

Board Committees

There are three principal Board committees all of which operate under written terms of reference which are available from the Company Secretary or the Company's website. The terms of reference, performance and membership of the Audit, Remuneration and Nomination Committees are reviewed and, if appropriate, updated each year by the relevant committee and the Board. Only members of a committee are entitled to attend meetings but each committee may invite other directors, managers or advisers to attend. The Company Secretary is secretary to all three committees. Sufficient resources are provided to enable the committees to undertake their duties and they have authority to appoint independent professional advisers or consultants when required. The Chairman of the relevant committee reports on the proceedings and any recommendations made at the subsequent Board meeting.

Directors' Indemnities and Insurance Cover

The Board reviews the level of insurance cover in respect of legal action against the Group's directors and officers and senior management on an annual basis. The Board has also provided indemnities to the directors which are described on page 47 of the Directors' Report.

Effectiveness

Board Composition and Independence

Throughout the year and up to the date of this report, independent non-executive directors comprised at least half of the Board, excluding the Chairman. The independent non-executive directors throughout the year were S Rojahn, M G Towers and P S Wood. On 31 March 2012, P S Wood retired from the Board and on 30 May 2012 I Haaijer was appointed as an independent non-executive director. The independent non-executive directors bring valuable knowledge, a broad range of experience and strong, independent character and judgement to the Board's decision-making process. The Board considered that all these directors, including M G Towers, who since December 2009 holds a non-executive directorship in AIM listed Lupus Capital plc in common with J R P Pike, met the criteria for independence set out in provision B.1.1 of the Code and there were no other relationships or circumstances which were likely to affect, or could appear to affect, the directors' judgement.

The Nomination Committee reviews the size, composition and balance of the Board each year and recommends any changes for the directors to consider. On 27 July 2011 non-executive director, D J Wilbraham, who was not considered to be independent, retired from the Board and was not replaced. The Board has endorsed the policy on gender diversity recommended by the Nomination Committee.

Nomination Committee

The members of the Nomination Committee and its Chairman are as follows:

	From	To
J R P Pike (Chairman)	23 July 2008	To date
S Rojahn	25 May 2006	To date
M G Towers	1 April 2009	To date
D J Wilbraham	24 March 2004	27 July 2011
P S Wood	25 May 2006	31 March 2012
I Haaijer	30 May 2012	To date

The Committee meets at least twice each year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 39. The Chief Executive and Finance Director attended meetings by invitation.

The main responsibilities of the Committee are to:

- review and make recommendations to the Board on the structure, size and composition of the Board;
- give full consideration to succession planning for directors and other senior managers;
- evaluate the balance of skills, knowledge and experience of the Board;
- prepare a description of the role and capabilities required for a particular appointment;
- identify and nominate for the approval of the Board, candidates to fill Board and senior management vacancies as and when they arise;
- annually review the time required from non-executive directors and evaluate the membership and performance of the Board and its committees; and
- recommend the reappointment of non-executive directors and re-election of directors.

Each year the Committee reviews the Board's structure, size, composition and balance and the membership of Board committees. It also reviews the performance of the Board, its committees and the individual directors, the independence of non-executive directors and time commitment required from them and makes recommendations to the Board.

The Committee considers plans for the succession of directors and senior managers including the identification of internal managers who may be suitable for more senior positions in due course with the appropriate development of skills and experience.

The Committee is responsible for recommendations for appointments, re-appointments and re-election of directors. Recommendations for re-appointment and re-election are made following review of the directors' performance and consideration of the need to progressively refresh the Board.

During the year the Nomination Committee considered the recommendations made by Lord Davies in his 'Report on Women on Boards' and the amendments made to the UK Corporate Governance Code by the Financial Reporting Council on diversity on boards including gender. The search for Board candidates will continue to be conducted and appointments made on the basis of merit and the most appropriate experience against objective criteria in the best interests of shareholders. In selecting candidates due regard will be given to the benefits of diversity on the Board including gender.

The Committee identified the need to appoint a new non-executive director to refresh the composition of the Board and to provide for the succession of non-executive directors. In the light of the recommendations made by Lord Davies an external recruitment consultant was engaged to search for suitable candidates with financial or operational experience with the aim of including women in the shortlist of suitable candidates. I Haaijer was selected and recommended to the Board after interviews of a shortlist of candidates matching the description of the role and appropriate due diligence. The Committee also recommended and the Board subsequently approved I Haaijer's appointment to the Board's committees. A summary of her career is given in her biography on page 37.

The Committee has recommended to the Board that in view of the new provisions under the UK Corporate Governance Code, all the directors should submit themselves for re-election by shareholders annually.

As reported in 2011, during the year the Committee with the Senior Independent Director, P S Wood, in the chair recommended and the Board approved the reappointment of the Chairman, J R P Pike, for a second three-year term commencing on 23 July 2011 following a review of his performance led by the Senior Independent Director.

Following rigorous reviews of their performance, the Committee has recommended and the Board has approved the reappointment of S Rojahn for a third three-year term of office commencing on 25 January 2012 and M G Towers for a second three-year term of office commencing on 1 April 2012 both subject to annual re-election by shareholders.

Corporate governance continued

Appointment, Election and Re-election of Directors

The Nomination Committee is responsible for recommending new appointments to the Board. In accordance with the Company's Articles of Association all directors appointed to the Board, other than at the Annual General Meeting (AGM), are required to retire at the following AGM when they may offer themselves for election; thereafter they must submit themselves for re-election at intervals of no more than three years. However, the Board has adopted a policy of annual re-election of all directors in accordance with the provisions of the Code. Consequently, all the directors in office at the date of this Report will submit themselves for election or re-election on an individual basis at the forthcoming AGM and annually thereafter.

Non-executive directors are appointed for terms of three years (or less), subject to annual re-election by shareholders, but the Board may terminate their appointment without notice or compensation at any time. The Board is responsible for the appointment or, subject to effective performance and commitment, reappointment of non-executive directors and setting their remuneration, which consists solely of directors' fees. A rigorous review of performance, taking into account the need for progressively refreshing the Board, is conducted when a non-executive director is proposed for reappointment on completion of two terms of three years. Non-executive directors may not normally serve longer than nine years.

Although I Haaijer has only recently been appointed to the Board, the directors are confident that her knowledge and experience will be valuable to the operation of the Board and since she was appointed after the last AGM the Board is recommending her for election at the forthcoming AGM. Following the formal evaluation of each of the other directors in office at the date of this Report, the Board recommends their re-election at the forthcoming AGM.

All the non-executive directors continue to be effective and demonstrate independence of character and judgement and commitment to the role. Biographical details of all of the directors are given on page 37. Further information on the contribution made by each director to the Board may be found in the explanatory notes to the Notice of AGM on page 111.

The Remuneration Committee is responsible for approving executive directors' service contracts. Details of these contracts are given in the Remuneration Report. Copies of executive directors' service contracts and terms and conditions of appointment for non-executive directors are available for inspection at the Company's registered office and at the AGM.

Information and Professional Development

The Board is provided with relevant information on the activities of the Group in a timely manner and in a form and of a quality to enable it to discharge its duties. There is a procedure established for directors to take independent professional advice at the Company's expense, where they judge it necessary to discharge their responsibilities. In addition, all Board members have access to the advice and services of the Company Secretary.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed, that applicable rules and regulations are complied with and for advising the Board through the Chairman on all governance matters. Under the direction of the Chairman, the Company Secretary's role also includes ensuring good information flows within the Board and committees and between executive and non-executive directors and facilitating induction as required.

Newly appointed directors receive a formal induction tailored to the needs of the Group following good practice guidance on induction. On appointment directors receive information about the Group including the role of the Board and matters reserved for its decision, the terms of reference and membership of the Board's committees, the Group's corporate governance policies and procedures, the latest financial information about the Group, and training in the duties and responsibilities of directors of listed companies. For non-executive directors, this is supplemented by meetings with executive directors and senior executives and visits to key locations with the opportunity to meet local management to assist in the process of learning about the business. Throughout their period of office directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate responsibility and sustainability matters and other changes affecting the Group, its markets, manufacturing processes and the industry.

All directors have access to training in the furtherance of their duties at the Company's expense. The Chairman is responsible for ensuring that the directors keep their skills and knowledge and their familiarity with the Group up to date in order to fulfil their roles on the Board and on Board committees. The Company Secretary briefs the Board on corporate governance matters and relevant changes to corporate laws and regulations and facilitates professional development by regularly circulating details of and arranging attendance at seminars. Executive directors also attend seminars on topics of particular relevance to their roles.

Performance Evaluation

The Board has conducted a formal evaluation of its own performance and that of its committees and individual directors during the year following the process described below. No significant performance issues were identified although it was agreed that the Board size and composition continued to work well. Objectives for further improvements for the Board and its committees for 2012 were also agreed including:

- continuing to develop the Group's strategy in order to achieve the 20% ROCE objective and create shareholder value;
- completion of the integration of Superfos;
- continuing to improve the risk management process;
- succession planning; and
- review of matters reserved for the Board.

The Board has a formal process, led by the Chairman, for the annual evaluation. The process adopted and the criteria evaluated are reviewed annually. The approach for the evaluation conducted during the year under review was an internal process using questionnaires specifically tailored for the Group and direct personal assessment. Particular attention is given to the performance evaluation of non-executive directors who have been on the Board for more than six years.

The questionnaires follow best practice guidance and cover the Board and the Audit, Remuneration and Nomination Committees. Directors grade both the importance of the evaluation criteria and performance, and make comments and recommendations for improvements. The Company Secretary produced a report for the Chairman, individual committees and the Board to consider.

The Chairman evaluated each director using individual director questionnaires following the same format described above in consultation with the Chief Executive, the Senior Independent Director and other directors where appropriate. The results and any improvements or personal objectives were discussed with the relevant directors on a one-to-one basis. The non-executive directors, led by the Senior Independent Director, performed an evaluation of the Chairman using the same method taking into account the views of all directors.

The Board has agreed that the annual evaluation to be conducted during the year ended 31 March 2013 will be externally facilitated.

Accountability

Audit Committee

The members of the Audit Committee and its Chairman are as follows:

	From	To
M G Towers (Chairman)	1 April 2009	To date
S Rojahn	1 April 2009	To date
P S Wood	25 May 2006	31 March 2012
I Haaijer	30 May 2012	To date

The Board is satisfied that M G Towers, a chartered accountant, has recent and relevant financial experience. In addition, P S Wood, also a chartered accountant, has extensive experience in senior finance roles. The Committee meets at least three times each year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 39. The external auditors attend meetings of the Committee, other than when their appointment or performance is being reviewed. The Finance Director, other members of the Board, the Group Controller and the Group Internal Audit Manager attend Audit Committee meetings as appropriate. The Committee meets with the auditors without any other directors or management present at least twice each year. It reviews and, where appropriate, updates its terms of reference annually.

The main responsibilities of the Audit Committee are to:

- monitor the financial reporting process including the integrity and clarity of the financial statements of the Company and review any significant financial reporting issues and judgements which they contain;
- review the consistency of and changes to accounting policies, the methods used to account for significant and unusual transactions and whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements;
- approve the external auditors' terms of engagement, audit plan and scope of the audit and review with them the results of their audit and any control issues raised;
- review the effectiveness of the external auditors and their independence and objectivity;
- consider and make recommendations to the Board on the external auditors' remuneration and their appointment, reappointment or removal;
- review the effectiveness of the Group's internal control and risk management systems;
- review the Group's arrangements for its employees to raise concerns about possible wrong doing in financial and other matters; and
- monitor and review the effectiveness of the Group's internal audit function, approve the appointment and removal of internal auditors, review and approve their remit, review and assess internal audit plans, review internal audit reports and monitor management's responses to recommendations.

The Audit Committee fulfilled its responsibilities during the year outlined above. The Committee's monitoring and review role during the year has been particularly focused on the financial aspects of the acquisition of Superfos Industries a/s and its integration. It has also reviewed the Group's whistle-blowing arrangements.

External Auditors

KPMG Audit Plc has been the Company's external auditor since 1999 with the lead audit partner changing every five years. There was a new lead audit partner for the year ended 31 March 2012. However, recognising the need to regularly review the effectiveness of the external auditors, the Audit Committee undertook an external audit tender during the year. Four audit firms including KPMG Audit Plc were invited to participate in the process. The tender documents and presentations were carefully scrutinised and the candidates assessed according to a range of selection criteria. At the conclusion of the process, the Committee recommended and the Board approved that KPMG Audit Plc be proposed for reappointment as the Company's external auditors. The Committee will monitor best practice developments in the Code and related guidance and any changes at EU level.

Corporate governance continued

The Audit Committee also conducted a detailed assessment of the external auditors including matters that might have a bearing on their independence such as the level of fees for non-audit services provided during the year. The Committee is satisfied that the level of fees for non-audit services has not impaired auditor objectivity and independence based on the principles adopted in the Group policy on the engagement of the external auditors to supply non-audit services. This policy has been reviewed and updated during the year taking into account the enlarged Group. Under the policy, the auditors may not be engaged to audit their own work, make management decisions for the Group, have a mutual financial interest with the Group or be put in the role of advocate for the Group. Prior approval of the Audit Committee is required for non-audit services where the fees are likely to exceed specified limits both for individual assignments and in the aggregate. Details of the amounts payable to the external auditors during the year for audit and other services are set out in note 3 to the financial statements.

Internal Audit

The Group Internal Audit Manager is invited to attend Audit Committee meetings where external audit and internal control matters are considered and to report on the results of internal audits and progress on the implementation of recommendations directly to the Committee. The internal audit process has become well-established and the risk management processes were further developed during the year through the production of Group and cluster risk registers. During the year the Committee approved the annual internal audit plans including extending the programme to include Bribery Act 2010 compliance. It also reviewed the results of audits and the internal audit resources in respect of the enlarged Group.

Risk Management and Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The internal control systems are designed to meet the particular needs of the Group and to manage rather than eliminate the risk of failure to achieve business objectives. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Throughout the year and up to the date of approval of this Annual Report and Accounts there has been in place an established, ongoing process for identifying, evaluating and managing the significant risks faced by the Group which has been regularly reviewed by the Audit Committee and the Board and is in accordance with the Internal Control: Revised Guidance for Directors on the Combined Code.

The key procedures in the Group's process for reviewing the effectiveness of internal controls are summarised below:

- There is a clearly defined Group management responsibility and reporting structure.
- The Group's objectives are reviewed as part of the strategic planning process and communicated throughout the Group. Objectives are set for individual operating units as part of the strategy review process.
- A three-year strategy review is prepared for the Board's consideration each year. This is appraised in the light of the strategic and other relevant risks and issues faced by the Group, the resources available and its objectives.
- Risk assessment and evaluation take place as an integral part of the Group's annual strategic planning cycle. The Group has a detailed risk management process, which identifies the key risks faced by the individual reporting entities and the Group as a whole and the actions and controls required to manage these risks. The process is reviewed each year to ensure it remains relevant to the business over time. The Board and Audit Committee review this information as part of the internal control review.
- The directors are required to approve yearly financial budgets, including capital expenditure, for each of the Group's operating units. Performance against these targets is monitored monthly and reported on at Board meetings. Reasons for divergences are discussed at Board meetings.
- Managers are responsible for the identification and evaluation of significant risks in their area of business together with the design and operation of suitable internal controls. Through the use of risk registers, these risks are assessed on a continual basis.
- An annual review is performed on the effectiveness of the system of internal control including a detailed risk assessment. The internal audit function undertakes work to review the system of internal control at each operation visited and reports findings to management.
- Matters relating to internal control brought to the attention of the management by internal and external auditors are reviewed and any corrective actions to the internal control procedures are made in a timely manner.
- The Group operates an effective Group reporting and consolidation system. Written monthly reports, management accounts and key performance indicators are submitted by operating units and reviewed every month by senior management. Significant risks and internal control issues are considered, actions agreed and progress monitored regularly with reporting entities and, where appropriate, at Executive and Board meetings.
- Operating units produce plans to improve controls relating to key risks and any significant weaknesses identified by Group executives in addition to other initiatives and ongoing actions in progress at the local or cluster level.
- An Internal Controls Committee, comprising senior finance managers in the Group, ensures that operating units respond to and implement internal control recommendations arising from internal and external audits.
- An interim report is reviewed by the Audit Committee and the Board to monitor the operating units' progress against their plans to improve controls to ensure that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified. The report also includes updates on significant risks and other internal control issues.

A new Group reporting and consolidation system was implemented during the year which has further strengthened the financial reporting and financial control process in the Group.

The internal audit function has performed reviews at a number of the Group's sites during the year. In addition the Group has identified a number of risks faced by the business requiring particular attention to control and monitoring and these are held in a Group risk register. Details of the specific risks that are seen as particularly important at the current time are given in the Principal Risks on pages 26 and 27.

The directors confirm that they have carried out their annual review of the effectiveness of the system of internal control as it has operated throughout the year ended 31 March 2012 and up to the date of approval of the Annual Report and Accounts. The directors also confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

Directors' Conflicts of Interest

Under the Companies Act 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests – a 'situational conflict'. This is in addition to a duty to disclose any interest in an existing or proposed transaction or arrangement with the Company – a 'transactional conflict'. In accordance with the Act, the Company's Articles of Association contain a provision giving directors who have no interest in the matter, authority to approve such situational conflicts where appropriate.

A formal system and guidance for reporting any situational conflicts of interest to the Chairman and Company Secretary has been established in addition to the existing duty to notify the Board of any transactional conflicts. Situational conflicts are considered by those directors who have no interest in the matter and they may impose conditions on any authorisation given. Situational conflicts considered by the Board and any authorisation given are recorded in the Board minutes and a register of directors' conflicts of interest. In addition to the notification and authorisation system, the register of directors' conflicts of interest is reviewed annually.

Remuneration

Remuneration Committee and Policy

The members of the Remuneration Committee and its Chairman, its role and responsibilities, its activities during the year under review and details of remuneration policy and directors' remuneration packages are set out in the Remuneration Report on page 50. The number of meetings of the Committee and attendance are given on page 39.

Relations with Shareholders

Dialogue with Shareholders

The Company is committed to maintaining an effective dialogue with institutional and private investors. Directors, normally the Chairman or Chief Executive and Finance Director, hold regular meetings with institutional investors at which the Company's past performance and strategy may be discussed. The Board is provided with brokers' reports, surveys on shareholders' views and regular feedback from shareholder meetings. During the year the Chairman has discussed the Company's governance and strategy with major shareholders and reported any issues or concerns raised at these meetings to the Board. Non-executive directors have the opportunity to attend meetings with major shareholders and expect to attend meetings at their request. Contact with institutional investors, financial analysts, brokers and the press is controlled and procedures are in place to ensure the proper disclosure of inside information in compliance with the Disclosure and Transparency Rules, Financial Services and Markets Act 2000 and Code of Market Conduct.

Annual General Meeting

Notice of the AGM and related papers are sent to shareholders at least 20 working days before the meeting. An individual resolution on each separate issue is proposed at the AGM including the Annual Report and Accounts. Shareholders have the opportunity at the AGM to ask questions about the Company's activities and performance. It is the Board's policy that all directors attend the AGM if at all possible and therefore in normal circumstances the Chairmen of the Audit, Remuneration and Nomination Committees are available to answer questions. The proxy votes for and against each resolution and votes withheld are counted before the AGM and are made available at the meeting after shareholders have voted on a show of hands. A full breakdown of the voting results detailing the total number of votes for, against and votes withheld in respect of each resolution proposed is published after each AGM and general meeting.

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2012.

This Annual Report and Accounts 2012 has been prepared solely for RPC Group Plc's shareholders. The Company, its directors, employees, agents or advisers do not accept responsibility to any other person and any such responsibility or liability is expressly disclaimed. The Report and Accounts 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 the Report and Accounts; and
- should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

The Company undertakes no obligation to update these forward-looking statements and nothing in the Report and Accounts should be construed as a profit forecast.

Principal Activities

The principal activities of the Group are unchanged from last year and are the manufacture and sale of rigid plastic packaging and associated equipment.

Business Review

A description of the Group's strategy and business model is given on page 8. A review of the Group's activities and performance, including financial performance during the year ended 31 March 2012, its position at that date and the outlook for the Group can be found in the Operating and Financial Reviews on pages 12 to 24. Key financial performance indicators and the principal risks and uncertainties that the Group faces, can be found on pages 25 to 27. Information concerning environmental matters, employees, social and community issues and reviews of non-financial key performance indicators are included in the Corporate Responsibility Report on pages 28 to 35. The information that fulfils the requirements of the Business Review referred to above is to be treated as part of this report.

Acquisitions and Disposals

There were no acquisitions during the year under review. In August 2011, the Company sold the non-core wine and spirits closures business of Bramlage Verschlüsse GmbH in Germany to Rauh GmbH & Co KG generating a small profit on disposal. The value of the gross assets sold was £2.6m.

Details of progress in respect of the integration of Superfos Industries a/s acquired on 18 February 2011, including the closure of the operation at Runcorn in the UK, are given in the Operating and Financial Reviews together with plans concerning the Group's withdrawal from the loss-making market segments of vending cups in mainland Europe and automotive components in Germany.

Share Capital

The Company had 165,096,254 ordinary 5p shares in issue at 31 March 2012. Full details of the Company's issued share capital together with the rights, obligations and restrictions attaching to the shares are set out in note 22 to the financial statements.

Dividends

An interim dividend of 4.2p per ordinary share was paid on 27 January 2012. The directors are recommending a final dividend of 10.2p per ordinary share to be paid on 7 September 2012, subject to approval at the forthcoming Annual General Meeting (AGM) of the Company, to shareholders on the register on 10 August 2012 making the total dividend for the year 14.4p per share (2011: 11.5p). Full details of dividends in respect of the year ended 31 March 2012 are given in note 8 to the financial statements.

Financing

The Group's policy is to finance its operations through a mixture of retained profits, equity and borrowings. The Group does not trade in financial instruments.

The main risks arising from the Group's borrowings are market risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks. The policies, which have been applied throughout the year, are set out in note 20 to the financial statements.

Directors

The directors of the Company who served during the financial year were as follows:

J R P Pike
R J E Marsh
S Rojahn
M G Towers
P R M Vervaat
D J Wilbraham (retired 27 July 2011)
P S Wood (retired 31 March 2012)

On 30 May 2012 I Haaijer was appointed as a non-executive director. There have been no further changes to the Board since 31 March 2012 up to the date of this Report.

The rules regarding the appointment and replacement of directors are contained in the Company's Articles of Association. The Articles require that any director who has been appointed by the Board since the last AGM must retire from office but is eligible to submit themself for election by the shareholders. Accordingly, a resolution to elect I Haaijer as a director will be proposed at the forthcoming AGM on 18 July 2012.

The Company's Articles also require that all directors are subject to re-election at intervals of no more than three years. However, the Board has decided to adopt a policy of annual re-election of all directors in accordance with the provisions of the UK Corporate Governance Code. Consequently, all the directors will retire from office and, being eligible, submit themselves for re-election on an individual basis at the AGM and annually thereafter.

Biographical details of the directors are given on page 37 and the Board's recommendations for their election and re-election are given in the explanatory notes to the Notice of AGM. A performance evaluation is conducted for all directors prior to recommendation for reappointment or re-election. During the year under review, the Board reappointed J R P Pike for a second three-year term of office commencing on 23 July 2011, S Rojahn for a third three-year term of office commencing on 25 January 2012 and M G Towers for a second three-year term of office commencing on 1 April 2012 all subject to annual re-election by shareholders.

Further information on the appointment, re-election and performance evaluation of directors is given in the Corporate Governance Report. Details of the directors' remuneration, notice periods under their service contracts or terms of appointment and their interests (including any interest of a connected person) in the share capital of the Company are shown in the Remuneration Report. The service contracts for executive directors and terms of appointment for non-executive directors are available for inspection at the Company's registered office and at the AGM. Non-executive directors' appointments may be terminated with immediate effect.

None of the directors had any interest in any contracts, other than their service contracts, with the Company or any of its subsidiaries during the year.

Powers of Directors

The powers of the directors are contained in the Company's Articles of Association which may only be amended by resolution passed by the shareholders at a general meeting in accordance with the relevant legislation. The Articles give powers to the directors to authorise the issue of shares and for the Company to buy back its shares, subject to authority being given to the directors by the shareholders in general meeting and the relevant legislation. Resolutions to authorise the directors to exercise these powers are put to shareholders at each AGM.

Directors' Indemnities

The Board has provided qualifying third party indemnities to the Company's directors and agreed to provide funds to meet costs incurred defending civil or criminal proceedings in accordance with legislation and the Articles of Association. The directors are not indemnified against damages awarded to the Company itself, defence costs where the defence is unsuccessful in the case of liabilities owed to the Company, criminal fines, fines by regulators or the legal costs of successful criminal proceedings against the directors. Defence costs arising from actions brought by third parties, may, subject to certain exclusions, be paid by the Company even if judgement goes against the director.

The indemnities provided to the directors are available for inspection at the Company's registered office and at the AGM.

Substantial Shareholdings

The Company has received notification under the Disclosure and Transparency Rules of the Financial Services Authority of direct and indirect interests in 3% or more of the issued share capital and voting rights in the Company from the following financial institutions at 11 June 2012. The number of shares and the percentage given are as disclosed at the date of the notification.

	Number of shares	%
Aberforth Partners LLP[1]	9,708,389	9.8
AXA SA[1]	9,135,039	9.2
SVG Investment Managers Ltd	7,375,919	4.6
Aviva plc	6,581,259	4.1
Legal & General Group PLC[1]	5,947,430	6.0
North Atlantic Value LLP[1]	4,865,830	4.9
BT Pension Scheme Trustees Limited[1]	3,697,671	3.7

[1]The date of notification was prior to the date of allotment of shares under the rights issue in January 2011.

Significant Agreements

The Company is required to disclose any significant agreements that take effect, alter or terminate upon a change of control of the Company.
The Company's £200m multi-currency revolving credit facility agreement contains a change of control clause whereby a participating bank may cancel its commitment and require the Company to prepay outstanding loans and interest. In addition, a holder of the US$216m or €60m seven year or ten year notes issued in the US Private Placement market under the terms of the note purchase agreement has the option to redeem any note at 100% of its principal amount together with interest accrued in the event of a change of control.

Directors' report continued

The Group has a number of key customers and suppliers of polymer and other essential services and supplies. The risks and methods employed to mitigate such risks of the termination of a contract or the loss of supply are set out on page 26. Provisions for change of control in directors' service contracts are summarised in the Remuneration Report. There are provisions for the vesting of share options and awards in certain circumstances in the event of a change in control under the rules of the Company's employee share-based payment schemes.

Qualifying Pension Scheme Indemnity

An associated company, RPC Containers Limited, has granted a qualifying pension scheme indemnity in a form permitted by the Companies Act 2006 to the directors of RPC Containers Pension Trustees Limited, which is the Trustee of the RPC Containers Limited Pension Scheme. The indemnity was in force during the financial year and up to the date of this report.

Research and Development

The Group's research and development activities ensure that it stays at the forefront of rigid plastic packaging technology and innovation with regards to design, functionality, aesthetics and specification with particular attention to weight reduction and the incorporation of recycled materials.

Creditor Payment Policy

The Group endeavours to agree the terms and conditions under which transactions with its suppliers are conducted prior to placing business, there being no specific payment code for the packaging industry. It is the Group's policy to pay to agreed terms where suppliers have fulfilled their obligations under the relevant contract terms. The Company had average creditor days outstanding at 31 March 2012 of 30 days (31 March 2011: 56 days).

Political and Charitable Donations

Charitable donations were made by the Group as follows:

	2012 **£**	2011 £
UK	**5,816**	8,267
Mainland Europe	**20,892**	13,852
	26,708	22,119

The Group supports local educational and charitable causes, and in particular those where employees and their families are involved in the fund raising.

The Group's policy is to make no political donations, and none were made in the year.

Employees

The Group continues to recognise the benefit of both effective communication with employees and achieving a common awareness on the part of employees of the financial performance and economic factors affecting the performance of the Group. Both individual site and Group wide meetings are held at which employees and management are present and at which key aspects of the Group's activities, performance and other matters of interest to employees are reviewed.

Employee participation is further encouraged through share ownership and share option schemes which provide employees with a direct stake in the growth and prosperity of the business.

The Group aims to provide clear and fair terms and conditions of employment and remuneration wherever it operates.

The Board does not tolerate any sexual, physical or mental harassment of its employees. It promotes equal opportunities for all present and potential employees and does not discriminate on grounds of colour, ethnic origin, age, gender, race, religion, political or other opinion, disability or sexual orientation.

The Group's policy is to recruit disabled workers for those vacancies they are able to fill. When existing employees suffer disablement, every effort is made to retain them in the workforce wherever reasonable and practicable. Disabled staff have the same opportunities as other employees so far as training, career development and promotion are concerned.

Further information on ethics, communication, training and development in respect of the Group's employees is included in the Corporate Responsibility Report.

Corporate Governance Statement

The corporate governance statement on compliance with the UK Corporate Governance Code (the Code), and information on how the Company has applied the Main Principles of the Code in accordance with the Listing Rules and section 7.2 of the Disclosure and Transparency Rules of the Financial Services Authority and other corporate governance matters, can be found in the Corporate Governance Report on pages 38 to 45 which is to be treated as part of this report.

Corporate Responsibility

Information concerning health and safety, environmental matters, business ethics, employees, customers, suppliers and the community is contained in the Corporate Responsibility Report on pages 28 to 35, which is to be treated as part of this report.

Directors' Statement on Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating Review on pages 12 to 21 and the principal risks and uncertainties on pages 26 and 27. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 22 to 24. In addition, note 20 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk objectives, details of its financial instruments and hedging activities, and its exposures to credit and liquidity risk.

The Group has considerable financial resources together with long-standing commercial arrangements with a number of customers, suppliers and funding providers across different geographical regions and industry sectors. The Group's forecasts and projections show that it is able to operate within the level of its current banking and private placement facilities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

International Financial Reporting

Both the Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU.

Financial Reporting

The Annual Report and Accounts and the Interim Report are intended to provide a balanced and clear assessment of the Group's past performance, present position and future prospects. A statement by the directors on their responsibility for preparing the financial statements is given on page 59 and a statement by the auditors on their responsibilities is given on pages 60 and 61.

Annual General Meeting

The Notice of the Company's AGM to be held on 18 July 2012 and related explanatory notes are included after the financial statements.

In accordance with the UK Corporate Governance Code, all the directors are submitting themselves for election or re-election. Further information is given under the Directors heading in this report.

Under the special business of the AGM, the Board is recommending proposals to renew the directors' authority to allot shares up to one third of issued share capital, the directors' power to disapply pre-emption rights and the authority for the Company to purchase its own shares. The current authority, approved by shareholders at the 2011 AGM, permits the Company to purchase 16.2m of its own shares (10% of the issued share capital). No shares have been purchased or contracts made to purchase shares by the Company during the year or since 31 March 2012 up to the date of this report.

The Board is proposing a special resolution to continue to enable the directors to call a general meeting that is not an annual general meeting on not less than 14 clear days' notice.

Further information on these resolutions is given in the explanatory notes to the Notice of AGM.

Auditors

In accordance with section 489 of the Companies Act 2006 and the recommendation of the Audit Committee, a resolution is to be proposed at the AGM for the reappointment of KPMG Audit Plc as auditors of the Company.

By order of the Board

R K Joyce
Company Secretary
12 June 2012

Remuneration report

This remuneration report sets out the Company's policy on the remuneration of executive and non-executive directors together with details of directors' remuneration packages and service contracts for the financial year ended 31 March 2012.

The Board is responsible for both the general policy on remuneration and its cost but has delegated prime responsibility for the Chairman's and executive directors' remuneration to the Remuneration Committee. The remuneration and terms of appointment of the non-executive directors are determined by the Board as a whole.

The Company maintains contact with its shareholders about remuneration in the same way as for other matters and, as required by section 439 of the Companies Act 2006, this remuneration report will be put to an advisory vote of the Company's shareholders at the Annual General Meeting (AGM) on 18 July 2012.

Remuneration Committee

The members of the Remuneration Committee and its Chairman are as follows:

	From	To
S Rojahn (Chairman from 1 April 2012)	25 May 2006	To date
P S Wood (Chairman to 31 March 2012)	1 April 2009	31 March 2012
M G Towers	1 April 2009	To date
J R P Pike	1 April 2012	30 May 2012
I Haaijer	30 May 2012	To date

The Chairman and Chief Executive are consulted on proposals relating to the remuneration of other executive directors and designated senior management and, when appropriate, are invited by the Committee to attend meetings but are not present when their own remuneration is considered.

The role of the Remuneration Committee is set out in its terms of reference which are reviewed annually and can be found on the Group's website. The Remuneration Committee meets at least twice each year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 39.

The Committee's principal responsibilities are:

- setting, reviewing and recommending to the Board for approval, the Group's overall remuneration policy for the Chairman, executive directors and senior management;
- reviewing and approving individual remuneration packages for the Chairman, executive directors and certain senior managers;
- reviewing and approving service contracts for executive directors including notice periods and terms for cessation of employment; and
- reviewing the rules, approving new grants and setting the performance conditions of any Group share or cash based incentive schemes and reviewing the design of all share incentive plans for approval by the Board and (where appropriate) shareholders.

During the year, New Bridge Street (NBS), a trading name of Aon Hewitt Limited, was engaged by the Committee to provide it with remuneration consultancy services. These services were provided to the Committee independently of pension consultancy, accounting and actuarial advice that Aon Hewitt Limited and associated companies provides to the Group. The terms of engagement between the Company and NBS are available from the Company Secretary on request. In addition, advice was sought from Ashurst LLP, the Company's legal advisers, in respect of the drafting of the rules for the RPC Group Annual Bonus Plan and the grant and vesting of options and awards under the Company's share option and incentive plans.

Remuneration Policy

Non-executive Directors

The Board as a whole determines the remuneration of non-executive directors based on the recommendations of the Chairman and Chief Executive and comparison with other companies of a similar size and sector. Non-executive directors receive director's fees only and do not participate in any bonus or share-based incentive schemes. The total value of directors' fees that may be paid is limited by the Company's Articles of Association to £500,000 p.a. Director's fees are not payable to executive directors.

Under normal circumstances non-executive directors' and Committee Chairmen's fees are fixed for three years. No additional fees are payable for membership of a committee. The Board conducted its last triennial review of non-executive directors' fees in January 2011 taking into account current practice and market data for companies of a similar size provided by NBS. The Board approved an increase in fees from £32,000 p.a. to £37,000 p.a. fixed for a period of three years with effect from 1 April 2011 for all non-executive directors and confirmed its policy on fees for committee membership (i.e. that no additional fees would be payable for membership of committees). In addition, the fees awarded to the Chairmen of the Audit and Remuneration Committees in recognition of their responsibilities in these roles were increased from £5,000 to £7,000 each p.a.

The Remuneration Committee normally reviews the Chairman's fees every three years. In March 2011, the Committee approved an increase in the Chairman's fees from £123,000 to £140,000 p.a. with effect from 1 April 2011 fixed for three years. In determining the level of fees, the Committee considered the size and complexity of the Group's business, the time commitment and responsibilities of the role and, although used with caution given the risk of an upward ratchet in pay, relevant market data.

Executive Directors

The Remuneration Committee considers the need to attract, retain and motivate executive directors and senior management in determining appropriate remuneration policies and packages. It also takes into account the internal pay and benefits practice and employment conditions both within the Group as a whole and within the particular national contexts in which it operates. External comparisons examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance. Consideration is also given to the risks arising from market comparisons and inappropriate performance criteria.

The Remuneration Committee has reviewed the remuneration policy during the year and has continued to give particular consideration to the issue of performance related remuneration and best practice requirement that the performance related element should form a significant proportion of the remuneration package of executive directors. Annual awards to executive directors and senior managers have been made under the RPC Group 2008 Performance Share Plan since its adoption in July 2008. During the year under review, the Committee has paid particular attention to the introduction of an annual bonus scheme. As a consequence, the RPC Group Annual Bonus Plan was established with effect from 1 April 2011, further details of which are set out below. The addition of this annual bonus arrangement to the remuneration packages of senior management has enabled the Company to make further progress towards compliance with best practice as it relates to performance related pay.

The Remuneration Committee will keep the policy on performance related remuneration and the balance between fixed and variable pay under continuous review. Taking into account the changes to executive directors' remuneration packages explained in this report, their packages remain below median for comparable benchmarks.

The Committee remains comfortable that the remuneration policy accords with the Company's risk policies and systems and neither encourages nor rewards inappropriate operational or governance risk-taking.

Remuneration Components

The key components of the remuneration of executive directors are set out below:

Basic Salary

Salaries for executive directors and senior managers are reviewed annually by the Committee, although not necessarily increased. Salary increases are determined after taking into account an individual's responsibilities, abilities, experience and performance as well as both the Group's own salary structures, pay and conditions in the relevant countries as described above and, although used with caution, market data on salary rates for similar positions in comparative companies.

In determining the basic salary increases, the Committee aims to bring remuneration closer to the market median for companies of a similar size and complexity, where considered appropriate, taking into account the experience and performance of the individuals concerned (together with the other factors referred to above). For the financial year under review, there were no increases to base pay for the executive directors due to the introduction of a cash bonus under the RPC Group Annual Bonus Plan which increases the performance related proportion of total pay.

For the year commencing 1 April 2012 the basic salary for R J E Marsh will be increased by 2.4% to £288,400 p.a. being the standard increase applying to UK employees. With effect from 1 April 2012 the basic salary for P R M Vervaat will increase from €309,000 to €334,000 p.a. This increase reflects the Committee's view on his personal performance, changes to the role over the last year and a desire to move the base salary closer to market norms.

Supplements and Allowances

R J E Marsh receives a supplement of 20% of basic salary in lieu of employer pension contributions with effect from 1 August 2010. P R M Vervaat receives a fixed allowance of €34,000 p.a. for regularly working outside the Netherlands. These supplements and allowances are non-pensionable and are not taken into account when determining base salary for performance related remuneration.

Benefits in Kind

Benefits in kind provided for executive directors are principally a fully expensed car, mobile telephone and private health cover. UK accommodation and expenses for travel to the UK are provided for P R M Vervaat and tax equalisation payments in respect of these benefits. Benefits in kind are not pensionable and are not taken into account when determining base salary for performance related remuneration.

Performance Related Remuneration

Annual bonus

The RPC Group Annual Bonus Plan was approved by the Remuneration Committee and established with effect from 1 April 2011, in order to provide the framework for an annual incentive for executive directors and eligible senior managers with the aim of promoting the achievement of the corporate strategy and success of the Group.

The incentive for the financial year ended 31 March 2012 was in the form of a cash bonus based on a requirement for a significant increase in the Group's adjusted PBIT (profit before interest and tax), taking into account the effect of the acquisition of Superfos. The maximum bonus payable was 50% of salary, with a sliding bonus scale commencing at 0% of salary and a challenging threshold target level of performance. In addition, the bonus payable would be reduced by 25% if the targeted level of free cash flow generation was not achieved. The actual adjusted consolidated PBIT for the year (after deducting pension financing costs reclassified as interest costs since the target was set) was 75.4% of the maximum performance target. The Group consolidated free cash flow target was met resulting in no reduction and cash bonuses payable of 37.7% of base pay for executive directors.

Remuneration report continued

The performance conditions for the annual bonus for the financial year ending 31 March 2013 will continue to be based on the Group's adjusted PBIT with a sliding bonus scale commencing at 0% of salary and a challenging threshold target level of performance. The bonus payable will again be reduced by 25% if the targeted level of Group consolidated free cash flow generation is not achieved. Following consultation with major investors, the maximum bonus payable to executive directors will be increased from 50% to 100% of base salary for achieving a demanding level of financial performance. Any bonus payable will be divided equally between cash and an award of deferred shares in the Company. The deferred shares will normally vest three years after they are awarded subject to continued service and a clawback provision whereby entitlement to unvested shares will be forfeit in the event of a material misstatement of the Group's consolidated results or serious misconduct. An exceptional negative event clause will also be introduced.

A small number of senior executives participated in the annual bonus for the year ended 31 March 2012 with the same threshold and maximum targets as executive directors but at a lower proportion of base salary. The annual incentive arrangements will be extended to a wider group of senior executives for 2012/13 with the same threshold and maximum targets as the executive directors but at a lower level of base pay and with no deferral in shares.

Any bonuses paid are non-pensionable and are not taken into account when determining base salary for performance related remuneration.

Long-term Share Based Incentives

RPC Group 2008 Performance Share Plan

The Company's long-term incentive plan for executive directors and senior management is the RPC Group 2008 Performance Share Plan (the 'Plan'). The Remuneration Committee is responsible for selecting eligible employees, including executive directors, to participate and for granting conditional awards of a specified number of shares in the Company under the Plan. Awards may be made in the form of an allocation of shares or an option to acquire shares. No payment is required on grant, vesting or exercise of an award. Until an allocation vests or an option is exercised, a participant has no voting, dividend or other rights in respect of the shares. It is intended that awards will be satisfied by the transfer of existing shares purchased by the RPC Group Employee Benefit Trust established by the Company for the purpose. An allocation of shares is transferred on the vesting date while an option may be exercised at any time following vesting until the day before the 10th anniversary of the date of grant.

Participants are eligible to be considered for awards annually. The aggregate market value of awards made under the Plan in any one financial year may not exceed 200% of basic salary. However, annual awards will normally be limited to 100% of base salary with the 200% maximum reserved for exceptional circumstances. The number of shares awarded is determined according to the average of the mid-market price of the Company's shares at the close of business for the five dealing days immediately preceding the award date.

Awards are subject to performance conditions determined by the Remuneration Committee which must be satisfied before an award vests. Performance is measured over a three-year performance period commencing on 1 April of the year in which an award is granted. There will be no retesting. The Committee will regularly monitor the continuing suitability of the performance conditions and may impose different conditions on awards granted in subsequent years.

The Committee has given careful consideration to alternative performance measures for awards under the Performance Share Plan. It considers that sustained growth in earnings per share (EPS) most accurately captures the impact of management's decisions and actions in areas such as production efficiency, margin improvement and efficient use of resources. In terms of creating long-term shareholder value, sustained growth in profitability means that EPS is the most appropriate measure of performance.

The annual awards are made to executive directors and senior managers according to eligibility criteria determined by the Remuneration Committee. The main features of the awards are:

- The awards will vest on the third anniversary of the date of grant contingent on the satisfaction of an average growth in reported adjusted EPS relative to the Consumer Price Index (CPI) for the three-year performance period commencing on 1 April in the financial year of grant and the participant remaining in employment with the Group.
- Average growth will be measured on a point-to-point basis.
- The table below shows the performance vesting schedule of earnings per share relative to CPI.

		EPS growth above CPI	
	% of award vesting	2010 and 2011 awards	2008 and 2009 awards
Threshold	25%	5%	3%
Maximum	100%	10%	6%

Failure to achieve the threshold level of performance will result in the full award lapsing; there will be no retest facility. Vesting between the threshold and maximum is on a straight-line sliding scale basis.

For all three awards from 2008 to 2010 inclusive, the face values of the awards were 66% of basic salary for the Chief Executive, R J E Marsh, and on average 50% of base salary for other eligible executives, including other Board members. These awards were made in the form of a conditional allocation of shares. To further increase the focus on performance related pay the face value of the awards for 2011 was increased to 75% of basic salary for the executive directors, R J E Marsh and P R M Vervaat, and remained at an average of 50% of base salaries for other selected executives. The 2011 awards were made in the form of nil cost options. The number of shares awarded to executive directors and other information is given in the table on page 58.

In addition to the adjustment of the number of shares awarded to take account of the diluting effect of the rights issue in January 2011 as described on page 53, the Remuneration Committee also considered the effect of the rights issue and acquisition of Superfos Industries a/s on the adjusted EPS performance measure for outstanding awards made in 2008, 2009 and 2010 under the Performance Share Plan. The Committee sought advice from NBS on the appropriate approaches to the calculation of adjusted EPS for the base year and end financial year used to measure performance for each award year. Based on this advice, the Committee decided that adjusted EPS for all base financial years (and, for the 2008 award, the end financial year) would be calculated on the same basis as required under IAS 33 Earnings per Share.

The performance conditions for the award made in 2008 were met in full and the shares vested on 18 August 2011. Details of the number of shares that vested for executive directors and other information is shown in the table on page 58.

2012 Award

The Remuneration Committee intends to make awards under the Plan in July 2012 to the executive directors and certain senior managers at the same level of basic salary as 2011.

The Committee considers that EPS remains the most appropriate performance measure and has concluded that the performance conditions applied to the 2011 award remain stretching and relevant. Therefore, for the 2012 award, the threshold performance at which 25% of the award will vest will remain at 5% average annual adjusted basic EPS growth over CPI and full vesting of the award will occur where the average annual adjusted basic EPS growth is 10% or more above CPI. All other main features that applied to the awards made in previous years will be applied to the 2012 award.

RPC Group 2003 Approved and Unapproved Executive Share Option Schemes

The Performance Share Plan is the current long-term incentive arrangement used for the executive directors. However, there remain some outstanding options under executive share option schemes.

Under the Rules of the RPC Group 2003 Approved Executive Share Option Scheme and the RPC Group 2003 Unapproved Executive Share Option Scheme (the 2003 Schemes), market value options may be granted which are normally exercisable between three and ten years after the date of grant. The aggregate value of options granted to an employee under the 2003 Schemes in any financial year will not normally exceed their basic annual salary although this limit may be exceeded where the Remuneration Committee determines that special circumstances exist.

It is not intended that further grants will be made to executive directors under the 2003 Schemes.

RPC Group 2003 Sharesave Scheme

Executive directors are able to participate in invitations under the RPC Group 2003 Sharesave Scheme and the RPC Group 2003 International Sharesave Scheme on the same terms as all other eligible employees. The UK Scheme is HM Revenue and Customs (HMRC) approved and the unapproved International Scheme allows overseas employees to participate on terms that are no more beneficial than those for UK participants. Options are granted at an exercise price equal to 80% of the market price of the Company's shares at the close of business on the last dealing day, or the average of the last three dealing days, before the invitation date.

Rights Issue Adjustment

In the event of any variation in the share capital of the Company such as a rights issue, under the Rules of the Company's Performance Share Plan and its employee share option schemes, the Remuneration Committee may make an appropriate adjustment to the number and price of shares or options awarded, having taken professional advice. The aim of such adjustments is to eliminate the diluting effect of a rights issue and maintain the aggregate amount payable and the aggregate value of shares under an option or award.

In accordance with advice from Ashurst LLP based on HMRC guidance, the Committee approved an adjustment factor for the number of shares awarded or under option of 1.2534 and an option price adjustment factor of 0.7978 in respect of the 5 for 8 rights issue approved by shareholders on 6 January 2011. These factors are based on the last day cum rights price of 301.50p per share and the theoretical ex-rights price of 240.54p per share and have been approved by HMRC.

Shareholding Policy

To reinforce the linkage between senior executives and shareholders, the Remuneration Committee has adopted a shareholding policy that applies to directors and other executives eligible to receive awards conditional on performance under its long-term incentive arrangements. Such executives are required to build up and retain a personal shareholding worth an equivalent of a minimum of 50% of their prevailing base salary. It is expected that the required shareholding will be built up over a number of years by retaining a minimum number of any shares that vest or options that are exercised until the required level is met. The Remuneration Committee has discretion to waive the requirement in exceptional circumstances. Once attained, a subsequent fall below the required level may be taken into account by the Committee when determining the grant of future awards.

Pension Provision

UK pension scheme

R J E Marsh is a member of the RPC Containers Limited Pension Scheme. This is a defined benefit pension scheme which is a funded, final salary, HMRC Registered Scheme.

Remuneration report continued

The Scheme provides a pension of one 60th of final pensionable earnings (average of the final 3 years since 1 June 2003) for each year of pensionable service plus widow's and dependants' pensions. In addition, R J E Marsh has been granted a pension supplement uplifting pension benefits from all sources, including the RPC Scheme, up to two-thirds of pensionable earnings. The supplement, payable at his normal pension age under the Scheme of 65 years, accrued uniformly over the period from 1 May 1989 until the age of 60. Early retirement benefits may be taken from age 55 years reduced for early payment with the agreement of the Scheme's Trustee. In the event of death in service, a lump sum benefit of four times annualised earnings was provided.

Employee contributions were 11% of pensionable earnings or the above director could participate in a pension salary sacrifice arrangement whereby scheme members sacrifice an amount of their gross salary in exchange for the employer paying the employee pension contributions. The employer contribution was 14.5% of pensionable earnings but it will make such additional payments to the Scheme as are appropriate to fund the pension supplement having regard to the advice of the Scheme Actuary. R J E Marsh is responsible for meeting any tax charges arising (if any) from pension benefits.

With effect from 31 July 2010 the RPC Containers Limited Pension Scheme closed to future service accrual. However, life assurance for R J E Marsh continues to be provided under an insurance contract. The Remuneration Committee agreed to pay R J E Marsh a supplement of 20% of basic salary in lieu of employer pension contributions. The supplement is not included in base salary for the purposes of performance related remuneration. With effect from 1 April 2011 R J E Marsh became a deferred member of the Scheme.

Further information about this pension scheme is given in note 25 to the financial statements.

Dutch retirement benefits

P R M Vervaat has an individual defined benefit pension policy with a Dutch insurance company, Nationale-Nederlanden. The plan provides pension benefits of 2.25% p.a. of pensionable salary and a spouse's pension of 70% of his pension on death. The employee contribution rate was 8.5% of basic pensionable salary during the year. Employer contributions are capped at €60,000 p.a. This type of pension arrangement is consistent with normal practice in the Netherlands.

The Committee approves the pension arrangements and contributions made by the Group on behalf of the executive directors. The Company does not contribute to any pension arrangements for non-executive directors.

Service Contracts

The Committee determines the terms of the service contract for each executive director. Service contracts normally continue until the director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. Notice periods given by the employing company are normally limited to 12 months or determined by local employment legislation. However, in truly exceptional circumstances, the Remuneration Committee may consider limited extension of the notice period up to two years in respect of an executive director recruited from outside the Group in order to secure an appointment as was the case for P R M Vervaat (see below).

A director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct. If the employing company terminates the employment of a UK executive director in breach of contract, compensation is limited to salary due for any unexpired notice period and any amount assessed by the Remuneration Committee as representing the value of other contractual benefits which would have been received during the period. Payments in lieu of notice are not pensionable.

Any share-based entitlements granted to an executive director under the Company's employee share option schemes or Performance Share Plan or bonus entitlement under the Annual Bonus Plan will be determined at the discretion of the Remuneration Committee in accordance with the relevant schemes' rules. A participant's options and performance share awards lapse and right to any part of the relevant bonus ceases if he resigns or is dismissed.

In the event of a change of control of the Company, with the exception of P R M Vervaat (see below), the notice period and compensation for breach of contract for executive directors is unchanged from the provisions described above. Executive directors of the Company have no additional entitlement to compensation for loss of their office as directors.

The following table shows details of the service contracts for executive directors who held office during the year ended 31 March 2012:

Name	Commencement Date	Notice Period
R J E Marsh	17 May 1993	12 months
P R M Vervaat	1 November 2007	12 months[1]

[1]In the event of a change of control, the notice period for P R M Vervaat is extended to 24 months if the employing Group company gives notice during a period of one year following such change of control. Thereafter the notice period reverts to 12 months. There is no reversion to a 12 month notice period on change of control after an initial period of employment with the Group. This does not comply fully with provision D.1.5 of The UK Corporate Governance Code. At the time of appointment, it was concluded that, given the quality of the individual and the benefits to the Company from securing his appointment, the term should be accepted. However, it has been agreed that the 24 month notice period will cease to apply with effect from 1 July 2012 and thereafter the notice period in the event of a change of control will be 12 months. Dutch employment law governs the notice period given in the event of dismissal as a result of a disciplinary procedure.

On 7 March 2011, R J E Marsh was appointed as a non-executive director of British Polythene Industries PLC. In its approval of the external appointment, the Board agreed that any related earnings (as disclosed in the notes under the Directors' Emoluments table) may be retained by him.

Non-Executive Directors' Letters of Appointment

Non-executive directors are not employed under service contracts and do not receive compensation for loss of office, but are appointed for fixed terms of three years renewable for further three-year terms if both parties agree and subject to annual re-election by shareholders. The following table shows details of the terms of appointment for the non-executive directors:

Name	Appointment Date	Date most recent term commenced	Expected date of expiry of current term
J R P Pike	23 July 2008	23 July 2011	22 July 2014
S Rojahn	25 January 2006	25 January 2012	24 January 2015
M G Towers	1 April 2009	1 April 2012	31 March 2015
P S Wood[1]	22 March 2006	22 March 2009	n/a
I Haaijer	30 May 2012	30 May 2012	29 May 2015

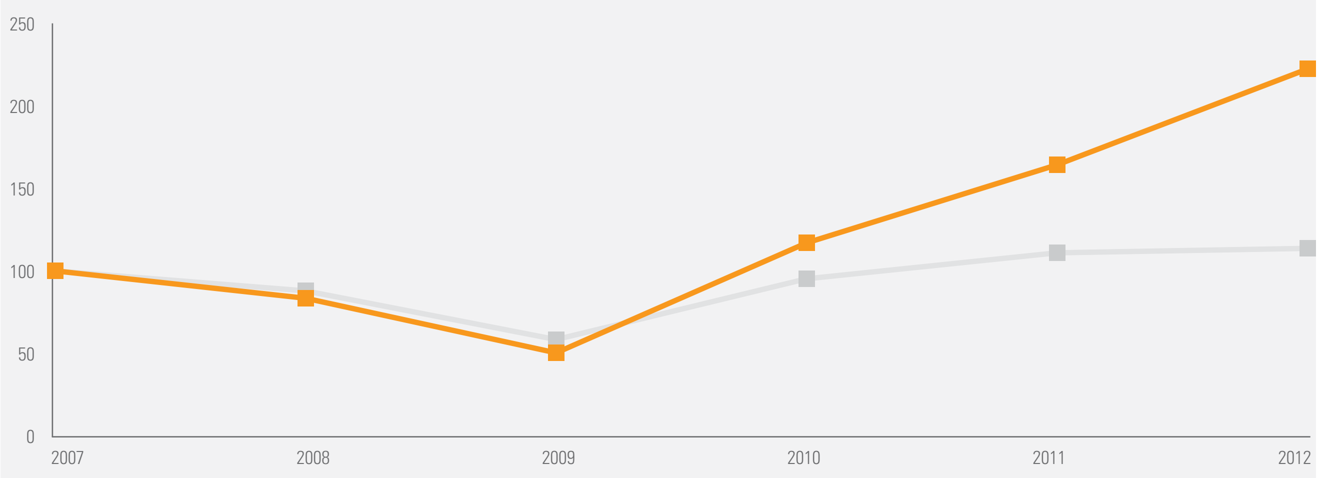
[1]P S Wood retired from office on 31 March 2012.

During the year the Board approved the reappointment of all non-executive directors, with the exception of D J Wilbraham and P S Wood who retired from office on 27 July 2011 and 31 March 2012 respectively, subject to annual re-election by shareholders.

Five Year Performance Graph

The graph below shows the total shareholder return on a holding of RPC shares compared with a holding of the same amount in shares of the companies which make up the FTSE 250 index (excluding investment trusts). This index has been chosen as it is considered to be the most relevant yardstick against which the Company's share price performance may be measured over the five years ended 31 March 2012.

Total Shareholder Return 31 March 2007 to 31 March 2012



Source: Thomson Reuters Datastream

This graph shows the value by 31 March 2012 of £100 invested in RPC Group Plc on 31 March 2007 compared with the value of £100 invested in the FTSE 250 index (excluding investment trusts). The other points plotted are the values at intervening financial year ends.

Remuneration report continued

The auditors are required to report on the information contained in the remaining sections of this Remuneration report.

Directors' Emoluments

	Basic salary and fees £'000	Supplements and allowances £'000	Annual Bonus £'000	Benefits in kind £'000	Total excluding pension contributions 2012 £'000	2011 £'000
Executives						
R J E Marsh	282	56	106	27	**471**	330
P R M Vervaat	266	29	88	70	**453**	505
	548	85	194	97	**924**	835
Non-executives						
J R P Pike	140	–	–	–	**140**	123
S Rojahn	37	–	–	–	**37**	32
M G Towers	44	–	–	–	**44**	37
D J Wilbraham (to 27 July 2011)	12	–	–	–	**12**	32
P S Wood	44	–	–	–	**44**	37
	277	–	–	–	**277**	261
	825	85	194	97	**1,201**	1,096

Following the Remuneration Committee's remuneration policy and annual salary review, an annual bonus plan was introduced and the basic salaries for R J E Marsh and P R M Vervaat were not increased.

P R M Vervaat is paid in euros. His basic salary for the year was €309,000 (2011: €309,000). The effect of the marginal weakening of the average exchange rate for sterling against the euro was to increase the sterling equivalent of his basic salary and allowance by £4,000 (2011: decrease of £12,000) for the year ended 31 March 2012 compared with the previous year.

The threshold target for the Group's adjusted PBIT and free cash flow for the year ended 31 March 2012 were exceeded resulting in a cash bonus of 37.7% of base salary payable to R J E Marsh and P R M Vervaat. Further details of the Annual Bonus Plan and the performance targets are given on pages 51 and 52.

The benefits in kind for P R M Vervaat include UK accommodation, the cost of commuting from the Netherlands to the UK and UK income tax on these benefits.

During the year, R J E Marsh received fees of £40,000 in respect of his non-executive directorship of British Polythene Industries PLC.

Retirement benefits accrued to two (2011: two) executive directors who were in office during the year under defined benefit schemes. However, as a result of the closure of the RPC Containers Limited Pension Scheme, future service accrual ceased for R J E Marsh on 31 July 2010 and, with effect from 1 August 2010, a supplement of 20% of basic salary is paid in lieu of employer pension contributions. The supplement paid for the year ended 31 March 2012 was £56,000 compared with the supplement for eight months of £37,000 paid the previous year.

Directors' Pension Entitlements

The pension entitlements accruing during the year for the members of defined benefit pension schemes are as follows:

	Accrued pension at 31 March 2012 £'000 p.a.	Increase in accrued pension over year excluding inflation £'000 p.a.	Increase in accrued pension over year including inflation £'000 p.a.	Transfer value of increase in accrued pension at 31 March 2012 less member contributions £'000	Transfer value at 31 March 2011 £'000	Increase in transfer value excluding member contributions £'000	Increase in transfer value including member contributions £'000	Transfer value at 31 March 2012 £'000
UK Pension Scheme:								
R J E Marsh	185	3	11	70	3,317	887	887	4,204
Nationale-Nederlanden Pension Plan:								
P R M Vervaat	27	5	5	21	166	29	48	214

Pension entitlements denominated in euros have been translated at the closing exchange rate. The impact of the weakening of the euro against sterling has been to decrease sterling values by 6% (2011: 1% decrease) compared with translation at last year's closing rate.

UK Pension Scheme

The year end accrued pension is that which would be paid on retirement based on service up to 31 July 2010 and final pensionable earnings at 31 March 2011, the date the director ceased to be a Continuing Member of the Scheme, increased in line with the Rules of the Scheme. These increases are broadly inflationary increases on pension earned after 1 April 1995 and a late retirement uplift from age 60 on pension accrued before 1 April 1995. Member contributions have been nil since the Scheme closed to future service accrual on 31 July 2010.

The accrued pension and transfer value for R J E Marsh includes an allowance for his retained benefits which have been offset against his accrued pension at 1 April 2011.

The transfer values have been calculated using the Scheme's standard approach at the relevant dates without any reduction for underfunding. The increase in transfer value during the year is mainly driven by market value adjustment factors including the fall in gilt yields.

Nationale-Nederlanden Pension Plan

The year end accrued pension for P R M Vervaat is that which would be paid on retirement based on service for the year and career re-valued earnings at the year end for the period since joining the Group on 1 November 2007. The calculation of transfer values is based on the transfer value that would actually be received from the insurer which is considered to be more appropriate than the statutory basis that applies to pension funds in the Netherlands.

Directors' Shareholdings and Options

Shareholdings	**31 March 2012 Number of shares**	31 March 2011 Number of shares
J R P Pike	**254,000**	254,000
R J E Marsh	**2,375,448**	2,309,598
M G Towers	**16,250**	16,250
P R M Vervaat	**171,000**	162,500
D J Wilbraham (retired 27 July 2011)	**–**	53,625
P S Wood	**12,645**	12,645

There have been no changes in the interests set out above between 31 March 2012 and the date of this report.

Share Options

The following tables show details of the options held by the directors under the Company's share option schemes at 31 March 2012:

RPC Group 2003 Approved and Unapproved Executive Share Option Schemes

	Date of grant	Options at 1 April 2011	Exercised during the year	Options at 31 March 2012	Exercise price*	Option value*	Market price on date of exercise
R J E Marsh	25 Jul 07	100,272	–	100,272	234.56p	54p	–
P R M Vervaat	3 Dec 07	125,339	125,339	–	185.89p	41p	354.00p

* Adjusted to take account of the diluting effect of the rights issue in January 2011.

The options shown above were the maximum number that would vest provided the EPS growth target of at least an average of 5% p.a. in excess of RPI over a three year period from the date of grant was achieved. The performance conditions were met in full and consequently the options vested in full on 25 July 2010 and 3 December 2010 respectively. The options are exercisable between the dates set out below.

Date of grant	First exercise date	Last exercise date
25 July 2007	25 July 2010	24 July 2017
3 December 2007	3 December 2010	2 December 2017

The notional gain on the options exercised during the year was £210,707. P R M Vervaat sold 122,839 shares for a consideration of 356.17p including sufficient to pay the income tax, social security and dealing expenses due on exercise.

RPC Group 2003 Sharesave Scheme (UK Approved and International Unapproved)

	Date of grant	Options at 1 April 2011	Granted during the year	Exercised during the year	Options at 31 March 2012	Exercise price	Option value	Market price on date of exercise
P R M Vervaat	20 Jan 09	10,033	–	10,033	–	93.35p*	21p*	371.10p
	18 Jan 12	–	3,293	–	3,293	273.00p	100p	–

* Adjusted to take account of the diluting effect of the rights issue in January 2011.

Remuneration report continued

The options shown above are exercisable between the following dates:

Date of grant	First exercise date	Last exercise date
20 January 2009	1 March 2012	31 August 2012
18 January 2012	1 March 2015	31 August 2015

The value of an option is calculated according to the Black-Scholes model. Information on the assumptions made in the option valuation is given in note 22 to the financial statements.

The notional gain on the options exercised during the year was £27,867. P R M Vervaat sold 8,966 shares for a consideration of 373.7p including sufficient to pay the income tax, social security and dealing expenses due on exercise.

There have been no changes in share options between 31 March 2012 and the date of this report.

Performance Share Plan

The following table shows details of the awards made to the directors under the RPC Group 2008 Performance Share Plan that were outstanding during the year:

	Date of award	Interest at 1 April 2011	Awarded during the year	Vested during the year	Interest at 31 March 2012	Market price on award date	Market price on vesting date	Vesting date
R J E Marsh	18 Aug 08	137,337	–	137,337	–	150.50p	309.20p	18 Aug 11
	28 Jul 09	99,707	–	–	99,707	214.00p	–	28 Jul 12
	27 Jul 10	90,326	–	–	90,326	266.75p	–	27 Jul 13
	1 Aug 11	–	59,212	–	59,212	359.80p	–	1 Aug 14
P R M Vervaat	18 Aug 08	72,075	–	72,075	–	150.50p	309.20p	18 Aug 11
	28 Jul 09	51,004	–	–	51,004	214.00p	–	28 Jul 12
	27 Jul 10	48,590	–	–	48,590	266.75p	–	27 Jul 13
	1 Aug 11	–	51,541	–	51,541	359.80p	–	1 Aug 14

The awards shown above are the maximum number of shares that will vest provided that the performance conditions given on pages 52 and 53 are met. For awards made before 2011, the shares that vest will be transferred to participants on the vesting date. The awards granted on 1 August 2011 were made in the form of nil cost options which, subject to the performance conditions, are exercisable from 1 August 2014 to 31 July 2021.

The performance conditions for the awards granted to executive directors on 18 August 2008 given on page 52 were met in full and the shares transferred from the RPC Group Employee Benefit Trust on the vesting date, 18 August 2011. On the same date, R J E Marsh sold 71,487 shares for a consideration of 321.50p per share in order to pay the income tax, National Insurance and dealing expenses due on vesting. Also on the same date, P R M Vervaat sold 67,142 shares for a consideration of 321.50p per share including sufficient shares to pay the income tax, social security and dealing expenses due following the vesting.

The market price of an RPC Group Plc 5p ordinary share at 31 March 2012 was 368.0p and the range of prices during the year was 290.0p to 393.2p per share.

The Remuneration Report was approved by the Board on 12 June 2012 and has been signed on its behalf by:

S Rojahn
Chairman of the Remuneration Committee
12 June 2012

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

A statement in relation to the adoption of the going concern basis in preparing the financial statements appears on page 49.

By order of the Board

J R P Pike
Chairman
12 June 2012

R J E Marsh
Chief Executive
12 June 2012

Independent auditor’s report to the members of RPC Group Plc

We have audited the financial statements of RPC Group Plc for the year ended 31 March 2012 set out on pages 62 to 103. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s 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 and the Company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 59, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 March 2012 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors’ remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 49, in relation to going concern;
- the part of the Corporate governance statement in the Directors' report relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board of Directors' remuneration.

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

12 June 2012

Consolidated income statement

for the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Revenue	2	**1,129.9**	819.2
Operating costs	3	**(1,057.0)**	(781.4)
Operating profit		**72.9**	37.8

Analysed as:			
Operating profit before:	2	**93.5**	55.8
Restructuring and closure costs	4	**(8.5)**	(11.8)
Other exceptional items	4	**(4.9)**	(5.5)
Impairment losses	4	**(7.2)**	(0.7)
Operating profit		**72.9**	37.8

Financial income		**0.8**	2.3
Financial expenses		**(12.4)**	(5.5)
Employee benefit net finance expense		**(1.7)**	–
Net financing costs	6	**(13.3)**	(3.2)

Profit before taxation	2	**59.6**	34.6
Taxation	7	**(14.9)**	(9.0)
Profit for the period attributable to equity shareholders of the parent		**44.7**	25.6

Basic earnings per ordinary share	10	**27.7p**	19.5p
Diluted earnings per ordinary share	10	**27.6p**	19.1p
Adjusted basic earnings per ordinary share	10	**37.3p**	29.9p
Adjusted diluted earnings per ordinary share	10	**37.1p**	29.4p

Consolidated statement of comprehensive income

for the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Profit for the period		**44.7**	25.6
Other comprehensive (expense)/income			
Foreign exchange translation differences		**(12.1)**	2.0
Effective portion of movement in fair value of interest rate swaps		**(0.5)**	0.8
Deferred tax on above		**0.1**	(0.2)
Actuarial (losses)/gains on defined benefit pension plans	25	**(13.2)**	5.6
Deferred tax on actuarial losses/(gains)		**3.0**	(2.0)
Other comprehensive (expense)/income for the period		**(22.7)**	6.2
Total comprehensive income for the period		**22.0**	31.8

Consolidated balance sheet

at 31 March 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Goodwill	11	**97.3**	102.9
Other intangible assets	11	**7.4**	8.0
Property, plant and equipment	12	**381.2**	380.9
Derivative financial instruments	20	**7.9**	0.1
Deferred tax assets	21	**22.6**	25.7
Total non-current assets		**516.4**	517.6
Current assets			
Inventories	15	**145.2**	146.9
Trade and other receivables	16	**185.5**	186.5
Cash and cash equivalents		**34.3**	23.0
Total current assets		**365.0**	356.4
Current liabilities			
Bank loans and overdrafts	17	**(2.0)**	(57.2)
Trade and other payables	17	**(296.8)**	(298.2)
Current tax liabilities		**(9.5)**	(7.6)
Employee benefits	25	**(5.5)**	(2.0)
Provisions and other liabilities	21	**(6.4)**	(15.5)
Derivative financial instruments	20	**(0.1)**	(0.4)
Total current liabilities		**(320.3)**	(380.9)
Net current assets/(liabilities)		**44.7**	(24.5)
Total assets less current liabilities		**561.1**	493.1
Non-current liabilities			
Bank loans and other borrowings	18	**(200.2)**	(144.5)
Employee benefits	25	**(56.3)**	(51.0)
Deferred tax liabilities	21	**(29.7)**	(29.7)
Provisions and other liabilities	21	**(1.8)**	(3.8)
Derivative financial instruments	20	**(1.2)**	(0.1)
Total non-current liabilities		**(289.2)**	(229.1)
Net assets		**271.9**	264.0
Equity			
Called up share capital	22	**8.3**	8.1
Share premium account		**90.4**	86.2
Capital redemption reserve		**0.9**	0.9
Retained earnings		**147.8**	131.8
Cash flow hedging reserve		**(0.6)**	(0.2)
Cumulative translation differences reserve		**25.1**	37.2
Total equity attributable to equity shareholders of the parent		**271.9**	264.0

The financial statements on pages 62 to 103 were approved by the Board of Directors on 12 June 2012 and were signed on its behalf by:

J R P Pike
Chairman

P R M Vervaat
Finance Director

Consolidated cash flow statement

for the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Cash flows from operating activities			
Profit before tax		**59.6**	34.6
Net financing costs		**13.3**	3.2
Profit from operations		**72.9**	37.8
Adjustments for:			
Impairment loss on intangible assets		**0.2**	–
Amortisation of intangible assets	11	**2.5**	1.2
Impairment loss on property, plant and equipment	12	**7.0**	0.7
Depreciation	12	**45.2**	28.7
Share-based payments	5	**1.2**	0.9
(Profit)/loss on disposal of property, plant and equipment	3	**(0.2)**	0.7
Decrease in provisions		**(14.3)**	(11.7)
Other non-cash items		**(2.2)**	–
Operating cash flows before movements in working capital		**112.3**	58.3
Increase in inventories		**(5.6)**	(24.9)
Increase in receivables		**(1.6)**	(9.6)
Increase in payables		**10.1**	57.1
Cash generated by operations		**115.2**	80.9
Taxes paid		**(5.3)**	(6.5)
Interest paid		**(9.8)**	(5.1)
Net cash from operating activities		**100.1**	69.3
Cash flows from investing activities			
Interest received		**0.3**	0.6
Proceeds on disposal of property, plant and equipment		**1.0**	2.2
Acquisition of property, plant and equipment		**(72.2)**	(43.3)
Acquisition of intangible assets	11	**(2.5)**	(1.5)
Acquisition of business	23	**–**	(197.6)
Proceeds on disposal of business		**0.7**	–
Net cash flows from investing activities		**(72.7)**	(239.6)
Cash flows from financing activities			
Dividends paid	8	**(19.8)**	(10.6)
Purchase of own shares	22	**(0.8)**	(0.8)
Proceeds from the issue of share capital	22	**4.4**	85.9
Repayments of borrowings		**(189.1)**	(35.6)
New bank loans raised		**189.1**	123.7
Net cash flows from financing activities		**(16.2)**	162.6
Net increase/(decrease) in cash and cash equivalents		**11.2**	(7.7)
Cash and cash equivalents at beginning of period		**23.0**	32.2
Effect of foreign exchange rate changes		**0.1**	(1.5)
Cash and cash equivalents at end of period		**34.3**	23.0
Cash and cash equivalents comprise:			
Cash at bank		**34.3**	23.0
		34.3	23.0

Consolidated statement of changes in equity

for the year ended 31 March 2012

	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
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 of 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	–	–	–	–	–	0.8	0.8
Deferred tax on equity-settled share-based payments	–	–	–	–	–	0.5	0.5
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

	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
At 1 April 2011	**8.1**	**86.2**	**0.9**	**37.2**	**(0.2)**	**131.8**	**264.0**
Profit for the period	–	–	–	–	–	**44.7**	**44.7**
Actuarial losses	–	–	–	–	–	**(13.2)**	**(13.2)**
Deferred tax on actuarial losses	–	–	–	–	–	**3.0**	**3.0**
Exchange differences on foreign currencies	–	–	–	**(12.1)**	–	–	**(12.1)**
Movement in fair value of swaps	–	–	–	–	**(0.5)**	–	**(0.5)**
Deferred tax on hedging movements	–	–	–	–	**0.1**	–	**0.1**
Total comprehensive (expense)/income for the period	–	–	–	**(12.1)**	**(0.4)**	**34.5**	**22.0**
Issue of shares	**0.2**	**4.2**	–	–	–	–	**4.4**
Equity-settled share-based payments	–	–	–	–	–	**1.2**	**1.2**
Current tax on share options exercised	–	–	–	–	–	**1.2**	**1.2**
Deferred tax on equity-settled share-based payments	–	–	–	–	–	**(0.3)**	**(0.3)**
Purchase of own shares	–	–	–	–	–	**(0.8)**	**(0.8)**
Dividends paid	–	–	–	–	–	**(19.8)**	**(19.8)**
Total transactions with owners recorded directly in equity	**0.2**	**4.2**	–	–	–	**(18.5)**	**(14.1)**
At 31 March 2012	**8.3**	**90.4**	**0.9**	**25.1**	**(0.6)**	**147.8**	**271.9**

Company balance sheet
at 31 March 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment in subsidiaries	13	**156.9**	155.7
Derivative financial instruments	20	**7.9**	0.1
Deferred tax assets	21	**2.7**	0.1
Total non-current assets		**167.5**	155.9
Current assets			
Trade and other receivables	16	**605.6**	671.3
Cash and cash equivalents		**0.8**	–
Current tax assets		**0.5**	0.5
Total current assets		**606.9**	671.8
Current liabilities			
Bank loans and overdrafts	17	**–**	(70.5)
Trade and other payables	17	**(188.8)**	(222.7)
Derivative financial instruments	20	**–**	(0.4)
Total current liabilities		**(188.8)**	(293.6)
Net current assets		**418.1**	378.2
Total assets less current liabilities		**585.6**	534.1
Non-current liabilities			
Bank loans and other borrowings	18	**(182.7)**	(121.5)
Derivative financial instruments	20	**(1.2)**	–
Total non-current liabilities		**(183.9)**	(121.5)
Net assets		**401.7**	412.6
Equity			
Called up share capital	22	**8.3**	8.1
Share premium account		**90.4**	86.2
Capital redemption reserve		**0.9**	0.9
Retained earnings		**303.5**	318.4
Cash flow hedging reserve		**(0.7)**	(0.3)
Cumulative translation differences reserve		**(0.7)**	(0.7)
Total equity attributable to equity shareholders		**401.7**	412.6

The financial statements on pages 62 to 103 were approved by the Board of Directors on 12 June 2012 and were signed on its behalf by:

J R P Pike
Chairman

P R M Vervaat
Finance Director

Registered Number
2578443

Company cash flow statement

for the year ended 31 March 2012

	Notes	2012 £m	2011 £m
Cash flows from operating activities			
Profit before tax		**1.4**	292.5
Dividends received		–	(99.5)
Net financing costs		**(5.7)**	(3.0)
(Loss)/profit from operations		**(4.3)**	190.0
Adjustments for:			
Book profit on internal corporate restructuring		–	(194.4)
Operating cash flows before movements in working capital		**(4.3)**	(4.4)
Decrease/(increase) in receivables		**61.5**	(610.1)
(Decrease)/increase in payables		**(39.0)**	134.7
Cash generated by operations		**18.2**	(479.8)
Interest paid		**(8.3)**	(4.2)
Net cash from operating activities		**9.9**	(484.0)
Cash flows from investing activities			
Interest received		**16.1**	6.1
Dividends received		–	99.5
Proceeds from internal corporate restructuring		–	360.0
Investment in subsidiaries		–	(144.0)
Net cash flows from investing activities		**16.1**	321.6
Cash flows from financing activities			
Dividends paid	8	**(19.8)**	(10.6)
Proceeds from the issue of share capital	22	**4.4**	85.9
Repayments of borrowings		**(184.2)**	(51.6)
New bank loans raised		**189.1**	123.7
Net cash flows from financing activities		**(10.5)**	147.4
Net increase/(decrease) in cash and cash equivalents		**15.5**	(15.0)
Cash and cash equivalents at beginning of period		**(14.7)**	3.0
Effect of foreign exchange rate changes		–	(2.7)
Cash and cash equivalents at end of period		**0.8**	(14.7)
Cash and cash equivalents comprise:			
Cash at bank		**0.8**	–
Bank overdraft		–	(14.7)
		0.8	(14.7)

Company statement of changes in equity

for the year ended 31 March 2012

	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
At 1 April 2010	5.0	3.4	0.9	(0.7)	(0.8)	35.7	43.5
Profit for the period	–	–	–	–	–	292.5	292.5
Movement in fair value of swaps	–	–	–	–	0.7	–	0.7
Deferred tax on hedging movements	–	–	–	–	(0.2)	–	(0.2)
Total comprehensive income for the period	–	–	–	–	0.5	292.5	293.0
Issue of shares	3.1	82.8	–	–	–	–	85.9
Equity-settled share-based payments	–	–	–	–	–	0.8	0.8
Dividends paid	–	–	–	–	–	(10.6)	(10.6)
Total transactions with owners recorded directly in equity	3.1	82.8	–	–	–	(9.8)	76.1
At 31 March 2011	8.1	86.2	0.9	(0.7)	(0.3)	318.4	412.6

At 1 April 2011	**8.1**	**86.2**	**0.9**	**(0.7)**	**(0.3)**	**318.4**	**412.6**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**3.7**	**3.7**
Movement in fair value of swaps	**–**	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Deferred tax on hedging movements	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Total comprehensive (expense)/income for the period	**–**	**–**	**–**	**–**	**(0.4)**	**3.7**	**3.3**
Issue of shares	**0.2**	**4.2**	**–**	**–**	**–**	**–**	**4.4**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**1.2**	**1.2**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(19.8)**	**(19.8)**
Total transactions with owners recorded directly in equity	**0.2**	**4.2**	**–**	**–**	**–**	**(18.6)**	**(14.2)**
At 31 March 2012	**8.3**	**90.4**	**0.9**	**(0.7)**	**(0.7)**	**303.5**	**401.7**

Notes to the financial statements

for the year ended 31 March 2012

1. Principal Accounting Policies

RPC Group Plc 'the Company' is a company incorporated in England.

Both the Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU (Adopted IFRS). On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

The following principal accounting policies apply to both the Group and Company financial statements. They have been applied consistently throughout the year and the preceding year in dealing with items which are considered material in relation to the Group and Company's financial statements.

Basis of preparation

The financial statements, which are presented in sterling, are prepared in accordance with the historical cost convention except for derivative financial instruments which are stated at their fair value.

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key estimates and judgements used in the financial statements are as follows:

Impairment of tangible and intangible assets

Intangible assets are tested at least annually for impairment and the Group's tangible assets other than inventories, financial assets within the scope of International Accounting Standard (IAS) 39 and deferred tax assets, are tested when there is an indication of impairment in accordance with the accounting policy set out below and in note 11 to the financial statements. The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of estimates which include cash flow projections for each cash-generating unit and discount rates based on the Group's weighted average cost of capital, adjusted for specific risks associated with individual cash-generating units.

Retirement benefit obligations

The costs and present value of any related pension assets and liabilities depend upon such factors as life expectancy of the members, wage rate increases of current employees, the returns that the Schemes' assets generate and the discount rate used to calculate the present value of the pension liabilities. The Group uses estimates based on past experience and actuarial advice in determining these future cash flows and in determining the discount rate. The accounting policy is set out under Employee Benefits below and details of the assumptions used are set out in note 25 to the financial statements.

Taxation

There are many transactions whose ultimate tax treatment is uncertain. The Group makes provision for anticipated tax consequences based on the likelihood of whether additional taxes may arise. The Group recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability. If these estimates do not materialise or change, or there are changes in tax rates or to the period over which losses might be recognised, then the value of the deferred tax asset or liability will be revised in a future period. The accounting policy for taxation is set out below.

Basis of consolidation

The consolidation includes the financial statements of the Company and its subsidiaries made up to 31 March 2012. Where subsidiaries are acquired during the year, their results are included in the Group's financial statements from the date of control. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation.

Joint ventures are those entities over whose activities the Group has joint control. The consolidated financial statements include the investment in joint ventures, stated at cost, plus the Group's share of retained post acquisition profits and other changes in net assets. Joint ventures are proportionately consolidated from the date the joint venture control commences until the date that joint control ceases.

New standards and interpretations

In the current year the Group adopted:

Revised IAS 24 – Related Party Disclosures

Revised IFRS 7 – Financial Instruments

Improvements to IFRS (May 2010)

Neither the standards nor the interpretations had any significant impact on the financial statements of the Group or Company.

At the date of approval of these financial statements, there were no standards endorsed but not yet adopted by the EU that would have a material impact on the Group results.

Notes to the financial statements continued

for the year ended 31 March 2012

1. Principal Accounting Policies (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost together with any incidental expenses of acquisition less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of each part of an item of property, plant and equipment on a straight-line basis over the expected useful economic lives of the assets concerned, as follows:

Freehold buildings	50 years
Long leasehold property	50 years
Plant and equipment	5 to 10 years
Moulds	3 to 5 years
Motor vehicles	4 years

Freehold land is not depreciated.

Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For finished goods, cost is taken as production cost which includes the cost of the raw materials and an appropriate proportion of overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Financial assets

Financial assets include cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised on the trade date, being the date that the Group commits to sell the asset, and are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. A provision for impairment is made when there is evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Balances are written off when the probability of recovery is assessed as being remote.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Investments in subsidiaries

Investments are stated at the fair value of the consideration given when initially acquired adjusted for capital contributions in respect of share options granted to employees of its subsidiaries and reviewed for impairment if there is an indication that the carrying value may not be recoverable.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities are translated into sterling at the rate of exchange on the date of the balance sheet. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at the exchange rate ruling on the date of the balance sheet and the results of foreign subsidiaries are translated at the average rate of exchange for the year.

Since converting to IAS and as permitted by IFRS 1 'First-time adoption of International Financial Reporting Standards', the Group has reported the differences on exchange arising from the retranslation of the opening net assets of foreign operations, the effective portion of foreign currency borrowings used in a net investment hedge, and the translation of the results of those companies at the average rate within the translation reserve and has reported the transactions in the Consolidated statement of comprehensive income. Prior to 2005, these items were recognised in retained reserves.

All other foreign exchange differences are taken to the income statement in the year in which they arise.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums paid on settlement or redemption of direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments

Derivative financial instruments are measured at fair value and include interest rate swaps, cross currency swaps and forward foreign exchange contracts. The fair values are determined by reference to the market prices available from the market on which the instruments involved are traded.

Certain derivative financial instruments are designated as hedges in line with the Group's treasury policy. Hedges are classified as follows:

- Fair value hedges that hedge the exposure to changes in the fair value of a recognised asset or liability.
- Cash flow hedges that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.
- Net investment hedges that hedge exposure to changes in the value, due to fluctuations in exchange rates, of the Group's interests in the net assets of foreign operations.

For fair value hedges, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and similarly recognised in the income statement.

For cash flow hedges and net investment hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, as defined by IAS 39 'Financial Instruments: Recognition and Measurement', is recognised in equity, directly in the cash flow hedge reserve or the translation reserve, respectively, with any ineffective portion recognised in the income statement. Such hedges are tested, both at inception to ensure they are expected to be effective and periodically throughout their duration to assess continuing effectiveness. When the forecast transaction results in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Any gains or losses arising from changes in the fair value of derivative financial instruments not designated as hedges are recognised in the income statement.

Where a Group company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group considers these to be insurance arrangements for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

Revenue

Revenue, which excludes value added tax, other sales taxes and trade discounts, represents the invoiced value of goods supplied. Revenue is recognised in the income statement when packaging products and associated equipment are supplied to external customers in line with contractual arrangements. In these instances, significant risks and rewards of ownership have passed to third parties, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

Government grants

Government grants in respect of property, plant and equipment are capitalised and credited to the income statement over the life of the related assets. Grants of a revenue nature are credited to the income statement in the year in which the grant is received.

Notes to the financial statements continued

for the year ended 31 March 2012

1. Principal Accounting Policies (continued)

Taxation

The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Employee benefits

Retirement benefit obligations

The Group operates a number of defined benefit and defined contribution pension schemes.

The liability recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation less the fair value of plan assets at the balance sheet date. The obligation is calculated by external actuaries using the projected unit method. The Group has adopted IAS 19 revised and hence actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity and recognised in full in the Consolidated statement of comprehensive income in the period in which they occur.

The costs of providing accrued service benefits, return on scheme assets and interest on scheme liabilities are charged to operating expenses.

Payments to defined contribution schemes are charged to the income statement when they fall due.

Termination benefits

The Group recognises the present value of a liability to pay termination benefits when it has a demonstrable commitment to terminating employment before retirement.

In Germany, the Group has contractual obligations under a part-time employment scheme for older employees (Altersteilzeit). In addition to half salary, the employee may receive a fixed incentive payment. The Group provides for the incentive payment as a termination benefit. The number of employees who will take up this arrangement is an estimate based on historical experience and any agreed cap on the number of participants. Actuarial gains and losses and past service costs are recognised immediately in the income statement.

Other employee benefits

The Group provides for the present value of its obligations in respect of other long-term employee benefits using actuarial valuations. These include deferred salaries due to German Altersteilzeit employees and long service awards. The Group provides for long service awards as they accrue. The number of employees who will receive long service awards is estimated based on historical experience. Actuarial gains and losses and past service costs are recognised immediately in the income statement.

The costs of short-term employee benefits are charged to the income statement when they fall due.

Leasing

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as property, plant and equipment and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the income statement on a straight-line basis over the expected life of the lease.

Research and development expenditure

Research expenditure is written off in the year in which it is incurred.

Where the expenditure relates to the development of a new product or process which is expected to be technically feasible and commercially viable, development costs are capitalised and amortised over their useful economic lives, to a maximum of five years. The intangible assets are assessed for indications of impairment annually and any impairment is charged to the income statement.

Goodwill

Goodwill has been recognised on acquisitions and represents the excess of the fair value of consideration given over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition. Goodwill is stated at cost less any accumulated impairment losses. The carrying amount is allocated to cash-generating units and is tested at least annually for impairment. Any impairment is recognised immediately as an expense and cannot be reversed subsequently.

In respect of acquisitions prior to 1 April 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal, except for goodwill written off to reserves under UK GAAP prior to 1998 which has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the year of acquisition.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows:

Patents	remaining life of patent
Product development costs	over the life of the project
Computer software and IT systems development costs	4 to 5 years
Customer contacts and relationships acquired	over the life of the relationships

The cost of intangible assets acquired in a business combination is the fair value at acquisition date. The cost of separately acquired intangible assets, including computer software, comprises the purchase cost and any directly attributable costs of preparing the asset for use. Computer software costs that are directly associated with the implementation of major business systems are capitalised as intangible assets.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of the Group's assets, other than inventories, financial assets within the scope of IAS 39 and deferred tax assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and goodwill are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses in respect of assets other than goodwill, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Equity-settled share-based payments

The Group operates an employee savings related share option scheme and executive share option schemes. As permitted by IFRS 1 'First-time adoption of International Financial Reporting Standards', the Group has chosen to adopt IFRS 2 'Share-based Payments' for share options granted after 7 November 2002 that had not vested by 1 January 2005. On this basis, the fair value of employee share options granted is calculated at grant date using an appropriate option pricing model. The resulting cost is charged to the income statement over the vesting period of the options with a corresponding increase in equity. At each balance sheet date, the Group revises its service and non-market estimates of the number of options that are expected to become exercisable and the charge to the income statement is adjusted accordingly.

Where the Company grants share options to employees of its subsidiaries, the amount equal to the amount which would otherwise have been charged in the income statement in respect of those options is accounted for as a capital contribution and the Company's cost of investment in its subsidiary is increased accordingly.

Related party disclosures

Transactions between the Group and any related parties which require disclosure under IAS 24 'Related Party Disclosures' are given in note 26.

Notes to the financial statements continued
for the year ended 31 March 2012

2. Operating Segments

The information reported to the Group's Board of Directors, considered to be the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance, is based on manufacturing conversion process. The businesses that use these processes can be found in the Operating review on page 12.

Information regarding the Group's operating segments is reported below.

Segment revenues and results

The accounting policies of the reportable segments are the same as the Group's accounting policies in note 1. 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:

	Injection Moulding		Thermoforming		Blow Moulding		Total	
	2012 £m	2011 £m	**2012 £m**	2011 £m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Revenue								
External sales	**657.7**	369.0	**287.7**	281.4	**184.5**	168.8	**1,129.9**	819.2
Inter-segment sales	**5.2**	4.0	**0.1**	0.1	**1.0**	1.1		
Total revenue	**662.9**	373.0	**287.8**	281.5	**185.5**	169.9		
Segmental results								
Segment operating profit	**66.8**	30.9	**13.7**	14.7	**13.0**	10.2	**93.5**	55.8
Exceptional items							**(13.4)**	(17.3)
Impairments							**(7.2)**	(0.7)
Finance costs							**(13.3)**	(3.2)
Profit before tax							**59.6**	34.6
Tax							**(14.9)**	(9.0)
Profit for the period							**44.7**	25.6
Segment assets	**527.3**	527.9	**185.8**	163.4	**125.1**	112.7	**838.2**	804.0
Unallocated assets							**43.2**	70.0
Total assets							**881.4**	874.0
Segment net operating assets	**229.6**	244.7	**73.9**	63.2	**61.1**	58.4	**364.6**	366.3
Unallocated net operating assets							**50.5**	49.8
Total net operating assets							**415.1**	416.1

Net operating assets (NOA) are defined as tangible fixed assets, inventories, trade and other receivables and trade and other payables. All assets and liabilities within segment NOA exclude the impact of revaluation adjustments which are reported centrally as unallocated NOA.

Additions to non-current assets	**40.2**	211.1	**23.7**	14.9	**10.0**	8.4	**73.9**	234.4
Depreciation and amortisation	**33.6**	17.0	**7.7**	7.2	**6.4**	5.7	**47.7**	29.9
Impairment charge	**4.6**	–	**2.3**	0.4	**0.3**	0.3	**7.2**	0.7

Geographical information

The Group's revenue, profit and non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

2012

	UK £m	*Germany £m*	*France £m*	*Other £m*	Mainland Europe* £m	Total £m
External sales	**241.0**	***354.6***	***151.4***	***382.9***	**888.9**	**1,129.9**
Operating profit	**21.0**				**72.5**	**93.5**
Return on sales	**8.7%**				**8.2%**	**8.3%**
Non-current assets	**89.8**	***114.0***	***29.4***	***252.7***	**396.1**	**485.9**

2011

	UK £m	*Germany £m*	*France £m*	*Other £m*	Mainland Europe* £m	Total £m
External sales	207.0	*285.9*	*108.3*	*218.0*	612.2	819.2
Operating profit	19.7				36.1	55.8
Return on sales	9.5%				5.9%	6.8%
Non-current assets	122.7	*117.4*	*58.9*	*192.8*	369.1	491.8

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

Revenues from external customers have been identified on the basis of origin and non-current assets on their physical location.

Major customer

No single customer accounts for more than 10% of Group revenue in either 2012 or 2011.

3. Operating Costs

	2012 £m	2011 £m
Raw material and consumables	**591.4**	446.3
Own work capitalised	**(1.0)**	(0.8)
Changes in stock of finished goods and work in progress	**(3.0)**	(9.2)
Other external charges	**120.4**	82.3
Carriage	**51.0**	34.1
Staff costs (note 5)	**246.8**	201.3
Depreciation of property, plant and equipment	**45.2**	28.7
Amortisation of intangibles	**2.5**	1.2
Impairment losses	**7.2**	0.7
Other operating income	**(3.5)**	(3.2)
	1,057.0	781.4

	2012 £m	2011 £m
Other external charges include the following:		
Operating lease rentals:		
Hire of plant and machinery	**7.4**	7.1
Other operating leases	**3.4**	3.3
Research and development	**1.8**	0.8
Foreign exchange losses	**1.0**	0.3
Other operating income includes:		
(Profit)/loss on disposal of property, plant and equipment	**(0.2)**	0.7
Profit on disposal of business	**(0.3)**	–

Notes to the financial statements continued
for the year ended 31 March 2012

3. Operating Costs (continued)

The analysis of auditors' remuneration is as follows:

	2012 £m	2011 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**0.1**	0.2

Fees payable to the Company's auditors and their associates for other services to the Group:		
– the audit of the Company's subsidiaries pursuant to legislation	**0.7**	0.7
– tax services	**0.5**	0.4
– transaction services	**–**	0.4

Fees payable to KPMG Audit Plc and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

4. Restructuring, Closure Costs and Other Exceptional Items

	2012 £m	2011 £m
Closure costs	**6.7**	8.7
Restructuring of operations	**1.8**	3.1
Integration/acquisition costs	**5.7**	3.3
Other exceptional items	**(0.8)**	2.2
	13.4	17.3

2012

The closure costs comprise the costs of the planned withdrawal from the vending cup business in mainland Europe announced in the year. Restructuring of operations comprise the final restructuring of operations under the RPC 2010 programme. Integration/acquisition costs comprise the closure of the Runcorn site and other integration costs associated with Superfos. Other exceptional items include £0.3m profit on sale of the Bramlage Verschlüsse wines and spirits closures operation, a non-core business.

2011

During the previous year the Group largely completed the RPC 2010 cost restructuring programme. It closed the last remaining site identified under the programme, being Goor (the Netherlands), and concluded the social plan to reduce headcount at its Marolles site in France.

Transaction costs of £3.3m were expensed in connection with the acquisition of Superfos Industries a/s. Other exceptional items related to substantial building damage to a warehouse at Kerkrade (the Netherlands) arising from severe weather conditions, and a legal claim brought in France in connection with a dispute over matters relating to employment legislation.

Impairment losses

	2012 £m	2011 £m
Impairment losses recognised in respect of assets	**7.2**	0.7

During the year, the Group incurred a £7.0m write down of property, plant and equipment and a £0.2m write down of intangible assets at businesses that are in the process of being exited. These consist of Runcorn (UK) as part of the integration of the Superfos acquisition, the vending cup business in mainland Europe and the automotive components business in Neutraubling, Germany. In the previous year the Group incurred a £0.4m write down of property, plant and equipment at the sites that were closed and £0.3m relating to the substantial damage to a warehouse in Kerkrade.

5. Staff Costs

Number of personnel

The average number of personnel (including executive directors) employed by the Group during the year was:

	2012 Number	2011 Number
Production	**6,133**	5,211
Selling	**407**	288
Administration	**786**	624
	7,326	6,123

Staff costs

Staff costs for the above personnel were:

	2012 £m	2011 £m
Wages and salaries	**191.2**	156.8
Restructuring and closure costs	**7.4**	2.4
Termination benefits	**0.5**	0.5
Social security costs	**40.3**	33.9
Share-based payments (note 22)	**1.2**	0.9
Pension costs – defined contribution plans	**5.3**	3.4
Pension costs – defined benefit plans (note 25)	**0.9**	3.4
	246.8	201.3

The Company had no employees.

Emoluments of the directors

Disclosures of directors' emoluments, share options and pension costs are given in the Remuneration Report.

6. Financial Income and Expenses

	2012 £m	2011 £m
Interest receivable on cash at bank	**(0.3)**	(0.7)
Fair value adjustment to borrowings	**–**	(1.6)
Mark to market loss on foreign currency hedging instruments	**(0.5)**	–
Total financial income	**(0.8)**	(2.3)
Interest payable on bank loans and overdrafts	**6.1**	2.7
Interest payable on bonds and US private placement notes	**3.2**	1.3
Mark to market loss on foreign currency hedging instruments	**–**	0.6
Fair value adjustment to borrowings	**0.6**	–
Other interest payable and similar charges	**2.5**	0.9
Total financial expenses	**12.4**	5.5
Interest cost on retirement benefit obligations	**7.7**	–
Expected return on pension plan assets	**(6.0)**	–
Net financing costs for employee benefit obligations	**1.7**	–
Net financial expense	**13.3**	3.2

During the period the net financing cost for employee benefit obligations of £1.7m were reclassified from operating costs to net financial expense. See note 25.

Notes to the financial statements continued

for the year ended 31 March 2012

7. Taxation

	2012 £m	2011 £m
United Kingdom corporation tax at 26% (2011: 28%):		
Current year	**1.2**	–
Overseas taxation:		
Current year	**9.5**	7.6
Adjustments in respect of prior years	**(2.1)**	–
Total current tax	**8.6**	7.6
Deferred tax (note 21):		
United Kingdom:		
Current year	**1.5**	4.0
Adjustments in respect of prior years	**0.6**	(2.2)
Overseas:		
Current year	**4.2**	(0.4)
Total tax expense in the Consolidated income statement	**14.9**	9.0

Tax reconciliation:

	2012 £m	2011 £m
Profit before taxation	**59.6**	34.6
Current tax at 26% (2011: 28%)	**15.5**	9.7
Expenses not deductible for tax purposes	**1.3**	0.5
Local tax incentives	**(0.8)**	–
Net losses utilised/not provided	**(0.6)**	(0.4)
Other items	**–**	0.1
Tax rate differential	**1.0**	1.3
Adjustments in respect of prior years	**(1.5)**	(2.2)
Total tax expense in the Consolidated income statement	**14.9**	9.0

The UK Budget in 2012 announced that the corporation tax rate will reduce to 22% by 2014. A reduction in the tax rate from 26% to 24% (effective from 1 April 2012) was substantively enacted prior to 31 March 2012. This will reduce UK future current tax charges accordingly. The UK deferred tax temporary differences at 31 March 2012 have been calculated based on the tax rate of 24% substantively enacted at the balance sheet date.

8. Dividends

	2012 £m	2011 £m
Dividends on ordinary shares:		
Interim for 2011/12 paid of 4.2p per share	**6.7**	–
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
	19.8	10.6

The proposed final dividend for the year ended 31 March 2012 of 10.2p per share with an estimated total cost of £16.8m has not been included as a liability as at 31 March 2012.

9. Profit for the Financial Year

As permitted by section 408 of the Companies Act 2006, the holding Company's income statement has not been included in these financial statements. The profit after taxation within these financial statements includes a profit of £3.7m (2011: £292.5m) for the Company. This includes intercompany dividends received of £nil (2011: £99.5m) and book profits on internal corporate restructuring of £nil (2011: £194.4m).

Of the retained earnings of the Company of £303.5m (2011: £318.4m), £194.4m (2011: £194.4m) is classed as non-distributable.

10. Earnings per Share

Basic

Earnings per share has been computed on the basis of earnings of £44.7m (2011: £25.6m) and on the weighted average number of shares in issue during the year of 161,313,391 (2011: 131,167,065). The weighted average number of shares excludes shares held by the RPC Group Employee Benefit Trust to satisfy future awards in respect of incentive arrangements.

Diluted

Diluted earnings per share is 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 805,559 (2011: 2,305,920). The number of shares used for the diluted calculation for the year was 162,118,950 (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, closure costs and other exceptional items and impairment losses identified separately on the face of the 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 Consolidated income statement to the adjusted profit after tax is set out below:

	2012 £m	2011 £m
Profit after tax as reported in the Consolidated income statement	**44.7**	25.6
Restructuring, closure costs and other exceptional items	**13.4**	17.3
Impairment losses	**7.2**	0.7
Foreign currency hedging instruments and exchange differences on bonds	**0.1**	(1.0)
Tax adjustments	**(5.2)**	(3.4)
Adjusted profit after tax	**60.2**	39.2

Adjusted basic earnings per share

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

	2012	2011
Weighted average number of shares	**161,313,391**	131,167,065
Adjusted basic earnings per share	**37.3p**	29.9p

Adjusted diluted earnings per share

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

	2012	2011
Weighted average number of shares (basic)	**161,313,391**	131,167,065
Effect of share options in issue	**805,559**	2,305,920
Weighted average number of shares (diluted)	**162,118,950**	133,472,985
Adjusted diluted earnings per share	**37.1p**	29.4p

Notes to the financial statements continued

for the year ended 31 March 2012

11. Intangible Assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 April 2010	28.0	5.8	33.8
Additions internally developed	–	1.5	1.5
Acquisitions	76.0	3.9	79.9
Disposals	–	(0.3)	(0.3)
Reclassifications	–	(1.7)	(1.7)
Exchange differences	3.8	0.1	3.9
At 31 March 2011	107.8	9.3	117.1
At 1 April 2011	**107.8**	**9.3**	**117.1**
Additions internally developed	**–**	**2.5**	**2.5**
Exchange differences	**(5.6)**	**(0.7)**	**(6.3)**
At 31 March 2012	**102.2**	**11.1**	**113.3**
Amortisation			
At 1 April 2010	4.9	2.1	7.0
Charge for the year	–	1.2	1.2
Disposals	–	(0.3)	(0.3)
Reclassifications	–	(1.7)	(1.7)
At 31 March 2011	4.9	1.3	6.2
At 1 April 2011	**4.9**	**1.3**	**6.2**
Charge for the year	**–**	**2.5**	**2.5**
Impairment charge	**–**	**0.2**	**0.2**
Exchange differences	**–**	**(0.3)**	**(0.3)**
At 31 March 2012	**4.9**	**3.7**	**8.6**
Net book value at 31 March 2012	**97.3**	**7.4**	**104.7**
Net book value at 31 March 2011 and 1 April 2011	102.9	8.0	110.9
Net book value at 1 April 2010	23.1	3.7	26.8

The Company had no intangible assets at either year end.

The impairment charge of £0.2m (2011: £nil) relates to charges taken in association with sites that have been or are in the process of being closed. More information is given on the impairments in note 4.

Goodwill

Goodwill acquired through acquisitions has been allocated to cash-generating units (CGUs) that are expected to benefit from that acquisition.

The Group tests at least annually for impairment or more frequently if there are indications that goodwill might be impaired. The CGUs have been determined at cluster level within the Group, and the carrying value of goodwill at 31 March is allocated as follows:

	2012 £m	2011 £m
UK Injection Moulding	**4.9**	4.9
Blow Moulding	**–**	–
Bramlage-Wiko	**3.9**	4.2
Bebo	**5.2**	4.7
Cobelplast	**6.0**	6.4
Tedeco-Gizeh	**1.9**	2.8
Superfos	**75.4**	79.9
	97.3	102.9

The directors have determined that no impairment was required at 31 March 2012 as the recoverable amounts were in excess of the carrying value.

The recoverable amounts of the CGUs are determined from their value in use. The cash flow projections used in these calculations cover a three year period based on the 2012/13 budget and the outline plans for 2013/14 and 2014/15 approved by the Board together with terminal values which assume zero growth.

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 is 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 are based on prices at the time the budget is prepared. Forecasts for electricity costs are based on contractual arrangements taking into account supply and demand factors.

A pre-tax discount rate of 8% (2011: 10%) was used to discount the expected cash flows of the cash-generating units. As each CGU is considered to have similar risks the same discount rate has been applied. The Group's impairment review is sensitive to a change in the key assumptions used, most notably the discount rate. Based on the Group's sensitivity analysis, an increase in the discount rate to 28% would indicate a potential impairment in one or more of the CGUs.

Other intangible assets

Other intangible assets include customer contracts with a net book value of £3.2m (2011: £4.0m), patents with a net book value of £0.2m (2011: £0.4m) and development costs with a net book value of £4.0m (2011: £3.5m).

Notes to the financial statements continued
for the year ended 31 March 2012

12. Property, Plant and Equipment

The movements in the property, plant and equipment of the Group were as follows:

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant, equipment, moulds and vehicles £m	Total £m
Cost				
At 1 April 2010	189.6	1.6	549.1	740.3
Exchange differences	0.4	–	(0.9)	(0.5)
Additions	1.6	0.4	48.1	50.1
Acquisitions	50.4	0.4	52.1	102.9
Reclassifications	(14.6)	–	(69.9)	(84.5)
Disposals	(0.2)	–	(32.7)	(32.9)
At 31 March 2011	227.2	2.4	545.8	775.4
At 1 April 2011	**227.2**	**2.4**	**545.8**	**775.4**
Exchange differences	**(11.8)**	**(0.1)**	**(29.9)**	**(41.8)**
Additions	**5.1**	**1.0**	**65.3**	**71.4**
Reclassifications	**(1.0)**	**1.2**	**(6.5)**	**(6.3)**
Disposals	**–**	**–**	**(13.3)**	**(13.3)**
At 31 March 2012	**219.5**	**4.5**	**561.4**	**785.4**
Depreciation				
At 1 April 2010	52.4	0.3	429.5	482.2
Exchange differences	(0.4)	–	(2.2)	(2.6)
Charge for the year	3.2	0.2	25.3	28.7
Impairment charge	0.7	–	–	0.7
Reclassifications	(14.3)	–	(70.2)	(84.5)
Disposals	(0.2)	–	(29.8)	(30.0)
At 31 March 2011	41.4	0.5	352.6	394.5
At 1 April 2011	**41.4**	**0.5**	**352.6**	**394.5**
Exchange differences	**(2.7)**	**–**	**(21.0)**	**(23.7)**
Charge for the year	**4.9**	**0.7**	**39.6**	**45.2**
Impairment charge	**5.1**	**–**	**1.9**	**7.0**
Reclassifications	**(2.3)**	**0.3**	**(4.3)**	**(6.3)**
Disposals	**–**	**–**	**(12.5)**	**(12.5)**
At 31 March 2012	**46.4**	**1.5**	**356.3**	**404.2**
Net book value at 31 March 2012	**173.1**	**3.0**	**205.1**	**381.2**
Net book value at 31 March 2011 and 1 April 2011	185.8	1.9	193.2	380.9
Net book value at 1 April 2010	137.2	1.3	119.6	258.1

The value relating to land not depreciated is £35.2m (2011: £37.3m).

The reclassification in 2011 related mainly to acquisitions made prior to 31 March 2003 which were included at their gross values for cost and accumulated depreciation. The adjustment had been made to ensure that the accounting treatment is consistent with acquisitions after that date and had no impact on the net book value.

The Company had no property, plant and equipment at either year end.

The impairment charge of £7.0m (2011: £0.7m) relates to charges taken in association with sites that have been or are in the process of being closed. More information is given on the impairments in note 4.

The Group's obligations under finance leases (see note 18) are secured against the leased assets and have a carrying value at 31 March 2012 of £1.8m (2011: £3.1m).

13. Investment in Subsidiaries

During the prior year, under a corporate restructuring, Rigid Plastic Containers Holdings Limited was formed as a new holding company and holds 100% of the share capital of RPC Containers Limited and 90% of the share capital of RPC Packaging Holdings Limited. All three companies are registered in England and Wales. RPC Group Plc owns 100% of Rigid Plastic Containers Holdings Limited and 10% of RPC Packaging Holdings Limited share capital directly. The nature of the business carried on by RPC Containers Limited is the manufacture and sale of rigid plastic packaging. RPC Packaging Holdings Limited is a holding company through which the shares in subsidiaries in mainland Europe and the USA are owned. These subsidiaries are principally involved in the manufacture and sale of rigid plastic packaging and are listed on pages 104 and 105.

	Company	
	2012 £m	2011 £m
At 1 April	**155.7**	176.4
Cost of share options (note 22)	**1.2**	0.9
Internal corporate restructuring	–	(21.6)
At 31 March	**156.9**	155.7

14. Jointly Controlled Entities

Galion SA, a manufacturing operation based in Tunisia, is the only jointly controlled entity within the Group with a non-controlling shareholding. The Group owns 46% of the company's share capital. Its financial statements are incorporated into the consolidated financial statements using the proportionate consolidation method. The aggregate amounts relating to Galion SA are as follows:

	2012 £m	2011 £m
Non-current assets	**1.9**	2.0
Current assets	**2.5**	2.3
Total assets	**4.4**	4.3
Non-current liabilities	**(1.3)**	(1.3)
Current liabilities	**(1.1)**	(1.2)
Total liabilities	**(2.4)**	(2.5)
Income	**4.2**	0.9
Expenses	**(4.0)**	(0.8)

15. Inventories

The amounts attributable to the different categories are as follows:

	2012 £m	2011 £m
Raw materials and consumables	**70.5**	71.3
Finished goods and goods for resale	**74.7**	75.6
	145.2	146.9

The Company had no inventories at either year end.

During the year there were write downs of £1.0m (2011: £1.3m) arising from the closure of the Runcorn site and the planned withdrawal from the vending cup business in mainland Europe, which are included in restructuring costs detailed in note 4.

Notes to the financial statements continued
for the year ended 31 March 2012

16. Trade and Other Receivables

	Group		Company	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Trade receivables	**169.5**	172.5	**–**	–
Amounts owed by Group undertakings	**–**	–	**603.9**	668.9
Other debtors	**12.7**	11.8	**1.7**	2.4
Prepayments and accrued income	**3.3**	2.2	**–**	–
	185.5	186.5	**605.6**	671.3

All receivables due from Group undertakings have been classified as due within one year as they are payable on demand.

Trade receivables are denominated in the following currencies:

	2012 £m	2011 £m
Euro	**118.9**	120.2
Sterling	**35.9**	34.3
Others	**14.7**	18.0
	169.5	172.5

Trade receivables are non-interest bearing, on normal commercial terms of credit and are shown net of any impairment provision required to reflect the estimated recoverable value. Movements in the provision for the impairment of receivables were as follows:

	2012 £m	2011 £m
As at 1 April	**6.9**	5.2
Charge for the year	**3.1**	3.9
Amounts written off	**(2.4)**	(1.5)
Unused amounts reversed	**(0.7)**	(1.3)
Acquired in the period	**–**	0.6
Exchange differences	**(0.3)**	–
At 31 March	**6.6**	6.9

As at 31 March 2012, the analysis of trade receivables that were past due but not impaired is as follows:

	Total £m	Neither past due nor impaired £m	Less than 30 days £m	31-60 days £m	More than 60 days £m
31 March 2012	**169.5**	**156.2**	**9.6**	**2.0**	**1.7**
31 March 2011	172.5	161.6	8.6	0.9	1.4

The Group uses a variety of indicators to assess the credit worthiness of its customers and recoverability of amounts due. These include using credit scoring to assess whether a customer should be accepted. Subsequently, formal reviews are undertaken using credit scores or other relevant data to determine whether the carrying value of the receivables have become impaired. At some sites, a formal review process is undertaken annually, irrespective of the factors that may impact on specific customer balances.

17. Trade and Other Payables

	Group		Company	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Bank loans, finance leases and overdrafts (note 18)	**2.0**	57.2	**–**	70.5
Payments received on account	**7.1**	5.3	**–**	–
Trade payables	**211.0**	217.0	**3.0**	2.5
Amounts owed to Group undertakings	**–**	–	**185.8**	220.2
Other payables	**28.4**	29.5	**–**	–
Accruals	**50.3**	46.4	**–**	–
	296.8	298.2	**188.8**	222.7

All payables due to Group undertakings have been classified as due within one year as they are payable on demand.

18. Non-current Liabilities

	Group		Company	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Bank loans and other borrowings (see below)	**199.0**	142.3	**182.7**	121.5
Finance leases	**1.2**	2.2	**–**	–
	200.2	144.5	**182.7**	121.5

The maturity of current and non-current bank loans, overdrafts and other borrowings is set out below:

	Group		Company	
	2012 £m	2011 £m	**2012 £m**	2011 £m
Repayable as follows:				
In one year or less	**1.4**	56.3	**–**	70.5
Between one and two years	**2.3**	115.4	**–**	112.7
Between two and five years	**2.4**	10.3	**–**	8.8
Greater than five years	**194.3**	16.6	**182.7**	–
	200.4	198.6	**182.7**	192.0

These facilities comprise:

(i) a multi-currency revolving credit facility of up to £200.0m at normal commercial interest rates falling due on 30 September 2015;
(ii) US private placement notes of $92.0m and €35.0m expiring on 15 December 2018;
(iii) US private placement notes of $124.0m and €25.0m expiring on 15 December 2021;
(iv) uncommitted overdraft facilities of £10.0m, €27.0m and other smaller local facilities; and
(v) mortgages secured on manufacturing facilities totalling £14.8m (2011: £16.0m) as at 31 March 2012.

Finance lease liabilities are repayable as set out below:

	Group	
	2012 £m	2011 £m
Repayable as follows:		
In one year or less	**0.6**	0.9
Between one and two years	**0.4**	0.6
Between two and five years	**0.6**	1.4
Greater than five years	**0.2**	0.2
	1.8	3.1

Notes to the financial statements continued
for the year ended 31 March 2012

18. Non-current Liabilities (continued)

There were no finance leases in the Company at either year end.

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

The currency and interest rate profile of the Group's net debt, after taking account of the impact of interest rate swaps, is as follows:

	Fixed rate 2012 £m	**Floating rate 2012 £m**	**Cash at bank 2012 £m**	**Total 2012 £m**	Fixed rate 2011 £m	Floating rate 2011 £m	Cash at bank 2011 £m	Total 2011 £m
Sterling	**–**	**–**	**(16.5)**	**(16.5)**	–	–	(16.8)	(16.8)
Euro	**52.4**	**4.4**	**(15.6)**	**41.2**	5.3	171.5	(0.4)	176.4
US dollar	**88.3**	**45.0**	**(0.2)**	**133.1**	–	24.9	(1.3)	23.6
Other	**0.3**	**11.8**	**(2.0)**	**10.1**	–	–	(4.5)	(4.5)
	141.0	**61.2**	**(34.3)**	**167.9**	5.3	196.4	(23.0)	178.7

19. Reconciliation of Net Cash Flow to Movement in Net Debt

	2012 £m	2011 £m
Net (increase)/decrease in cash and cash equivalents	**(11.2)**	7.7
Cash inflow from movements in borrowings and finance leases	**–**	88.1
Change in net debt resulting from cash flows	**(11.2)**	95.8
Translation movements	**0.4**	2.7
Movement in net debt in the period	**(10.8)**	98.5
Net debt at the beginning of the year	**178.7**	80.2
Net debt at the end of the year	**167.9**	178.7

Analysis of net debt

Cash and cash equivalents	**(34.3)**	(23.0)
Bank loans and overdrafts	**2.0**	57.2
Non-current bank loans and other borrowings	**200.2**	144.5
Net debt at the end of the year	**167.9**	178.7

20. Derivative Financial Instruments

The Group's principal financial instruments other than derivatives are borrowings for the purpose of financing operating activities. Other financial instruments comprise cash at bank and trade receivables and payables.

The Group's financial derivatives in the Group and Company balance sheet as at 31 March 2012 comprise the following:

Group

	Assets £m	Liabilities £m	Net £m
Interest rate swaps	–	(0.7)	(0.7)
Cross currency interest rate swaps	7.9	–	7.9
Financing derivatives	–	(0.6)	(0.6)
	7.9	(1.3)	6.6

Company

	Assets £m	Liabilities £m	Net £m
Interest rate swaps	–	(0.6)	(0.6)
Cross currency interest rate swaps	7.9	–	7.9
Financing derivatives	–	(0.6)	(0.6)
	7.9	(1.2)	6.7

During the year the Group had in place derivative transactions in the form of up to six interest rate swaps for the purpose of managing interest rate risk on borrowings, three foreign currency swaps relating to the repayment of US dollar denominated floating rate notes and 10 cross currency interest rate swaps for the purpose of managing interest rate and exchange rate risk on the US private placement (USPP) notes that were issued during the year.

Policies and risks associated with derivatives and financial instruments

The Group's policies and the risks associated with derivatives and financial instruments are as follows:

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates, will affect the Group's net income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within parameters that are deemed to be acceptable, while optimising return. Generally, the Group seeks to minimise this risk through hedging arrangements designed to manage a proportion of the Group's overall exposure.

The Group does not actively engage in trading of financial assets for speculative purposes.

(b) Interest rate risk

The Group has bank borrowings mainly in euros and sterling and during the year issued USPP notes denominated in US dollars and euros. Interest rate swaps are used to reduce the exposure of the Group to fluctuations in interest rates which are accounted for as cash flow hedges.

The interest rate profile of the Group's borrowings at the year end is given in note 18. An increase of 1% in the interest rate charged during the year on borrowings after the effect of interest rate swaps would have reduced profits before tax by approximately £1.8m (2011: £1.0m) before accounting for exchange differences.

(c) Liquidity risk

In order to improve liquidity and ensure continuity of funding, the Group has a credit agreement with nine recognised international banks providing a £200m multi-currency revolving credit facility, maturing in September 2015. During the year the Group issued $92m and €35m USPP notes expiring in December 2018 and $124m and €25m USPP notes expiring in December 2021.

Short-term flexibility is achieved through additional overdraft facilities.

(d) Foreign currency risk

Of the Group's net assets, 86.2% (2011: 85.7%) before borrowings are in currencies linked with the euro and held by subsidiaries located in mainland Europe.

The Company issued seven year bonds totalling €35.0m and US$40.0m in February 2005 which were repaid in March 2012. Exchange rate swaps had been entered into for $30.0m to sell euros and buy US dollars in 2012, when the US dollar bonds matured. These swaps were accounted for as fair value hedges. During the year the mark to market loss on foreign currency hedging instruments taken to the income statement was £0.1m (2011: loss £0.6m) and the exchange difference on the related bonds was a gain of £nil (2011: gain £1.6m).

In December 2011 the Company issued $216m and €60m fixed rate USPP notes. In order to manage the interest rate and foreign exchange exposure, 10 cross currency interest swaps were taken out totalling $200m. These swapped $100m fixed rate into euro fixed rate, and $100m fixed rate into euro variable floating rate finance, including a change of principle currencies that will reverse on redemption. In order to achieve hedge effectiveness these derivatives were designated into cash flow hedges for the US dollar/sterling foreign exchange exposure and fair value hedges for the interest rate element as appropriate and a net investment hedge of the sterling/euro foreign exchange exposure. The remaining $16m and €60m were designated as net investment hedges. During the year the mark to market gain on foreign currency hedging instruments designated as fair value hedges taken to the income statement was £0.6m and the fair value adjustment on the related USPP notes was a loss of £0.6m.

The Group uses foreign currency borrowings to provide a hedge against foreign net investments. The exchange gains or losses on these borrowings are included in the Consolidated statement of comprehensive income.

Exposure to foreign currency exchange risks is minimised by trading in the subsidiaries' local currencies wherever possible, by intra-group hedges and by the use of forward exchange contracts as appropriate.

The Group is exposed to fluctuations in exchange rates on the translation of profits earned by its overseas subsidiaries. The estimated impact of the change in average exchange rates between 2011 and 2012 on the profit before tax would have resulted in a net reduction to the 2012 result of approximately £0.8m (2011: net improvement of £0.8m). The main currency that drives this change is the euro. Movements in US dollar and other exchange rates were less significant.

Notes to the financial statements continued

for the year ended 31 March 2012

20. Derivative Financial Instruments (continued)

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations and arises principally from amounts receivable from customers and deposits of cash made with financial institutions. The Group monitors its credit risk with its customers and only uses financial institutions as counter-parties that have an investment grade credit rating.

The methods used to evaluate customers' credit worthiness are described in more detail in note 16.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital employed and the level of dividends to ordinary shareholders.

The Board encourages wide employee participation and motivation through equity based incentive schemes. Details of the current Sharesave and Executive Share Option Schemes and the Performance Share Plan, together with shareholding guidelines, are given in the Remuneration report.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the Group's net debt is shown in note 18.

The Group's floating rate loans bear interest based on Libor or Euribor. The floating rate borrowings under the banking facilities are typically rolled over for a period of three months or less, based on the appropriate Libor/Euribor rate. During the year the Group had in place floating to fixed interest rate swaps for euros and US dollars. At the year end, two swaps remained in place for a total nominal value of £25.0m (2011: £78.7m) with maturity dates ranging from April 2012 to March 2014 and at fixed rates between 1.812% and 2.468%. The market value of these interest rate swaps at the year end was £(0.6)m (2011: £(0.5)m).

With respect to the USPP notes, $100m of the $216m issued in December 2011 was converted from fixed US dollar to floating euro by the use of five cross currency interest rate swaps; three of these swaps totalling $50m expire in December 2018 with the remaining two, totalling $50m, expiring in December 2021. These were in place at the year end with a market value of £7.9m (2011: £nil).

An increase of 1% in the interest rate charged during the year on borrowings not fixed by interest rate swaps would have reduced profit before tax by approximately £1.8m (2011: £1.0m) before accounting for exchange differences, and would reduce net equity by approximately £1.4m (2011: £0.7m).

The range of interest rates applicable to financial liabilities (net of derivatives) by principal currency is as follows:

	2012			2011		
	Sterling %	**Euro %**	**US dollar %**	Sterling %	Euro %	UD dollar %
Fixed interest rate	**n/a**	**2.3–4.8**	**2.5–4.8**	n/a	2.3	2.5
Floating rate interest margin above:						
– Euribor	**n/a**	**0.9–1.6**	**n/a**	n/a	0.5–1.6	n/a
– Libor	**1.4–1.6**	**n/a**	**0.9**	0.5–1.6	n/a	n/a

Interest received on cash balances is at normal commercial floating rates.

The Group previously received a loan from the Italian Government of €3.4m at an interest rate of 0.89%, which is repayable in December 2013. The fair value of the loan is €3.1m. Interest has been charged to the income statement reflecting the Group's average rate of borrowings in euros.

Currency exposures

In order to help mitigate the risk on translation of the value of non-UK operations into sterling for reporting purposes, a proportion of debt is borrowed in currencies which match or are closely linked to the currencies of those overseas operations. The exchange gains or losses on these borrowings are included in the Consolidated statement of comprehensive income. As at 31 March 2012 non-derivative financial instruments amounting to £179.8m (2011: £167.1m) were designated by the Group as net investment hedges in its subsidiaries, primarily in the Eurozone and USA. During the year £nil (2011: £nil) was taken to the income statement relating to any inefficiency of this net investment hedge.

A movement of 1% in the value of sterling against other foreign currencies (mainly the euro) would result in a translational impact on the Group's profit before tax of approximately £0.5m (2011: £0.2m) and on the Group's net assets of £1.9m (2011: £1.9m).

The closing rate of exchange for the euro at 31 March 2012 was €1.20 (2011: €1.13) and for the US dollar was $1.60 (2011: $1.61). The average rate of exchange for the euro for 2012 was €1.16 (2011: €1.18) and for the US dollar $1.60 (2011: $1.56).

Maturity of financial liabilities

The maturity profile of the Group's undrawn borrowing facilities in respect of which all conditions precedent have been met at 31 March 2012 is as follows:

	2012 £m	2011 £m
Expiring in more than two years	**285.8**	260.4

The maturity of bank loans and overdrafts is set out in note 18.

Fair values of financial assets and liabilities

Set out below are the carrying values of the financial assets and liabilities of the Group and Company at 31 March 2012:

Group

	2012 £m	2011 £m
Cash and cash equivalents	**34.3**	23.0
Trade receivables and other debtors	**185.5**	186.5
Bank loans and overdrafts	**(2.0)**	(57.2)
Trade and other payables	**(296.8)**	(298.2)
Primary financial instruments held to finance the Group's operations:		
Long-term borrowings	**(200.2)**	(144.5)
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps	**(1.3)**	(0.5)
Derivative financial instruments held to manage foreign currency exposures and the interest rate profile:		
Cross currency interest rate swaps	**7.9**	0.1

Company

	2012 £m	2011 £m
Cash and cash equivalents	**0.8**	–
Trade receivables and other debtors	**605.6**	671.3
Bank loans and overdrafts	–	(70.5)
Trade and other payables	**(188.8)**	(222.7)
Primary financial instruments held to finance the Group's operations:		
Long-term borrowings	**(182.7)**	(121.5)
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps	**(1.2)**	(0.4)
Derivative financial instruments held to manage foreign currency exposures and the interest rate profile:		
Cross currency interest rate swaps	**7.9**	0.1

There were no significant differences between the carrying and fair values of any of the financial assets or liabilities included in either the Group or Company balance sheet as at 31 March 2012 and 31 March 2011.

The carrying amount of the financial assets represents the maximum credit exposure of the Group.

The fair values of the interest rate, foreign currency and cross currency interest rate swaps have been determined by reference to the market price available from the market on which the instruments are traded. In both 2012 and 2011, all financial instruments measured at fair value are categorised as Level 2 in the fair value hierarchy, whereby the fair value is determined using valuation techniques. The Group does not hold any Level 1 or Level 3 financial instruments.

The movement on the fair value of the interest rate and cross currency interest rate swaps that are designated as cash flow hedges is debited or credited to equity in the Consolidated statement of comprehensive income. During the year £0.3m (2011: £nil) movement in the cash flow hedging reserve (before tax) was a result of new cash flow hedges relating to the USPP notes and £0.2m (2011: £0.8m) relating to existing interest rate swaps. During the year a loss of £0.4m (2011: loss £0.9m) was recycled through the profit and loss account relating to cash flow hedges. The movement of the fair value of the foreign currency and cross currency interest rate swaps that are designated as fair value hedges is debited or credited to the income statement.

Gains and losses on hedges

The Group uses interest rate swaps to manage its interest rate profile. Changes in the fair value of these financial instruments are recognised in the financial statements. During the period the net loss from financial instruments entered into totalled £0.4m (2011: loss £0.9m). A gain of £0.2m will arise in the year ending 31 March 2013 assuming interest rates remain at year end levels. During the year £nil (2011: £nil) was taken to the income statement relating to any ineffectiveness of the cash flow hedges.

Notes to the financial statements continued

for the year ended 31 March 2012

21. Provisions and Other Liabilities

Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2011	**27.0**	**(10.6)**	**(5.1)**	**(7.3)**	**4.0**
Adjustment in respect of prior years	**0.3**	**0.4**	**(0.1)**	**–**	**0.6**
Charge/(credit) to income	**1.4**	**2.2**	**(2.3)**	**4.4**	**5.7**
Credit to equity	**–**	**(2.7)**	**–**	**(0.1)**	**(2.8)**
Exchange differences	**(0.7)**	**–**	**0.1**	**0.2**	**(0.4)**
At 31 March 2012	**28.0**	**(10.7)**	**(7.4)**	**(2.8)**	**7.1**
Deferred tax liabilities	**28.0**	**–**	**–**	**1.7**	**29.7**
Deferred tax assets	**–**	**(10.7)**	**(7.4)**	**(4.5)**	**(22.6)**
	28.0	**(10.7)**	**(7.4)**	**(2.8)**	**7.1**

	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2010	20.4	(11.1)	(4.5)	(1.6)	3.2
Adjustment in respect of prior years	(4.0)	–	1.8	–	(2.2)
Charge/(credit) to income	3.2	–	0.3	0.1	3.6
Charge/(credit) to equity	0.8	0.5	–	(2.6)	(1.3)
Acquisitions	6.7	–	(2.7)	(3.1)	0.9
Exchange differences	(0.1)	–	–	(0.1)	(0.2)
At 31 March 2011	27.0	(10.6)	(5.1)	(7.3)	4.0
Deferred tax liabilities	27.0	–	–	2.7	29.7
Deferred tax assets	–	(10.6)	(5.1)	(10.0)	(25.7)
	27.0	(10.6)	(5.1)	(7.3)	4.0

Accelerated capital allowances relate to property, plant and equipment.

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

The Group has deferred tax assets of £18.2m (2011: £20.6m) in respect of tax losses of £67.7m (2011: £72.2m) that have not been recognised as their recoverability is uncertain.

The aggregate amount of temporary differences associated with investments in subsidiaries for which no deferred tax has been provided is £95.6m (2011: £65.4m). No taxation is expected to arise in respect of these temporary differences.

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting periods:

	Other temporary differences 2012 £m	Other temporary differences 2011 £m
Deferred tax assets at 1 April	**(0.1)**	(0.3)
Credit to income	**(2.5)**	–
(Credit)/charge to equity	**(0.1)**	0.2
Deferred tax assets at 31 March	**(2.7)**	(0.1)

Other temporary differences relate to hedging movements and tax losses.

Provisions and other liabilities

	Termination and restructuring provisions £m	**Contract provisions £m**	**Other provisions and liabilities £m**	**Total £m**
At 1 April 2011	**2.5**	**11.1**	**5.7**	**19.3**
Utilised in the year	**(1.3)**	**(8.5)**	**(0.3)**	**(10.1)**
Arising in the year	**0.2**	**–**	**–**	**0.2**
Released in the year	**(0.1)**	**(0.4)**	**–**	**(0.5)**
Exchange differences	**(0.1)**	**(0.3)**	**(0.3)**	**(0.7)**
At 31 March 2012	**1.2**	**1.9**	**5.1**	**8.2**
Current at 31 March 2012	**1.2**	**1.9**	**3.3**	**6.4**
Non-current at 31 March 2012	**–**	**–**	**1.8**	**1.8**
	1.2	**1.9**	**5.1**	**8.2**

	Termination and restructuring provisions £m	Contract provisions £m	Other provisions and liabilities £m	Total £m
At 1 April 2010	2.4	–	–	2.4
Acquired in the year	–	11.9	5.4	17.3
Utilised in the year	(1.5)	(1.4)	–	(2.9)
Arising in the year	1.6	–	–	1.6
Exchange differences	–	0.6	0.3	0.9
At 31 March 2011	2.5	11.1	5.7	19.3
Current at 31 March 2011	2.5	9.1	3.9	15.5
Non-current at 31 March 2011	–	2.0	1.8	3.8
	2.5	11.1	5.7	19.3

The termination and restructuring provisions relate to the closure and restructuring of certain activities detailed further in note 4 and are expected to be utilised within the next 12 months.

Contract provisions and Other provisions and liabilities are adjustments relating to the acquisition of Superfos (see note 23) and represent mainly out of market contract adjustments and provisions for property and legal claims. The Contract provisions are expected to be utilised within the next 12 months. The Other provisions and liabilities, provided for at their estimated settlement value, will be utilised as claims are resolved.

Notes to the financial statements continued

for the year ended 31 March 2012

22. Share Capital

The movement in the number of ordinary shares of 5p each issued by the Company is as follows:

	2012 Number	2011 Number
In issue at 1 April	**161,637,842**	99,175,961
Exercise of employee share options	**3,458,412**	392,241
Rights issue	–	62,069,640
In issue at 31 March	**165,096,254**	161,637,842

The Company has one class of ordinary 5p shares. The rights and obligations attaching to the ordinary shares and provisions relating to the transfer of ordinary shares are set out in the Company's Articles of Association and governed by statute. All ordinary shares rank equally regarding dividends, votes and return of capital. Holders of ordinary shares are entitled to receive shareholder notices and other documents and information and to attend, speak and exercise voting rights, either in person or by proxy, at general meetings of the Company. The directors may refuse to register a transfer of ordinary shares where the required proof of title has not been provided or transfer documents have not been lodged in an acceptable manner or form. There are no restrictions on the voting rights of holders of ordinary shares and there are no agreements that are known to the Company between shareholders which may result in such restrictions.

The options granted under the Company's savings related and executive share option schemes are satisfied by the issue of new ordinary shares. Therefore, employees do not hold any voting rights until the shares are allotted on exercise of their options. The Company has established the RPC Group Employee Benefit Trust to satisfy awards made under the Performance Share Plan and a share matching award. The independent trustee has the same rights as any other shareholder in respect of any shares held by the trust except in respect of dividends.

On 24 January 2011, the Company issued 62,069,640 ordinary shares by way of a 5 for 8 rights issue at a price of 143p per share under an authority given to the directors at an Extraordinary General Meeting held on 6 January 2011. The net proceeds of the rights issue were £85.3m after costs of £3.5m. The nominal value of the shares issued of £3.1m was credited to share capital and the remaining net proceeds were credited to the share premium account.

Under the Companies Act 2006, a company is no longer required to have an authorised share capital. At the Annual General Meeting held on 21 July 2010, the Company removed the provision for an authorised share capital from its Memorandum of Association and adopted new Articles of Association incorporating the effect of this and other changes.

The interests of the directors in the ordinary shares of the Company are shown in the Remuneration report.

Share-based payments

The Company operates savings related and executive share option schemes, a Performance Share Plan and an individual share matching agreement, which are all equity-settled share-based payment schemes. The Group has no legal or constructive obligation to repurchase or settle employee share options or share awards in cash.

Share options

Invitations under the Sharesave Scheme (a savings related share option scheme) are made to eligible employees in the UK and participating mainland European countries. The exercise price of the options granted is the market price of the shares at the close of business on the day preceding the invitation date less 20%. Options are normally exercisable for a period of six months starting three years after the related savings contract begins, provided a participant remains an employee of the Group and completes the three year savings contract.

Executive share options are granted to managers and, in the past, executive directors at the discretion of the Remuneration Committee of the Board of Directors. The exercise price is normally the market price at the close of business on the day preceding the date of grant. Options are exercisable between three and ten years after the date of grant provided the participant remains an employee of the Group and, for executive directors, targets for earnings per share growth are met. Further information on these schemes is given in the Remuneration report.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	Average exercise price	**Number of options**	Average exercise price	Number of options
Outstanding at 1 April	**156p**	**5,635,909**	198p	5,290,660
Granted	**299p**	**2,407,006**	243p	50,000
Rights issue adjustment	–	–	157p	1,249,661
Forfeited	**140p**	**(78,314)**	131p	(94,687)
Exercised	**128p**	**(3,458,412)**	141p	(392,241)
Lapsed	**213p**	**(107,443)**	219p	(444,302)
Cancelled	**109p**	**(8,825)**	93p	(23,182)
Outstanding at 31 March	**256p**	**4,389,921**	156p	5,635,909
Exercisable at 31 March	**206p**	**1,961,805**	212p	2,789,927

The weighted average share price in respect of options exercised during the year was 377p per share (2011: 249p).

The share options outstanding at the end of the year were as follows:

	Number of options 2012	**Option price range 2012**	**Weighted average remaining contractual life (years) 2012**	Number of options 2011	Option price range 2011	Weighted average remaining contractual life (years) 2011
RPC Group 2003 Sharesave Scheme	**1,849,068**	**93.35p–273p**	**3.1**	2,608,925	93.35p	1.4
RPC Group 1993 Executive Share Option Scheme	–	–	–	105,072	116.08p	0.3
RPC Group 2003 Executive Share Option Schemes	**2,540,853**	**99.73p–356p**	**5.8**	2,921,912	99.73p–234.56p	5.6
Outstanding at 31 March	**4,389,921**			5,635,909		

The number of options and their exercise prices in respect of grants made prior to the rights issue were adjusted to take account of the diluting effect of the rights issue.

Under IFRS 2 'Share-based Payments' an expense is recognised for all equity-settled share options granted after 7 November 2002 that had not vested before 1 January 2005. Consequently, the recognition and measurement principles in IFRS 2 have not been applied to the executive share options granted under the RPC Group 1993 Executive Share Option Scheme.

The fair value of options and the significant inputs using the Black-Scholes valuation model were as follows:

	RPC Group 2003 Sharesave Scheme		RPC Group 2003 Executive Share Option Schemes		
Date of grant	20.01.09	18.01.12	25.07.07	03.12.07	01.08.11
Share price at date of grant	151p	382p	294p	233p	357p
Original exercise price	117p	273p	294p	233p	356p
Fair value of options	21p*	100p	51p*	41p*	94p
Expected volatility	30%	30%	20%	20%	35%
Dividend yield	6.5%	3.4%	3.5%	3.5%	3.0%
Annual risk-free interest rate	2.3%	0.6%	6.3%	5.4%	2.1%
Option life	3.1 years	3.25 years	6.1 years	7.0 years	6.0 years

* Adjusted to take account of the rights issue in January 2011.

The volatility, measured as the standard deviation of expected share price returns, is based on statistical analysis of the Company's historical share price. The option life allows for the vesting period and time to exercise. There are no market conditions associated with the share option grants.

Notes to the financial statements continued

for the year ended 31 March 2012

22. Share Capital (continued)

Performance Share Plan

Conditional annual awards of shares are granted under the RPC Group 2008 Performance Share Plan to certain executive directors and senior managers at the discretion of the Remuneration Committee. Provided the participant remains an employee of the Group and the performance conditions are met, awards will vest three years after the date of grant. The percentage of shares that will actually vest is dependent upon the Group's earnings per share growth over a three year measurement period commencing on 1 April of the year in which the award is made.

The awards made in 2008, 2009 and 2010 were in the form of allocations of free shares that transfer to participants on the vesting date provided the conditions are met. Allocations that have vested must be satisfied within 30 days of the vesting date. In 2011 nil cost options were granted which, subject to the conditions, will be exercisable between the third and tenth anniversary of the date of grant. Further information on the Plan and the performance conditions is given in the Remuneration Report.

Movements in the number of outstanding conditional awards of shares are as follows:

	Number of shares 2012	Number of shares 2011
Outstanding at 1 April	**1,357,180**	825,193
Granted	**288,483**	304,667
Rights issue adjustment	**–**	274,372
Transferred or exercised	**(433,471)**	–
Lapsed	**(29,677)**	(47,052)
Outstanding at 31 March	**1,182,515**	1,357,180
Exercisable at 31 March	**–**	–
Weighted average remaining contractual life	**2.7 years**	1.3 years

The market price of the shares transferred on vesting during the year was 309p per share. The fair value of the nil cost options granted during the year under the Performance Share Plan and the key inputs using the Black-Scholes valuation model were as follows:

Date of grant	01.08.11
Share price at date of grant	357p
Fair value of award	298p
Expected volatility	35%
Dividend yield	3.0%
Annual risk-free interest rate	2.1%
Expected life of award	6 years

The fair value of allocations of shares awarded under the Performance Share Plan and the key inputs used were as follows:

Date of grant	27.07.10	28.07.09	18.08.08
Share price at date of grant	267p	214p	150.5p
Fair value of award*	189p	149p	107p
Dividend yield	4.0%	4.5%	3.8%
Expected life of award	3 years	3 years	3 years

* Adjusted to take account of the rights issue in January 2011.

There is no entitlement to dividends during the vesting period.

Individual share matching agreement

During the year ended 31 March 2008, the Company entered into an individual share matching agreement with P R M Vervaat whereby the Company agreed to award 50,000 shares at nil consideration provided the director remained an employee and purchased and retained 50,000 shares in the Company throughout a period of three years from the award date.

The fair value of the matching shares was 252p per share based on a market value at 1 November 2007 of 279p and discounted at a dividend yield of 3.5% over the three-year vesting period. During the year ended 31 March 2011 the vesting conditions were met and the matching shares were transferred to the director from the RPC Group Employee Benefit Trust.

RPC Group Employee Benefit Trust

The Company operates an employee benefit trust, the RPC Group Employee Benefit Trust, which was established in 2008 to purchase shares to satisfy awards under the Performance Share Plan and the share matching arrangement. Purchases are funded using interest free loans from the Company. As at 31 March 2012 the Employee Benefit Trust held 952,731 (2011: 1,186,250) shares in the Company acquired at an average cost of 216p (2011: 198p) per share including the take-up in full of its entitlement to shares under the rights issue. The investment in the shares is included in the Consolidated balance sheet within retained earnings at a cost of £1.8m (2011: £2.4m). The market value of the shares held by the trust at 31 March 2012 was £3.5m. The trust has waived dividends receivable on the shares held during the year.

Share-based payment expense

The expense in respect of share-based payments recognised in the Consolidated income statement is as follows:

	2012 £m	2011 £m
RPC Group 2008 Performance Share Plan	**0.8**	0.6
RPC Group 2003 Executive Share Option Schemes	**0.2**	0.1
RPC Group 2003 Sharesave Scheme	**0.2**	0.2
Total included in staff costs (note 5)	**1.2**	0.9

23. Acquisition of Subsidiary Undertaking in Prior Year

On 18 February 2011 the Group acquired 100% of the share capital of Superfos Industries a/s. Superfos is one of Europe's leading producers of injection moulded rigid plastic packaging. This transaction was accounted for using the acquisition method of accounting.

The acquisition had the following effect on the Group's assets and liabilities:

	Book value £m	Fair value adjustments £m	**Fair value total £m**
Intangible assets	–	3.9	**3.9**
Property, plant & equipment	102.0	0.9	**102.9**
Inventories	33.9	1.3	**35.2**
Trade and other receivables	49.3	–	**49.3**
Trade and other payables	(46.3)	–	**(46.3)**
Provisions and taxes	(4.4)	(19.0)	**(23.4)**
	134.5	(12.9)	**121.6**
Goodwill			**76.0**
Consideration paid			**197.6**

The fair value adjustments primarily relate to intangible assets in respect of customer contracts and provisions in relation to out of market transactions, pension adjustments, legal claims, additional tax provisions and deferred tax.

There have been no subsequent changes to the fair value of the net assets acquired at the time of purchase. However, intangible assets and goodwill have been restated so that the goodwill acquired on acquisition is shown within goodwill rather than within intangible assets.

Notes to the financial statements continued

for the year ended 31 March 2012

24. Commitments and Contingent Liabilities

	2012 £m	2011 £m
Expenditure contracted for but not provided	**15.0**	12.6

Financial commitments

The Group had total minimum lease payments under non-cancellable operating leases as follows:

	2012 £m	2011 £m
Within one year	**8.9**	10.4
Between one and five years	**10.2**	14.8
After five years	**1.5**	1.8
	20.6	27.0

The Company had no commitments at either year end.

Contingent liabilities

The Group had contingent liabilities in respect of bank guarantees issued in the ordinary course of business amounting to £4.7m (2011: £4.8m), and for the Company this amounted to £1.1m (2011: £1.2m).

The Company has cross guarantee overdraft and credit facilities with its UK and mainland European subsidiaries as follows:

	Maximum amount guaranteed
RPC Containers Limited	£10.0m
RPC Packaging Holdings BV	€27.0m
RPC Bramlage Antwerpen NV	€0.8m
RPC Tedeco-Gizeh Troyes SASU	€0.5m

None of the overdraft facilities guaranteed were drawn at either year end.

The Company has given a guarantee to the trustee of the RPC Containers Limited Pension Scheme (the 'Scheme') in respect of RPC Containers Limited and RPC Tedeco-Gizeh (UK) Limited up to a maximum underfunded amount. The underfunded amount is 105% of the Scheme's liabilities, calculated according to section 179 of the Pensions Act 2004 (the 'Act') less the value of the Scheme's assets. As at 31 March 2012, the underfunded amount in excess of the provision in the Consolidated balance sheet based on the most recent section 179 valuation as at 31 March 2009 was £39.8m (2011: £42.1m). In addition, the Company has given a capped guarantee in respect of any additional buy-out liabilities calculated in accordance with section 75 of the Act in respect of the Scheme. As at 31 March 2012 the guarantee was capped at £6.9m (2011: £2.4m). The cap will increase annually by 25% of the average of the Company's consolidated profit before tax for the three preceding financial years.

During the year RPC Superfos a/s extended guarantees up to the value of the section 75 buy-out deficit given to the trustees of the Superfos Runcorn Limited Pension Fund and the Peerless Limited Pension Scheme in respect of Superfos Runcorn Limited and Superfos Tamworth Limited. As at 31 March 2012 the total of the buy-out deficits, calculated at the latest valuations dates, in excess of the provision in the Consolidated balance sheet for these schemes was £6.1m.

25. Employee Benefits

	2012 £m	2011 £m
Retirement benefit obligations	**50.9**	45.5
Termination benefits	**2.0**	2.1
Other long-term employee benefit liabilities	**3.4**	3.4
Employee benefits due after one year	**56.3**	51.0
Restructuring termination cost provision due within one year	**5.5**	2.0
Total employee benefits	**61.8**	53.0

There are no employee benefit costs in respect of the Company.

Retirement benefit obligations

The liability recognised in the Consolidated balance sheet for the Group's retirement benefit obligations is:

As at 31 March 2012	**UK £m**	**Netherlands £m**	**Germany £m**	**France £m**	**Other mainland Europe £m**	**Group £m**
Present value of funded obligations	**118.1**	**24.6**	**–**	**–**	**0.2**	**142.9**
Fair value of plan assets	**(89.1)**	**(21.2)**	**–**	**–**	**(0.1)**	**(110.4)**
Net funded obligations	**29.0**	**3.4**	**–**	**–**	**0.1**	**32.5**
Present value of unfunded obligations	**–**	**–**	**13.9**	**4.5**	**0.7**	**19.1**
Unrecognised past service cost	**–**	**(0.1)**	**–**	**(0.6)**	**–**	**(0.7)**
Liability in the Consolidated balance sheet	**29.0**	**3.3**	**13.9**	**3.9**	**0.8**	**50.9**

As at 31 March 2011	UK £m	Netherlands £m	Germany £m	France £m	Other mainland Europe £m	Group £m
Present value of funded obligations	102.8	21.7	–	–	0.2	124.7
Fair value of plan assets	(77.1)	(18.3)	–	–	(0.1)	(95.5)
Net funded obligations	25.7	3.4	–	–	0.1	29.2
Present value of unfunded obligations	–	–	12.9	3.7	0.7	17.3
Unrecognised past service cost	–	(0.3)	(0.1)	(0.6)	–	(1.0)
Liability in the Consolidated balance sheet	25.7	3.1	12.8	3.1	0.8	45.5

The history of retirement benefit obligations recognised in the Consolidated balance sheet is:

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Fair value of plan assets	**(110.4)**	(95.5)	(71.2)	(51.3)	(60.5)
Present value of defined benefit obligations	**161.3**	141.0	121.5	85.0	80.9
Balance sheet liability	**50.9**	45.5	50.3	33.7	20.4

The amounts recognised in the Consolidated income statement are as follows:

	2012 £m	2011 £m
Current service cost	**1.0**	1.5
Curtailments	**(0.2)**	–
Amortisation of unrecognised past service costs	**0.1**	0.1
Total included in staff costs (note 5)	**0.9**	1.6
Interest cost on retirement benefit obligations	**7.7**	6.7
Expected return on plan assets	**(6.0)**	(4.9)
Total included in net financial expense (note 6)	**1.7**	1.8
Total amount recognised in the Consolidated income statement	**2.6**	3.4

For the year ended 31 March 2012, £0.9m was recognised in staff costs within operating costs and £1.7m in net financial expense in the Consolidated income statement. For the year ended 31 March 2011 the total amount of £3.4m was included in staff costs.

The amounts recognised in the Consolidated statement of comprehensive income are:

	2012 £m	2011 £m
At 1 April	**15.6**	21.2
Actuarial losses/(gains) recognised during the year	**13.2**	(5.6)
At 31 March	**28.8**	15.6

Notes to the financial statements continued

for the year ended 31 March 2012

25. Employee Benefits (continued)

The actuarial (gains)/losses recognised during the year were:

	2012 £m	2011 £m
Experience (gains)/losses on plan assets	**(5.5)**	1.7
Experience gains on liabilities	**(2.0)**	(1.0)
Losses/(gains) on change of assumptions	**20.7**	(6.3)
	13.2	(5.6)

The history of experience (gains)/losses arising on defined benefit obligations is:

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Experience (gains)/losses on plan assets	**(5.5)**	1.7	(15.5)	17.1	9.7
Percentage of fair value of plan assets	**(5)%**	2%	(22)%	33%	16%
Experience (gains)/losses on liabilities	**(2.0)**	(1.0)	2.0	0.1	–
Percentage of present value of defined benefit obligations	**(1)%**	(1)%	2%	0%	0%

Changes to the present value of defined benefit obligations during the year are as follows:

	2012 £m	2011 £m
Defined benefit obligations at 1 April	**142.0**	122.5
Obligations acquired on acquisition	–	22.4
Current service cost	**1.0**	1.5
Interest cost	**7.7**	6.7
Contributions by participants	**0.1**	0.3
Actuarial losses/(gains) on liabilities	**18.7**	(7.3)
Net benefits paid	**(4.6)**	(4.5)
Past service cost	–	0.1
Curtailments and settlements	**(0.4)**	–
Exchange differences	**(2.5)**	0.3
Defined benefit obligations at 31 March	**162.0**	142.0
Unrecognised past service cost	**(0.7)**	(1.0)
Defined benefit obligations recognised in the Consolidated balance sheet	**161.3**	141.0

Changes to the fair value of plan assets during the year are:

	2012 £m	2011 £m
Fair value of assets at 1 April	**95.5**	71.2
Assets acquired on acquisition	–	15.8
Expected return on assets	**6.0**	4.9
Actuarial gains/(losses) on assets	**5.5**	(1.7)
Contributions by employer	**9.1**	9.2
Contributions by participants	**0.1**	0.3
Net benefits paid	**(4.6)**	(4.5)
Exchange differences	**(1.2)**	0.3
Fair value of assets at 31 March	**110.4**	95.5

The actual return on plan assets was £11.4m (2011: £3.2m).

The movement in the liability recognised in the Consolidated balance sheet is:

	2012 £m	2011 £m
Liability at 1 April	**45.5**	50.3
Net liabilities acquired on acquisition	**–**	6.6
Total expense charged to the Consolidated income statement	**2.6**	3.4
Actuarial losses/(gains) recognised in the Consolidated statement of comprehensive income	**13.2**	(5.6)
Contributions and benefits paid	**(9.1)**	(9.2)
Exchange differences	**(1.3)**	–
Liability at 31 March	**50.9**	45.5

The fair value of the funded plan assets invested at the balance sheet date as a percentage of total plan assets is set out below:

	2012 UK	**2012 Netherlands**	**2012 Group**	2011 UK	2011 Netherlands	2011 Group
Equities	**44%**	**–**	**36%**	46%	–	37%
Property	**6%**	**–**	**5%**	6%	–	5%
Government and corporate bonds	**47%**	**2%**	**38%**	44%	4%	36%
Other (including insurance policies)	**3%**	**98%**	**21%**	4%	96%	22%

The expected returns on plan assets at the balance sheet date are:

	2012 UK	**2012 Netherlands**	**2012 Group**	2011 UK	2011 Netherlands	2011 Group
Equities	**8.5%**	**8.5%**	**8.5%**	8.5%	8.5%	8.5%
Property	**7.7%**	**–**	**7.7%**	8.5%	–	8.5%
Bonds	**3.5%**	**2.8%**	**3.5%**	4.7%	4.1%	4.6%
Other	**5.0%**	**4.2%**	**4.3%**	4.3%	5.4%	5.2%

The Company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the funded plans at 31 March 2012.

The principal actuarial assumptions used at the balance sheet date were:

	2012		2011	
	UK	**Mainland Europe**	UK	Mainland Europe
Discount rate	**4.8%**	**4.3%**	5.7%	5.4%
Inflation rate	**3.0%**	**2.0%**	3.4%	2.0%
Increase in benefits in payment	**2.7%**	**1.9%**	3.0%	1.9%
Salary increases	**3.0%**	**2.3%**	3.4%	2.3%
Expected return on assets	**6.0%**	**4.2%**	6.6%	5.3%

Notes to the financial statements continued

for the year ended 31 March 2012

25. Employee Benefits (continued)

The mortality assumptions used allow for future mortality improvements in valuing the defined benefit obligations and are based on standard mortality tables used by the actuarial profession in the relevant countries adjusted, where appropriate, to reflect the circumstances of the relevant scheme's membership. In the UK the mortality assumptions applied as at 31 March 2012 in respect of the main pension scheme are based on the S1PXA tables, as adopted by the UK actuarial profession, using each individual member's year of birth with a scaling factor of 100% and allowance for future mortality improvements of 80% of the Long Cohort for males and 60% of the Long Cohort for females subject to a minimum annual improvement of 1.25% for both males and females. The life expectancies from the age of 65 of scheme members assumed at the balance sheet date in years were as follows:

	2012 UK	2011 UK
Current age:		
Aged 65:		
Male	**22**	22
Female	**24**	24
Aged 45:		
Male	**25**	24
Female	**27**	26

The most sensitive assumption used to determine the defined benefit obligations of the Group is the discount rate. An increase of 0.1% in the discount rate would result in a decrease in the Group's defined benefit obligations of 1.8% and a decrease in the discount rate of 0.1% would result in an increase of 1.9% in the Group's defined benefit obligations.

The Group operates a number of defined benefit pension schemes. In the UK, the Netherlands and Norway these are contributory with funds held separately from the finances of the Group either by trustee-administered funds or by insurance contracts.

Funded retirement benefit obligations

United Kingdom

The main retirement benefit obligation in the UK is a defined benefit pension scheme, called the RPC Containers Limited Pension Scheme. This provides retirement benefits to some former employees and approximately 33% (2011: 37%) of current UK employees. The scheme provides members with benefits based on a three-year average of final pensionable salary and total pensionable service. The assets of the scheme are held in a separate trustee-administered fund to meet long-term liabilities for past and present employees. The corporate trustee, which is independent from the Group, has a duty to act in the best interest of the scheme's beneficiaries. The appointment of trustee directors is determined by the scheme's corporate and trust documentation and by statute. All trustee directors are members of the pension scheme and one-third are nominated by current and pensioner members.

Subject to statute, the principal employer, RPC Containers Limited, on the advice of the scheme actuary and in consultation with the trustee, determines the contributions to the scheme. In addition, in the event that any of the members' employing companies are unable to pay their contributions, the trustee may call upon guarantees provided by RPC Group Plc in respect of certain present and future liabilities of the members' employing companies in the UK.

This pension scheme was closed to new entrants and to existing members for future service accrual on 31 July 2010 and was replaced with a contract based defined contribution pension plan for future service. The scheme had separate sections with accrual rates of 1/60th per year of service and 1/80th per year of service. Member contributions were 11% and 6.6% of pensionable salary for the respective sections and the overall employer contribution was 14.5% of pensionable salaries up to the closure date.

The deficit in the fund calculated in accordance with IAS 19 on accounting for employee benefits as at 31 March 2012 was £25.3m (2011: £23.0m). The last completed triennial valuation performed by an independent actuary for the trustee of the scheme was carried out as at 31 March 2009. The valuation, which is calculated on an ongoing funding basis and is different from that prescribed by IAS 19, showed a deficit of £45.9m. This had reduced to an estimated £31.1m at 31 March 2011 according to the annual actuarial report by the scheme actuary. In addition to the closure of the scheme, the Company agreed to make two one-off lump sum contributions of £5m each in September 2010 and April 2011, make contributions to cover the scheme's expenses and pay monthly deficit reduction contributions of £1.8m each year increasing by 3% per annum with the aim of eliminating the deficit over 13.2 years from 1 August 2010. Previously the deficit reduction contributions had been approximately £0.5m per annum. RPC Group Plc also agreed to a limited extension to the guarantee provided in respect of certain present and future liabilities of the members' employing companies.

As a result of the acquisition of Superfos Industries a/s, the Group acquired two closed trustee-administered defined benefit pension arrangements in the UK providing benefits based on final pensionable salary and pensionable service. The Superfos Runcorn Limited Pension Fund was closed to future accrual on 5 April 2010. The deficit in the fund calculated in accordance with IAS 19 as at 31 March 2012 was £2.8m (2011: £1.8m). The most recent triennial actuarial valuation as at 31 March 2010 showed a funding deficit of £2.5m. The defined benefit section of the Peerless Limited Pension Scheme was closed to future accrual in 1994. The IAS 19 accounting deficit at 31 March 2012 was £0.9m (2011: £0.8m). The most recent triennial actuarial valuation as at 31 August 2010 showed a funding deficit of £1.1m. The Company agreed to pay combined annual deficit reduction contributions and expenses for both plans of £0.4m increasing by an allowance for inflation each year.

The present value of the defined benefit obligation in the financial statements was measured using the projected unit credit method based on the last actuarial valuation for IAS 19 purposes allowing for IAS 19 financial assumptions and any further improvements in life expectancy.

The Netherlands

In the Netherlands there are a number of defined benefit retirement plans. These are funded by contributions to insurance policies or a separately administered fund. There were five pension plans in the Netherlands providing career average (four plans) or final salary (one plan) pensions and disability benefits under contracts with insurance companies. Members pay a fixed amount of their salary in contributions and the employing company's contributions are adjusted annually by the insurance company based on the funding level. The IAS 19 liability and service cost are calculated by local actuaries by rolling forward the latest data available from the insurance companies and current salary data from the relevant RPC subsidiary. Following the closure of Halfweg and Ravenstein during the 2009 financial year, their plans became fully funded and consequently the deficits reduced to nil. One of the plans was acquired as a result of the acquisition of Superfos Industries a/s in respect of a former business in the Netherlands and current Dutch employees of Superfos's German operation. The deficit recognised in the balance sheet at 31 March 2012 in respect of all continuing plans was £3.1m (2011: £2.7m).

The separately administered RPC Tedeco-Gizeh Deventer Pension Plan was closed with effect from 1 January 2007 and all accrued past service benefits and certain early retirement benefits were transferred to the Dutch Plastics Industry Pension Plan. As part of the arrangements, RPC agreed to make additional contributions to make up the deficit in the funding of certain early retirement and pre-pension benefits. A curtailment gain of £0.2m was recognised during the year as a result of the planned withdrawal from the vending cups business. The deficit included in the retirement benefit obligations as at 31 March 2012 was £0.1m (2011: £0.4m).

Unfunded retirement benefit obligations

Most of the Group's German operations provide non-contributory pension plans financed by balance sheet provisions calculated by a local actuary on an annual basis according to local requirements. There is no external funding for these plans although they are secured by insolvency insurance required under German law. In general, the plans provide a fixed retirement benefit not related to salaries and are closed to new entrants. Pension increases are granted every three years based on price inflation. The IAS 19 liability and service cost are based on the annual valuation provided by the local actuary using the projected unit method.

All the Group's subsidiaries in France, including those acquired in the acquisition of Superfos Industries a/s, provide unfunded retirement indemnities according to the applicable collective agreement. The benefit takes the form of a lump sum payable on reaching retirement age. During the year ended 31 March 2009, a change in the indemnities payable under the Plasturgie collective agreement, which applied to four of the Group's operations at the time, resulted in an unrecognised past service cost which is being amortised over the expected period to vesting.

RPC's Italian businesses are required to provide termination benefits payable on leaving service, including retirement. The termination benefit amounts to one month's deferred pay per year of service revalued each year. For RPC Superfos Italy, a small sales office, this benefit continues to accrue. For employees of the larger RPC Cobelplast Montonate, service accrual ceased from 1 January 2007 when new regulations replaced this benefit with defined contribution pension arrangements. The current and revalued past service liability included in the defined benefit obligation as at 31 March 2012 was £0.6m (2011: £0.6m).

The Group's operations in Poland are required to provide for a retirement indemnity of one month's salary for employees who have worked for at least 25 years for any employer. Disability and mandatory death benefits are also provided.

The Group expects to contribute approximately £3.8m (2011: £8.8m) to its defined benefit plans in the next financial year. This includes proposed contributions to the main UK pension scheme described above of £2.3m (2011: £7.2m).

Multi-employer plans

Certain Group employees in the Netherlands and Sweden participate in multi-employer or industry-wide defined benefit pension plans as follows:

	Number of current employees participating	
Pension Plan Name	**2012**	2011
Stichting Beheer Personeelsvoorziening OWASE	**136**	144
NRK-Werkgeversvereniging Branche Pensioenregeling (Dutch Plastics Industry Plan)	**95**	100
Swedish ITP2 Plan	**22**	19

The Group is not a significant participant in any of these plans. In respect of all three multi-employer plans, there is no contractual agreement between the multi-employer plan and their participants that would determine how any surpluses or deficits will be distributed or funded. Employer contributions are fixed by the plans' governing bodies for all participating employers. It is not possible to separately identify within the plans the assets and liabilities which relate to RPC Group employees. Therefore, the Group accounts for the plans as defined contribution arrangements.

Notes to the financial statements continued

for the year ended 31 March 2012

25. Employee Benefits (continued)

The core participating companies in the OWASE plan comprise the former owner of RPC Bebo Nederland, Goor prior to its acquisition by RPC. It provides career weighted average salary pension benefits accrued at the rate of 2.15% of annual pensionable salary. The employer contributions are 22.5% of pensionable salary. The latest information available on the funding status of the OWASE plan on the local funding valuation basis according to Dutch law indicates that the plan is in surplus. Therefore, contributions for RPC are expected to remain at the current level.

The Plastics Industry Plan is a funded, defined benefit, career weighted average salary scheme providing benefits at the rate of 2.15% per annum of pensionable earnings. The employer contribution was 10.5% of pensionable earnings from 1 January 2010 and an increase to 15% from 1 July 2012 is planned. The latest information available on the funding status of the Plastics Industry Plan is shown in the table below.

Employees of RPC Superfos in Sweden participate in the ITP2 Plan. This is a multi-employer plan for salaried employees working in private industry and commerce, established under the collective agreement negotiated by the Confederation of Swedish Enterprise and with the cartel PTK (Privattjänstemannkartellen). The ITP2 Plan provides defined benefits based on final salary, including retirement, long term disability and survivors' pensions. The pension level is around 65% of pay inclusive of social security for the average employee. The Plan is insured with the insurer Alecta. Employees do not contribute to the Plan and employer contributions are calculated individually in relation to age and salary level at rates selected by Alecta. The latest information available on the funding status of the ITP2 Plan is shown in the table below. As the Plan is in surplus, no increase in contributions is expected.

The latest published funding levels and date on which they were measured are as follows:

	2012		2011	
	Date	**Funding Level**	Date	Funding Level
OWASE	**31 December 2011**	**104.0%**	31 December 2010	116.8%
Plastics Industry Plan	**31 December 2010**	**110.1%**	31 December 2009	114.2%
ITP2 Plan	**31 March 2012**	**124.0%**	31 December 2010	146.0%

The expense recognised in the Consolidated income statement for these multi-employer plans is equal to the contributions due for the year and is not included in the above retirement benefit obligations. The cost for the year of £0.9m (2011: £1.0m) is included in defined contribution plan charges in staff costs (note 5).

Termination benefits

Termination benefit provisions consist of German Altersteilzeit employee incentives (a part-time early retirement scheme described in note 1) and Belgian and Dutch contractual pre-retirement termination benefits.

Other long-term employee benefit liabilities

These consist of deferred salaries for German Altersteilzeit employees and provision for long-service awards.

26. Related Parties

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see pages 104 and 105) and with its key management personnel, who are considered to be its directors. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed in this note.

Transactions with key management personnel

Disclosures relating to directors are set out in the Remuneration report. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

The remuneration of the key management personnel of the Group is as follows:

	2012 £m	2011 £m
Salaries and other short-term employee benefits	**1.2**	1.1
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.2**	0.2
	1.5	1.4

Company

The amounts due to and from the Company in respect of its subsidiaries are set out in notes 16 and 17. The transactions entered into between the Company and its subsidiaries were as follows:

	2012 £m	2011 £m
Cash received from Group undertakings	**191.5**	318.3
Cash paid to Group undertakings	**(150.8)**	(164.6)
Dividends received	–	99.5
Net interest payable	**(0.4)**	(0.4)
Net interest receivable	**16.2**	6.2
Purchase of additional share capital	–	(144.0)
Proceeds from internal corporate restructuring	–	360.0

Principal subsidiaries

The following companies are, in the opinion of the directors, the principal trading subsidiaries of RPC Group Plc. All of the companies are wholly owned (except where indicated) and the Group's interests are in ordinary shares or their equivalent. All of the companies are involved in the rigid plastic packaging market.

Company	*Address and Country of Incorporation*
RPC Containers Limited	Sapphire House, Crown Way, Rushden, Northants, NN10 6FB, United Kingdom
RPC Tedeco-Gizeh (UK) Limited	Kenfig Industrial Estate, Water Street, Margam, Port Talbot, West Glamorgan, SA13 2PG, United Kingdom
RPC Tedeco-Gizeh SAS	Zone Industrielle, BP30, F-67330 Bouxwiller, France
RPC Tedeco-Gizeh Kft	Ipartelep 1771, H-9123 Kajárpéc, Hungary
RPC Tedeco-Gizeh GmbH	Robert Bosch Straße 16, D-77656 Offenburg, Germany
RPC Tedeco-Gizeh Troyes SASU	22 ZAC de l'Ecluse des Marots, 10800 Saint Thibault, France
RPC Cobelplast NV	Antwerpse Steenweg 14, B-9160 Lokeren, Belgium
RPC Cobelplast Montonate S.r.l.	Via Sandroni 40, I-21040 Sumirago, Varese, Italy
RPC Bebo Plastik GmbH	Lloydstraße 6, D-27432 Bremervörde, Germany
RPC Bebo Polska Sp. z o.o.	ul. Ledóchowskiej 33/35, PL-60-462 Poznan, Poland
RPC Packaging Europe BV	Bergweidedijk 1 NL-7418 AB Deventer, The Netherlands
RPC Bramlage GmbH	BrägelerStraße 70, D-49393 Lohne, Germany
RPC Bramlage Antwerpen NV	Terbekehofdreef 29, B-2610 Wilrijk, Belgium
RPC Bramlage Food GmbH	Bremer Weg 205, D-29223 Celle, Germany
RPC Bramlage Vel'ký Meder s.r.o.	Okocská 74, 932 01 Vel'ký Meder, Slovak Republic
RPC Bebo Print Patent GmbH	Lloydstraße 6, D-27432 Bremervörde, Germany
RPC Verpackungen Kutenholz GmbH	Industriestraße 3, D-27449 Kutenholz, Germany
RPC Envases SA	Avenida de Madrid 68-70, E-28500 Arganda del Rey, Madrid, Spain
RPC Packaging Gent NV	Singel 20, Havennr. 0955B, B-9000 Gent, Belgium
RPC Packaging Kerkrade BV	Spekhofstraat 16, NL-6466 LZ Kerkrade, The Netherlands
RPC Emballages Montpont SA	Les Touppes, F-71470 Montpont en Bresse, France
RPC Emballages Moirans SAS	BP30, Z.I. du Vernoire, F-39260 Moirans en Montagne, France
RPC Wiko GmbH	Donatusstraße 102, D-50259 Pulheim, Germany
RPC Formatec GmbH	Stockheimer Straße 30, D-97638 Mellrichstadt, Germany
RPC Neutraubling GmbH	Pommernstraße 12, D-93073 Neutraubling, Germany
RPC Bramlage Wiko USA Inc.	1075 Hemlock Road, Morgantown, PA, 19543, United States of America

RPC beauté Marolles SAS	Z.I.1 La Touche, F-72260 Marolles Les Braults, France
RPC Superfos a/s	Spotorno Allé 8, 2630 Høje,Taastrup, Denmark
RPC Superfos Sweden AB	Verkstadsvägen 14 560 27 Tenhult, Sweden
RPC Superfos Wetteren NV	Biezeweg 19 9230 Wetteren, Belgium
RPC Superfos Besançon SAS	Rue La Fayette 11 25000 Besançon, France
RPC Superfos La Genête SAS	La Genête 71290 Cuisery, France
RPC Superfos Poland Sp. z o.o.	Kaliska 140 87 840 Lubien Kujawski, Poland
RPC Superfos Pamplona SA	Poligono Industrial, Comarca n1, Calle L 14-16 E-31 160 Orcoyen (Navarra), Spain
Superfos Runcorn Limited	Sapphire House, Crown Way, Rushden, Northants, NN10 6FB, United Kingdom
RPC Superfos Turkey Limited (51% owned)	Atasehir Bulvari Ata 3/3 Plaza NO 43 Atasehir, Turkey

In addition, RPC Group Plc is the ultimate parent company of Rigid Plastic Containers Holdings Limited and RPC Packaging Holdings Limited (companies incorporated in England and Wales and located at Sapphire House, Crown Way, Rushden, Northants, NN10 6FB), RPC Packaging Holdings BV (a company incorporated in The Netherlands and located at Bergweidedijk 1, NL-7418 AB Deventer), RPC Packaging Holdings (Deutschland) Co & KG and RPC Packaging (Deutschland) Co & KG (companies incorporated in Germany and located at Lloydstraße 6, D-27432 Bremervörde), RPC Packaging Holdings US Inc. (a company incorporated in the United States of America and located at 1075 Hemlock Road, Morgantown, PA, 19543). These companies are all intermediate holding companies and are included within the consolidation. All United Kingdom companies are registered in England and Wales.

Ten year financial record

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m	2003 £m
Turnover	**1,129.9**	819.2	719.9	769.1	695.2	645.7	611.5	513.3	430.2	407.1
Adjusted operating profit	**93.5**	55.8	40.9	35.5	40.6	38.1	36.8	31.0	28.4	27.7
Profit/(loss) before taxation	**59.6**	34.6	19.2	(4.5)	9.8	18.9	26.4	25.5	23.2	21.5
Profit/(loss) after taxation	**44.7**	25.6	13.2	(7.7)	4.4	13.1	19.3	19.5	16.7	15.1
Net assets employed	**271.9**	264.0	156.4	170.9	179.7	158.5	152.2	133.9	118.3	110.7
Capital additions	**71.4**	50.1	27.8	30.4	35.1	33.4	51.0	34.7	29.9	36.8
Cash generated by operations	**115.2**	80.9	71.4	115.2	63.5	40.9	64.5	53.3	45.9	44.8
Basic earnings/(loss) per share (p)	**27.7**	19.5	10.7	(6.2)	3.5	10.5	15.9	17.7	15.2	13.8
Adjusted basic earnings per share (p)	**37.3**	29.9	21.1	14.4	17.2	16.4	17.6	16.2	14.8	13.8
Dividend per share (p)	**14.4**	11.5	8.4	7.4	7.2	6.7	6.1	5.7	5.3	5.0
Average number of employees	**7,326**	6,123	6,128	6,594	6,916	6,660	6,571	6,229	5,535	5,682

Comparative figures for earnings per share and dividends per share have been restated after adjusting for the bonus element of the 5 for 8 rights issue in 2011.

The figures for 2004 and earlier periods are disclosed on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS.

The adjusted operating profit shown for 2005 and subsequent years reflects the operating profit of the Group before non-recurring items identified separately on the face of the income statement. For 2004 and prior years, adjusted operating profit is stated before exceptional items under UK GAAP.

The cash generated by operations shown for 2005 and subsequent years reflects amounts reported under IAS. In previous years, the figures refer to operating cash flow measured under UK GAAP.

Financial calendar

Annual General Meeting	**18 July 2012**
Payment of final dividend	**7 September 2012**
Announcement of half year results	**November 2012**
Payment of interim dividend	**January 2013**
Announcement of final results	**June 2013**

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you have any doubts about what action you need to take, you should contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all your shares in RPC Group Plc please forward this Notice, together with the accompanying document(s), as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee.

RPC Group Plc

Registered Number 2578443

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held at Painters' Hall, 9 Little Trinity Lane, London EC4V 2AD on 18 July 2012 at 12.00 noon to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 13 to 15 inclusive as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary Business

1. To receive and adopt the financial statements and the reports of the directors and auditors for the financial year ended 31 March 2012.
2. To approve the directors' Remuneration Report for the year ended 31 March 2012.
3. To declare a final dividend on the ordinary shares of 10.2p per share in respect of the financial year ended 31 March 2012.
4. To re-elect Mr J R P Pike as a director of the Company.
5. To re-elect Mr R J E Marsh as a director of the Company.
6. To re-elect Mr S Rojahn as a director of the Company.
7. To re-elect Mr M G Towers as a director of the Company.
8. To re-elect Mr P R M Vervaat as a director of the Company.
9. To elect Ms I Haaijer as a director of the Company.
10. To reappoint KPMG Audit Plc as auditors of the Company.
11. To authorise the directors to fix the auditors' remuneration.

Special Business

12. That the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ('the Act'), to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £2,753,300 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company (or if earlier on 18 October 2013), save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired.
13. That a General Meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.
14. That, subject to the passing of resolution 12 above, the directors be and hereby are empowered pursuant to sections 570(1) and 573 of the Companies Act 2006 ('the Act') to:

    (a) allot for cash and make offers or agreements to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 12 above as if section 561 of the Act did not apply to any such allotment; and

    (b) sell ordinary shares (as defined in section 560(1) of the Act) in the Company if, immediately before the sale such shares are held by the Company as treasury shares (as defined in section 724(5) of the Act) (treasury shares) for cash (as defined in section 727(2) of the Act), as if section 561 of the Act did not apply to any such sale;

    provided that such power shall be limited to the allotment of equity securities and the sale of treasury shares:

    i) in connection with or pursuant to an offer of or invitation to acquire equity securities in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

Notice of Annual General Meeting continued

ii) in the case of the authorisation granted under resolution 12 above (or in the case of any transfer of treasury shares), and otherwise than pursuant to paragraph (i) of this resolution, up to an aggregate nominal amount of £413,000;

such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 or on 18 October 2013, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred thereby had not expired.

15. That the Company is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ('the Act') to make market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of any of its ordinary shares of 5p each in the capital of the Company (the ordinary shares), on such terms and in such manner as the directors may from time to time determine, subject to the following restrictions and provisions:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 16,521,900;

(b) the minimum price which may be paid for an ordinary share is 5p, which shall be exclusive of expenses, if any;

(c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;

(d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2013 or on 18 July 2013, whichever is the earlier; and

(e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make such a purchase of ordinary shares pursuant to any such contract.

Recommendation

The directors of the Company believe that all the proposed resolutions to be considered at the Annual General Meeting as set out in this document are in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own shareholdings.

By order of the Board

R K Joyce
Company Secretary
12 June 2012

Registered Office:
Sapphire House
Crown Way
Rushden
Northants
NN10 6FB

Notes relating to the notice

1. Right to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 pm on Monday 16 July 2012 or, in the event of any adjournment, at 6.00 pm on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. Proxies

A member of the Company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A proxy need not be a member of the Company. A form of proxy for the meeting is enclosed.

To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom or electronically at www.sharevote.co.uk using the Voting ID, Task ID and Shareholder Reference Number set out on the form(s) of proxy, in each case not later than 12.00 pm on Monday 16 July 2012. If you are a CREST member, see note 3 below.

Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

A 'Vote Withheld' option is provided on the form of proxy which enables a member to abstain on any particular resolution. It should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' a resolution.

3. CREST members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars, Equiniti (ID RA19) by 12.00 pm on Monday 16 July 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

5. Corporate Representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Notes relating to the notice continued

6. Right to ask questions

Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

7. Documents on display

Copies of executive directors' service agreements and copies of the terms and conditions of appointment of non-executive directors are available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

8. Website publication of audit concerns

Pursuant to requests made by members of the Company under section 527 of the Companies Act 2006 ('the Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

9. Website address

A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.rpc-group.com.

10. Total number of shares and voting rights

As at 11 June 2012 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consists of 165,219,630 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 165,219,630.

11. Communication

You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice of Meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Explanatory notes to the resolutions

Resolution 1: To Receive and Adopt the Report and Accounts

The business of the Annual General Meeting (AGM) will begin with a resolution to receive the financial statements, together with the reports of the directors and auditors, in respect of the year ended 31 March 2012. The Annual Report and Accounts 2012 is available on the Company's website and copies will be available at the AGM.

Resolution 2: To Approve the Remuneration Report

Under section 439 of the Companies Act 2006, the Company is required to give shareholders the opportunity to cast an advisory vote on the Directors' Remuneration Report for the year ended 31 March 2012. The Remuneration Report is set out in full on pages 50 to 58 of the Annual Report and Accounts 2012. Alternatively, the Remuneration Report is obtainable on request from the Company Secretary at the registered office of the Company, or from the Company's website.

Resolution 3: To Declare a Final Dividend

The Company paid an interim dividend of 4.2p per ordinary share on 27 January 2012. The directors recommend a final dividend of 10.2p per ordinary share bringing the total dividend for the year to 14.4p per ordinary share.

If Resolution 3 is approved by shareholders the final dividend for the year ended 31 March 2012 will be paid on 7 September 2012 to shareholders whose names are on the register of members at the close of business on 10 August 2012.

Resolutions 4 to 9: Re-election and Election of Directors of the Company

Resolutions 4 to 9 are concerned with the re-election and election of directors at this year's AGM.

Under the Company's Articles of Association, any director who was a director at the two preceding AGMs and who was not appointed or re-appointed by the Company in general meeting at or since either such meeting, shall retire from office. Retiring directors are eligible for re-election. However, the Board has adopted a policy of annual re-election of all directors in accordance with the provisions of the UK Corporate Governance Code in respect of the re-election of directors of FTSE 350 companies. Consequently, all the directors will retire from office and, being eligible, submit themselves for re-election on an individual basis at the AGM.

The Company's Articles of Association permit any director appointed by the Board since the date of the last AGM to hold office only until the date of the next Annual General Meeting following their appointment. The director is then eligible for election by shareholders. I Haaijer was appointed by the Board as a non-executive director on 30 May 2012 and being eligible, submits herself for election at the AGM and annually thereafter.

The biographical details for each director and other relevant information can be found on page 37 of the Annual Report and Accounts 2012. Details of the directors' service contracts or terms of appointment are described in the Remuneration Report on pages 54 and 55 and the performance evaluation procedure is described in the Corporate Governance Report on pages 42 and 43 of the Annual Report and Accounts 2012.

Following individual formal performance evaluation by the Chairman, or in the case of the Chairman, by the Senior Independent Director, the Board confirms that the performance of each director submitting themselves for re-election continues to be effective and to demonstrate commitment to the role and recommends them for re-election. The knowledge and experience and contribution made by each director to the Board is set out below:

- Since his appointment J R P Pike, Chairman, has made a significant contribution to the Group as a result of his experience in strategic and operational improvement and development in a range of UK and international businesses and through his effective leadership of the Board.
- R J E Marsh, Chief Executive, has over 40 years experience in the packaging industry in the UK and Europe. He was involved in the manufacture and sale of folding cartons with Metal Box and subsequently Reed International and Reedpack before being appointed Chief Executive of the RPC Group in 1989.
- S Rojahn, independent non-executive director and Chairman of the Remuneration Committee, makes a valuable contribution to the Board through his engineering and management expertise and his experience in industry in Europe as well as in emerging markets including China, India and Latin America.
- M G Towers, Senior Independent Director, is a chartered accountant with extensive financial and managerial experience as finance director of a variety of businesses and has made a considerable contribution to the Company in his role as Chairman of the Audit Committee.
- P R M Vervaat, Finance Director and registered accountant, joined the Board in 2007 with experience in various financial roles in the Netherlands, UK, Germany and Belgium. He has strong strategic and financial accounting skills and has been instrumental in the success of RPC 2010, the implementation of Group strategy and the refinancing of Group borrowings.

The process followed for I Haaijer's selection can be found in the Nomination Committee section of the Corporate Governance Report on pages 41 and 42 of the Annual Report and Accounts 2012. The Nomination Committee, having undertaken appropriate due diligence on I Haaijer's other interests and time commitments, has concluded that she is free from any relationship or circumstances that could affect the exercise of her independence of character and judgement. Although only recently appointed, I Haaijer is undergoing an intensive induction programme and is expected to make a valuable contribution to he Board as a result of her management and relevant international business and market experience. Accordingly, your Board recommends her election as a director of the Company.

Explanatory notes to the resolutions continued

Resolution 10: To Reappoint KPMG Audit Plc as the Company's Auditors

Auditors must be appointed at every AGM at which accounts are presented to the shareholders. KPMG Audit Plc has advised its willingness to stand for reappointment as the auditors of the Company. The Board recommends their reappointment following recommendation by the Audit Committee which has conducted a tender process during the year, in which KPMG Audit Plc were successful, and an evaluation of the auditors' effectiveness, independence and objectivity. Details of the tender process are given in the Audit Committee section of the Corporate Governance Report on page 43 of the Annual Report and Accounts 2012.

Resolution 11: To Authorise the Directors to fix the Auditors' Remuneration

Shareholders will be asked to grant authority to the directors of the Company to determine the auditors' remuneration.

Resolution 12: Authority to Allot Shares

The directors of the Company may allot shares and grant rights to subscribe for, or convert any security into, shares only if authorised to do so by shareholders. The authority granted at the last AGM is due to expire at this year's AGM. Accordingly, Resolution 12 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares. If given, these authorities will expire at the AGM in 2013 or on 18 October 2013, whichever is the earlier.

Resolution 12 will allow the directors to allot ordinary shares up to a maximum nominal amount of £2,753,300, representing one third of the Company's existing issued share capital calculated as at 11 June 2012 (being the latest practicable date prior to publication of this document). The directors have no immediate plans to make use of this authority with the exception of the issue of further ordinary shares to fulfil the Company's obligations under its various employee share option schemes.

Resolution 13: Notice of General Meetings other than Annual General Meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (AGMs must be held on at least 21 clear days' notice).

Previously, the Company was able to call general meetings other than an AGM on at least 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 13 seeks the necessary shareholder approval which will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Resolution 14: Disapplication of Pre-emption Rights

The directors of the Company also require additional authority from the shareholders to allot shares or grant rights over shares or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro-rata to their holdings. Resolution 14 seeks to renew the authority granted to the directors, at the AGM held on 27 July 2011, to allot securities of the Company up to a specified amount in connection with a rights issue without having to obtain prior approval from shareholders on each occasion, and also to allot a smaller number of these for cash or to sell treasury shares without first being required to offer such shares to existing shareholders. Resolution 14 will be proposed as a special resolution to grant such authority.

The number of shares which may be issued for cash under the latter authority will not exceed an aggregate nominal amount of £413,000, being approximately 5% of the total issued share capital of the Company as at 11 June 2012 (the last practicable day prior to the publication of this notice). In addition, the number of shares which may be issued for cash other than to existing shareholders, will not exceed 7.5% of the Company's total issued share capital in any rolling three year period without prior consultation with shareholders.

If given, the authority to disapply pre-emption rights will terminate not later than 18 October 2013.

Resolution 15: Purchase by the Company of its own Shares

The directors consider that there may be circumstances in which it would be desirable for the Company to purchase its own shares in the market. Although the directors have no plans to make such purchases they would like to be able to act if circumstances arose in which they considered such purchases to be desirable. Under Article 5 of the Company's Articles of Association, authority is granted to the Company to purchase its own shares subject to the provision of the Companies Act 2006. Resolution 15 proposes that the Company's authority to purchase up to 10% of the issued share capital of the Company be renewed by special resolution. The authority will terminate not later than 18 July 2013.

The authority is restricted to a maximum of 16,521,900 shares (which is equivalent to approximately 10% of the issued share capital of the Company as at 11 June 2012) with a minimum purchase price of 5p per share and a maximum price which will not be more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased.

The directors of the Company believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. In the event that shares are purchased, they would either be cancelled (and the number of shares in issue would be reduced accordingly) or retained as treasury shares. The Companies Act 2006 enables companies to hold shares repurchased as treasury shares with a view to possible re-sale at a future date rather than having to cancel them.

The Company will consider holding repurchased shares pursuant to the authority conferred by Resolution 15 as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10% anti-dilution limit set by the Association of British Insurers.

The directors of the Company will only exercise this authority to purchase shares if they are satisfied that a purchase would result in an increase in earnings per share and be in the best interests of shareholders generally. Incentive schemes for directors with earnings per share targets would be adjusted for any reduction in issued share capital.

Corporate information

Registered Office

RPC Group Plc
Sapphire House
Crown Way
Rushden
Northants
NN10 6FB
United Kingdom

Tel: +44 (0)1933 410064
Fax: +44 (0)1933 410083

Registered Number 2578443

Registrars

Equinity
Aspect House
Spencer Road
Lancing
West Sussex

Tel: 0871 384 2242 for UK shareholders
Tel: +44 121 415 7047 for overseas shareholders

Auditor

KPMG Audit Plc
1 Waterloo Way
Leicester
LE1 6LP

Joint Stockbrokers

JPMorgan Cazenove
10 Aldermanbury
London
EC2V 7RF

Panmure Gordon & Co
Moorgate Hall
155 Moorgate
London
EC2M 6XB

Design and production by Radley Yeldar | ry.com

Printed by Park Communications, a CarbonNeutral company certified to FSC® and IS0 14001.

Both the paper mill and the printer involved in this production hold ISO 14001 accreditation, which specifies a process for continuous environmental improvement, and both are FSC® certified.

This is a CarbonNeutral® Publication.

The greenhouse gas emissions from the production and distribution of this Annual Report and Accounts have been neutralised in accordance with the CarbonNeutral Protocol.

CERTIFIED CARBON NEUTRAL® publication

CarbonNeutral.com

CO_2 emissions reduced to net zero in accordance with The CarbonNeutral Protocol

MIX
Paper from responsible sources
FSC® C022913
FSC
www.fsc.org

For more information on our business please go to:

www.rpc-group.com

RPC Group Plc
Sapphire House
Crown Way
Rushden
Northamptonshire NN10 6FB
United Kingdom

Tel: +44 (0) 1933 410064

Fax: +44 (0) 1933 410083