RPC GROUP PLC

Half-yearly results for the six months ended 30 September 2008

RPC Group Plc, Europe's leading supplier of rigid plastic packaging, announces today its half year results for the six months ended 30 September 2008 and the outcome of its strategic review.

Financial highlights:

- Group revenue up 15.6% at £381.0m (2007: £329.7m)
- Operating profit at £16.0m (2007: £18.7m), before restructuring costs and impairment losses of £11.5m (2007: £10.3m)
- Net cash from operating activities £19.6m (2007: £4.7m)
- Adjusted EPS of 7.2p (2007: 9.5p)
- Interim dividend of 2.9p (2007: 2.9p)

Corporate highlights:

- Creditable underlying performance in difficult market circumstances
- Input prices rose to record levels in first half
- Interim dividend maintained at same level as last year
- Financial position remains solid

Strategic Review highlights:

- Full review of activities and options led by the Board with support from external advisers
- RPC Group focusing on attractive rigid plastic packaging sectors where RPC has strong market positions and good long term prospects
- Significant operational and commercial improvement programme identified ("RPC 2010") with a pro forma ROCE improvement expected of at least 4 percentage points
- As part of the operational improvements identified a plant optimisation programme is now underway with 8 plants initially to be closed or sold

Commenting on the results, Jamie Pike, Chairman said:

"RPC achieved a creditable first half performance in what can only be described as very difficult market circumstances with the combination of input prices rising to record levels and a slowing economy. Looking forward, margins are expected to recover with selling price increases taking effect and polymer prices easing. The Strategic Review has resulted in the launch of the improvement programme "RPC 2010" and the Board is confident this self-help plan will deliver a sustainable enhancement to shareholder value".

For further information:

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To the members of RPC Group Plc

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

The IMR contains forward-looking statements, which have been made by the directors in good faith based on the information available to them up to the time of their approval of this report and such information should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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

Business operations

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

- Food and drinks
- Personal care
- Cosmetics
- Pharmaceutical
- Healthcare
- DIY
- Lubricants
- Agrichemicals

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

Strategy

In June the Group announced a wide-ranging Strategic Review of all facets of the Group with the assistance of PricewaterhouseCoopers, NM Rothschild and King Sturge. The findings of this Review have now been agreed by the Board and will lead to an on-going programme of change and improvement under the heading "RPC 2010". Salient features of the Strategic Review outcome and "RPC 2010" are as follows:

- Overall the Group is focusing on attractive rigid plastic packaging sectors where RPC has strong market positions and good long term prospects. The Group's target is to achieve at least an average of 15% return on capital employed (ROCE) across the cycle.

- A minimum of 8 plants are projected to be closed or sold, thereby improving our manufacturing footprint and exiting a number of non-core market segments. It is anticipated that most of the business of the plants to be closed will be redistributed to other RPC locations. This programme is now underway: the factory at Mozzate in Northern Italy will be closed by June 2009 and consultations have commenced with representatives of the workforces at Halfweg and Ravenstein in the Netherlands, and at Aš in the Czech Republic.

- Further opportunities have been identified to improve performance across the retained operating units through a range of actions including commercial enhancement, more centrally coordinated procurement, cost optimisation and acceleration of the working capital management programme.

- A detailed property valuation has been carried out and revealed an excess over book value of approximately 15% based on existing use. In current markets it was not possible to attribute a higher value to any location by valuing on an alternative use basis.

- In the current environment there is no evidence of opportunities for large scale corporate activity that would produce greater shareholder value than the Group's plans outlined above. We will nonetheless remain alert to such possibilities.

- A Programme Director and a Corporate Development Manager have been appointed to lead the on-going improvement programme.

It is anticipated that the various initiatives will realise an overall steady state improvement in operating profit of at least £12m compared with the first half of 2008/09 which, combined with a reduction in capital employed, represents a ROCE improvement of 4 percentage points. The aim is to complete "RPC 2010" by the end of December 2010. The full benefits of "RPC 2010" will be realised in the financial year ending March 2012 with the contribution increasing progressively until then. The related restructuring costs and impairment losses, before taking into account any gains or losses from the potential sale of properties and businesses, are anticipated to be in the region of £25m of which £6m has already been recognised in the first half of 2008/09. We will look to enhance our future cash flows with the sale of properties on sites which are being closed and with the proceeds of businesses we intend to sell.

Business review

Sales grew by 16% primarily reflecting currency movements, price increases and the impact of acquisitions. Overall volumes remained relatively static: growth in many areas was tempered by a serious downturn in the UK Surface Coatings and DIY market.

Having had a satisfactory April, costs in the remainder of the half year escalated to unprecedented levels. In particular, polymer costs were over 20% higher than in the first half of last year, and the increase in the cost of electricity was even greater. The delay in recovering these increases took its toll as did the slowdown in the UK economy so that the adjusted operating profit reduced from £18.7m to £16.0m and the corresponding margin was reduced from 5.7% to 4.2%. As we enter the second half, however, our selling prices are increasing as we recover these polymer cost increases and as additional increases have been applied to recognise amongst other factors extra electricity costs, the increased costs of working capital and the higher cost of transport and outer packaging.

A charge of £11.5m was incurred in the half year for restructuring and rationalisation compared with £10.3m in the equivalent period last year. The charge relates to the completion of the rationalisation programmes initiated previously and costs associated with the Strategic Review including the closure of the Mozzate plant.

Operating profit after restructuring costs fell from £8.4m to £4.5m. The net financing costs increased to £6.2m (2007: £4.7m) producing a loss before taxation of £1.7m compared with a profit of £3.7m in the equivalent period last year. The basic earnings per ordinary share for the first half year was (3.1)p negative (2007: 2.4p). On an adjusted basis (as defined in note 7 to the condensed financial statements) the earnings per share was 7.2p (2007: 9.5p).

Cash generated by operations in the first half was £28.3m, which significantly exceeded the £15.4m generated in the first half of last year. This was primarily a result of reducing working capital despite the escalation in material costs, resulting in a positive £7.4m cash inflow compared with the £16.0m outflow of cash from working capital in the first half of last year. Net debt has improved to £154.0m compared with £159.2m 12 months ago despite an adverse currency impact due to the translation of euro and dollar held debt.

Our capital expenditure in the first half year amounted to £17.4m of which £2.8m related to the previous financial year. The additions to tangible fixed assets of £14.6m were lower than the depreciation charge of £16.9m in the period. Despite the relatively low capital expenditure level, RPC remains committed to invest in projects that are innovative, provide us with a competitive advantage and generate attractive returns.

The factors that have put pressure on our margins have demonstrably had an even greater effect on our competitors. Competition during the six months has been characterised by a sequence of business failures, of announcements that businesses would be offered for sale, and of aborted exit processes. The effect has been to make the industry's trading partners very wary of giving credit and of placing long-term business with them. It is well-recognised that RPC trades more successfully than the majority of its competitors, has embarked on a Strategic Review which will further enhance performance on an on-going basis, has a solid balance sheet, and has finance facilities in place until 2012. These factors give us a competitive advantage in a troubled industry, having consequences in the trading terms now available to us from both suppliers and customers. In addition, within the industry itself, plastic packaging continues to take share away from competing materials.

Review of operations

Injection Moulding
Whilst affected by the increase in input costs, the Bramlage-Wiko cluster continues to demonstrate a good underlying performance. Of particular note has been the continued growth in Tassimo volumes with further growth anticipated. Our pharmaceutical business enjoyed another good performance in the first half year. The process of integrating the RPC Bramlage DHS's products into the overall portfolio is progressing well as is the development of our Vel'ký Meder plant into a low cost manufacturer.

Our UK injection moulding business has been affected in the first half year by both higher input costs as well as slowing demand. Sales volumes were significantly lower than the same period last year, particularly in the DIY sector. Cost reduction measures have been taken and will help improve the second half year result. The Hereford closure was completed in the period with a significant part of the business successfully transferred to other sites within the Group.

We are undertaking a further restructuring of the beauté cluster thereby aligning capacity with demand and providing the business with a more cost effective operating basis going forward. As a consequence the Mozzate site in Italy is being closed. By merging the beauté cluster with Bramlage-Wiko, the cosmetics and personal care operations are consolidated into a single cluster under the Bramlage-Wiko umbrella. The combined technical resource and expertise of the new operation will offer customers an enhanced service on a global basis taking advantage of Bramlage-Wiko's relationships around the world.

Thermoforming
The thermoforming operations (comprising the Bebo, Tedeco-Gizeh and Cobelplast clusters) manufacture products with a high material content and, with polymer prices rising significantly, experienced yet again a challenging half year in terms of input costs. Nonetheless, progress continues to be made in terms of cost optimisation and rationalisation. The closure of the Piaseczno plant in Poland, with transfer of business to the other Polish factories, was successfully concluded as was the closure of the Łaskarzew plant with the subsequent transfer of business to our factory in Hungary.

Although there was quite poor demand in some sectors (notably fresh and convenience food), and from our main barrier fruit-bowl customer, other areas fared better. There was particularly strong growth from customers for oxygen barrier packs and in our other key sector - margarine and spreads - where we benefited from new contracts with major customers, notably in volumes of specialised "pre-printed" lids. The pre-printed lid capacity in Germany has been successfully expanded in order to meet the demand of our customers for ever higher standards of decoration. Sales of Dolce Gusto coffee capsules have developed well with excellent prospects of further growth. Further investment in this area has been made.

Blow Moulding

Overall sales volumes in blow moulding operations were comparable with the first half of last year aided by the acquisition of the Moirans business. The UK businesses felt the impact of the deceleration in the economy in the early summer but at our other sites volumes have generally been resilient.

During the half year we suffered the loss of our major tomato ketchup bottle contract, as a result of our customer switching to an alternative packaging format, but we have benefited from additional fruit jar volumes as customers prefer this shatter-free, transparent and compact form of packaging. We have also developed our business in the Agrichem sector, partly by virtue of the strength of demand in the industry and partly because of the additional capacity for large containers brought into production in June 2008.

Some interesting developments are taking place in our multi-layer bottle and jar business where there is a potential significant substitution of glass by plastic, partly because of the restricted availability of glass and partly because of a drive by major food retailers to reduce the carbon footprint of their own food products.

Financial review

Condensed consolidated income statement

Sales in the first half of 2008/09 increased by 16% compared with the same period last year; excluding acquisitions and the impact of exchange rate changes, the like for like sales growth was relatively flat.

Adjusted operating profit (before restructuring and disruption costs and impairment losses) decreased by 14% in the first half of 2008/09 to £16.0m, as a consequence of higher input costs and lower UK volumes. Polymer and electricity price increases could not be passed on in full to customers in the first half year. Subsequent price increases however reflect these higher input costs which will benefit the second half year result.

Restructuring and disruption costs of £9.1m (2007: £6.8m) and impairment losses of £2.4m (2007: £3.5m) were incurred. These exceptional costs primarily relate to the planned closure of the operation at Mozzate in Italy which was announced in August, final closure costs of the UK operation in Hereford and costs relating to the Strategic Review.

Net financing costs in the first half increased to £6.2m (2007: £4.7m) primarily due to a rise in the net interest charge. This comprises a net expense related to exchange rate movements, and a combination of higher interest rates payable on a slightly higher average net debt.

The adjusted profit before tax reduced from £13.8m to £10.1m as a result of the reduction in operating profit and increase in the net interest charge. The underlying tax rate reduced from 32% in the equivalent period last year to 29% resulting in an adjusted profit after tax of £7.2m (2007: £9.4m) and an adjusted basic earnings per share of 7.2p (2007: 9.5p).

The total tax charge of £1.4m reflects an effective rate of 29% on profit before tax excluding restructuring and disruption costs and impairment losses and a tax credit at an effective rate of 12% on the restructuring and disruption costs and impairment losses.

The result after tax was a loss of £3.1m (2007: £2.4m profit) and the basic loss per share was 3.1p (2007: earnings per share 2.4p). The main reasons for the deterioration are the £2.7m lower adjusted operating profit and the £1.5m higher net financing costs.

Condensed consolidated balance sheet and cash flow statement
Property, plant and equipment decreased by £3.3m to £255.8m compared with the year end position as capital expenditure levels were below depreciation. The net book value of land and buildings was approximately £131m. During the period a market valuation was undertaken which valued land and buildings in their current use at approximately £150m. In current market conditions no higher alternative use values could be identified.

Working capital (the sum of inventories, trade and other receivables and trade and other payables) reduced from £110.6m at the equivalent period last year to £88.1m this year despite higher raw material values and adverse exchange movements. The working capital as a percentage of revenue for the half year (annualised) improved from 16.8% last year to 11.6 % this year as the working capital improvement programme took effect. The working capital at year end was £92.5m representing a working capital to revenue ratio of 12.7%.

Net debt increased from £149.4m at 31 March 2008 to £154.0m at 30 September 2008 but reduced by £5.2m compared with the equivalent period end last year. Gearing was 92% compared with 83% at year end and 98% at the equivalent period end last year. Average net debt during the first half year was £180m (2007: £174m). The Group has total finance facilities of approximately £281m leaving an amount of £127m undrawn under the facilities. The finance facilities are unsecured and comprise a revolving credit facility of up to £200m, seven year floating notes totalling €35m and $40m and various overdraft facilities. The majority of the facilities do not expire until 2012.

Net cash from operating activities (after tax and interest) was £19.6m in the period compared with £4.7m in the same period in 2007, most of the increase being attributable to the continued focus on working capital improvements. The lower cash outflow from investing activities of £17.0m (2007: £21.0m) reflected lower levels of capital expenditure and the absence of any acquisitions.

Key performance indicators (KPIs)
The key measure of our stewardship is the return on capital employed (ROCE). This shows the following:

	12 months to 30 September 2008	12 months to 31 March 2008
	10.1%	10.7%

Return on capital employed is defined as being adjusted operating profit (for the period to 30 September 2008 this represents the adjusted operating profit for the last 12 months) divided by the average of opening and closing shareholders' equity adding back net deferred tax liabilities, retirement benefit obligations (net of tax) and liabilities in connection with derivative financial instruments and after adding back average net borrowings for the period in question.

The reduction in ROCE is due to the deterioration in the adjusted operating profit. It should be noted when calculating the ROCE based on the first half year rather than the last 12 months it reduces to 8.5%. The "RPC 2010" programme aims to improve the ROCE by at least 4 percentage points going forward.

The status of the Group's other KPIs, both financial and non-financial, compared with the year ended 31 March 2008 are as follows:

	6 months to 30 September 2008	12 months to 31 March 2008
Financial KPIs:		
Added value per tonne	£1,855	£1,878
Gross margin	43%	45%

The added value per tonne for the 12 months to 31 March 2008 has been restated at the average exchange rates for the first half of 2008/09

The added value per tonne at constant exchange rates reduced which reflects the impact of higher polymer costs. The higher polymer and energy costs are the main reason for the deterioration in gross margin.

	6 months to 30 September 2008	12 months to 31 March 2008
Non-financial KPIs:		
Electricity usage per tonne (Kwh/T)	1,988	2,005
Water usage per tonne (Ltrs/T)	1,046	1,032
Lost time accident frequency rate	1,797	1,781

Electricity usage continues to fall as energy efficiency initiatives across the Group are starting to have an impact. The water usage per tonne and the lost time accident frequency rate remained at similar levels.

Principal risks and uncertainties

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

The Board regularly considers the principal risks that the Group faces and how to mitigate their potential impact. The key risks to which the Group is exposed have not changed significantly over the past six months of the financial year. Further information concerning the principal risks and uncertainties faced by the Group can be found on pages 12 and 13 of the Group's annual report and accounts for the year ended 31 March 2008.

Dividend

The Board has declared an unchanged interim dividend of 2.9p per share. This will be paid on 27 January 2009 to ordinary shareholders on the register at 30 December 2008.

Board

Jamie Pike replaced Peter Williams as Chairman of the Board at the AGM and is now leading the Strategic Review with the support of the Board. As previously announced, it is intended that by the time of the 2009 AGM the Board will comprise, in addition to the Chairman, three independent Directors and three non-independent Directors.

Prospects

With the benefits of the Strategic Review starting to impact in 2009/10 and the restoration of margins to more acceptable levels now underway, the Board believes that the prospects for the RPC Group are improving. The major short term uncertainty is demand as the European economy goes into recession, but with more than 50% of the Group's products destined for the food market, our ability to withstand a recessionary environment is greater than most.

BY ORDER OF THE BOARD

J R P Pike
Chairman
28 November 2008

R J E Marsh
Chief Executive
28 November 2008

RESPONSIBIILTY STATEMENT

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

We confirm that to the best of our knowledge:

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

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

BY ORDER OF THE BOARD

J R P Pike
Chairman

28 November 2008

R J E Marsh
Chief Executive

28 November 2008

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 which comprises Consolidated income statement, Consolidated balance sheet, Consolidated cash flow, Consolidated statement of recognised income and expense and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the DTR) of the UK's Financial Services Authority (the UK FSA). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

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

28 November 2008

Condensed consolidated income statement

	Note	**6 months to 30 September 2008 (unaudited) £m**	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Revenue	**3**	**381.0**	329.7	695.2
Operating costs		**(376.5)**	(321.3)	(673.9)
Operating profit	**3**	**4.5**	8.4	21.3
Analysed as:				
Operating profit before restructuring and disruption costs and impairment losses		**16.0**	18.7	40.6
Restructuring and disruption costs	**4**	**(9.1)**	(6.8)	(16.2)
Impairment losses	**4**	**(2.4)**	(3.5)	(3.5)
Negative goodwill released to income		**-**	-	0.4
Operating profit		**4.5**	8.4	21.3
Financial income		**1.4**	0.7	0.5
Financial expenses		**(7.6)**	(5.4)	(12.0)
Net financing costs	**5**	**(6.2)**	(4.7)	(11.5)
(Loss)/profit before taxation	**3**	**(1.7)**	3.7	9.8
Taxation	**6**	**(1.4)**	(1.3)	(5.4)
(Loss)/profit for the period attributable to equity shareholders		**(3.1)**	2.4	4.4
Basic (loss)/earnings per ordinary share	**7**	**(3.1)p**	2.4 p	4.4 p
Diluted (loss)/earnings per ordinary share	**7**	**(3.1)p**	2.4 p	4.4 p
Adjusted basic earnings per ordinary share	**7**	**7.2 p**	9.5 p	21.5 p
Adjusted diluted earnings per ordinary share	**7**	**7.2 p**	9.4 p	21.4 p

Condensed consolidated statement of recognised income and expense

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Foreign exchange translation differences	**(0.3)**	3.5	19.6
Effective portion of movement on fair value of interest rate swaps	**0.1**	0.3	(0.4)
Deferred tax liability on above	**-**	(0.1)	0.1
Actuarial (losses)/gains on defined benefit pension plans	**(4.9)**	3.3	7.4
Deferred tax on actuarial losses/gains	**1.3**	(0.5)	(2.6)
Net (expense)/income recognised directly in equity	**(3.8)**	6.5	24.1
(Loss)/profit for the period	**(3.1)**	2.4	4.4
Total recognised income and expense for the period attributable to equity shareholders	**(6.9)**	8.9	28.5

Condensed consolidated balance sheet

	Note	**30 September 2008 (unaudited) £m**	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
Non-current assets				
Goodwill		**20.6**	18.0	22.2
Other intangible assets		**2.9**	2.0	2.8
Property, plant and equipment	**8**	**255.8**	238.0	259.1
Derivative financial instruments		**0.6**	1.3	0.5
Deferred tax assets		**6.0**	6.4	4.7
Total non-current assets		**285.9**	265.7	289.3
Current assets				
Inventories		**105.6**	104.0	110.3
Trade and other receivables		**137.7**	122.3	139.9
Cash and cash equivalents		**21.3**	7.8	31.7
Derivative financial instruments		**0.4**	-	0.3
Total current assets		**265.0**	234.1	282.2
Current liabilities				
Bank loans and overdrafts		**(2.8)**	(6.8)	(3.1)
Trade and other payables		**(155.2)**	(115.7)	(157.7)
Current tax liabilities		**(5.6)**	(4.2)	(6.3)
Employee benefits		**(2.8)**	(2.0)	(1.8)
Provisions		**(0.7)**	(3.8)	(3.6)
Total current liabilities		**(167.1)**	(132.5)	(172.5)
Net current assets		**97.9**	101.6	109.7
Total assets less current liabilities		**383.8**	367.3	399.0
Non-current liabilities				
Bank loans and other borrowings		**(172.5)**	(160.2)	(178.0)
Employee benefits		**(30.2)**	(29.1)	(26.3)
Deferred tax liabilities		**(13.6)**	(15.0)	(13.7)
Derivative financial instruments		**(0.2)**	(0.3)	(1.3)
Total non-current liabilities		**(216.5)**	(204.6)	(219.3)
Net assets		**167.3**	162.7	179.7
Equity				
Called up share capital		**5.0**	4.9	5.0
Share premium		**3.3**	3.1	3.2
Capital redemption reserve		**0.9**	0.9	0.9
Retained earnings		**135.3**	146.4	147.6
Cash flow hedging reserve		**0.5**	0.9	0.4
Cumulative translation differences reserve		**22.3**	6.5	22.6
Total equity attributable to equity shareholders		**167.3**	162.7	179.7

The half-yearly financial report was approved by the Board of Directors on 28 November 2008, is unaudited and was signed on its behalf by:

J R P Pike, Chairman

P R M Vervaat, Finance Director

Condensed consolidated cash flow statement

	Note	**6 months to 30 September 2008 (unaudited) £m**	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Cash flows from operating activities				
(Loss)/profit before tax		**(1.7)**	3.7	9.8
Net financing costs		**6.2**	4.7	11.5
Profit from operations		**4.5**	8.4	21.3
Adjustments for:				
Amortisation and impairment of intangible assets		**1.9**	0.1	0.3
Impairment loss on property, plant and equipment		**0.8**	3.5	3.5
Depreciation		**16.9**	15.1	30.7
Negative goodwill taken to income		**-**	-	(0.4)
Share-based payment expense		**0.3**	0.3	0.7
(Gain)/loss on disposal of property, plant and equipment		**(0.6)**	0.1	(1.6)
Movement in provisions		**(2.9)**	3.9	1.7
Operating cash flows before movement in working capital		**20.9**	31.4	56.2
Movement in working capital		**7.4**	(16.0)	7.3
Cash generated by operations		**28.3**	15.4	63.5
Taxes paid		**(2.5)**	(5.5)	(10.9)
Interest paid		**(6.2)**	(5.2)	(10.6)
Net cash from operating activities		**19.6**	4.7	42.0
Cash flows from investing activities				
Interest received		**0.2**	0.1	0.3
Proceeds on disposal of property, plant and equipment		**0.6**	-	6.3
Acquisition of property, plant and equipment		**(17.4)**	(18.9)	(33.4)
Acquisition of intangible assets		**(0.4)**	(0.6)	(1.3)
Acquisition of subsidiaries		**-**	(1.6)	(5.6)
Net cash flows from investing activities		**(17.0)**	(21.0)	(33.7)
Cash flows from financing activities				
Dividends paid	**9**	**(6.0)**	(5.6)	(8.5)
Proceeds from the issue of share capital		**0.1**	0.4	0.5
Movement in borrowings	**10**	**(7.1)**	16.1	10.2
Payment of finance costs		**-**	(0.1)	(0.1)
Net cash flows from financing activities		**(13.0)**	10.8	2.1
Net (decrease)/increase in cash and cash equivalents		**(10.4)**	(5.5)	10.4
Cash and cash equivalents at beginning of period		**28.6**	12.3	12.3
Effect of foreign exchange rate changes		**0.3**	1.0	5.9
Cash and cash equivalents at end of period		**18.5**	7.8	28.6
Cash and cash equivalents comprise:				
Cash at bank and overdrafts		**18.5**	7.8	28.6

1. General information

The comparative figures for the financial year ended 31 March 2008 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The Group's statutory accounts for the year ended 31 March 2008 are available from the Company's registered office, at Lakeside House, Higham Ferrers, Northants NN10 8RP or from the Group's website, at www.rpc-group.com.

2. Accounting policies

These condensed consolidated half-yearly financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2008.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements for 2008.

Changes in accounting policies

There were no changes to the accounting policies applied in the Group's annual audited financial statements for 2008.

Estimates

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

In preparing these condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 March 2008.

3. Business segments

Primary segments – Geographical

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

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Revenue			
United Kingdom	**102.3**	108.7	218.2
Mainland Europe	**278.7**	221.0	477.0
	381.0	329.7	695.2
Segmental results			
United Kingdom	**(1.4)**	(3.6)	(1.2)
Mainland Europe	**7.7**	12.8	24.3
Other (includes Head Office)	**(1.8)**	(0.8)	(1.8)
Operating profit	**4.5**	8.4	21.3
Net financing costs	**(6.2)**	(4.7)	(11.5)
(Loss)/profit before taxation	**(1.7)**	3.7	9.8
Operating profit before restructuring and disruption costs and impairment losses			
United Kingdom	**1.9**	5.9	13.4
Mainland Europe	**15.0**	13.6	29.0
Other (includes Head Office)	**(0.9)**	(0.8)	(1.8)
	16.0	18.7	40.6

4. Restructuring and disruption costs and impairment losses

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Closure costs	**7.7**	6.8	14.3
Restructuring of operations	**1.4**	-	1.9
	9.1	6.8	16.2
Impairment losses	**2.4**	3.5	3.5

Closure costs in the period relate mainly to the planned closure of the operation at Mozzate in Italy which was announced in August, the remaining closure costs of the UK operation in Hereford and the reorganisation of the Bebo business in Poland. The costs of £6.8m in the half year to 30 September 2007 relate to the closure of UK operations at Hereford, Thornaby and Bristol and the Bebo business in Poland.

Restructuring costs in the period relate to a cost optimisation project across the Bebo cluster which commenced in 2007/08 and Strategic Review costs which relate mainly to professional fees for the strategic review of the business which was announced in June 2008.

The charge for impairment losses on property, plant and equipment and goodwill relate to the closure of the Mozzate operation (£2.2m) and further impairments relating to Hereford and Thornaby.

5. Net financing costs

Financial expenses of £7.6m include a charge of £1.5m under IAS 39 relating to exchange differences on the US dollar bond. For the half year to 30 September 2007 a credit of £0.6m was reported in financial income for the exchange differences on the US dollar bond.

Financial income of £1.4m includes a credit of £1.2m under IAS 39 relating to the mark to market position of foreign currency hedging instruments. For the half year to 30 September 2007 a charge of £0.4m was reported in financial expenses for the mark to market position.

6. Tax

A taxation charge of £1.4m has been made in the half year to 30 September 2008 in respect of the loss before taxation of £1.7m, based on the Group tax charge expected for the full year applied to the pre-tax income of the six month period. The tax charge reflects an effective tax rate of 29.0% on £9.8m profit before tax excluding restructuring and disruption costs and impairment losses and a tax credit at an effective tax rate of 12.1% on the £11.5m restructuring and disruption costs and impairment losses. The relatively low effective tax rate on the exceptional costs is mainly due to some of the costs being disallowed for tax purposes and lower local tax rates.

The Group tax rate excluding restructuring and disruption costs and impairment losses of 29.0% compares with 29.5% for the year ended 31 March 2008 and 32.0% for the half year to 30 September 2007.

7. Earnings per share

Basic

The earnings per share figures have been computed on the basis of the weighted average number of shares in issue during the period which was at the half year ended 30 September 2008: 99,049,128 (half year ended 30 September 2007: 98,821,511 and year ended 31 March 2008: 98,904,009).

Diluted

Diluted earnings per share is the earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. The number of shares used for the fully diluted calculation for the period was at the half year ended 30 September 2008: 99,120,633 (half year ended 30 September 2007: 99,629,531 and year ended 31 March 2008: 99,536,656).

Adjusted

The directors believe that the presentation of an adjusted basic earnings per ordinary share provides a better understanding of the underlying performance of the Group. For this purpose we have excluded the restructuring and disruption costs and impairment losses identified separately on the face of the Condensed consolidated income statement, together with the exchange differences on the US dollar bond and the credit or charge for foreign currency hedging instruments. The tax impact on these adjustments has also been reflected.

A reconciliation from profit after tax as reported in the Condensed consolidated income statement to the adjusted profit after tax is set out below:

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
(Loss)/profit after tax as reported in the Condensed consolidated income statement	**(3.1)**	2.4	4.4
Restructuring and disruption costs and impairment losses	**11.5**	10.3	19.7
Exchange differences on bond	**1.5**	(0.6)	(0.2)
Foreign currency hedging instruments	**(1.2)**	0.4	1.3
Negative goodwill released to income	**-**	-	(0.4)
Tax effect thereon	**(1.5)**	(3.1)	(3.5)
Adjusted profit after tax	**7.2**	9.4	21.3

8. Property, plant and equipment

During the period the Group spent £17.4m on capital expenditure (2007: £18.9m) of which £2.8m is related to a movement of capital creditors resulting in additions to tangible fixed assets of £14.6m. There were no significant disposals. The depreciation charge was £16.9m (2007: £15.1m). The impairment of assets is disclosed in note 4.

9. Dividends

Dividends on ordinary shares:	**6 months to 30 September 2008 (unaudited) £m**	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Final for 2007/08 paid of 6.1p per share	**6.0**	-	-
Interim for 2007/08 paid of 2.9p per share	**-**	-	2.9
Final for 2006/07 paid of 5.7p per share	**-**	5.6	5.6
	6.0	5.6	8.5

The proposed interim dividend for the year ending 31 March 2009 of 2.9p per share will be paid on 27 January 2009 to shareholders on the register at close of business on 30 December 2008. It has not been included as a liability as at 30 September 2008.

10. Bank overdrafts and loans

During the period net loans of £7.1m were repaid under the Group's existing loan facility. The amount undrawn under the Group's facilities at 30 September 2008 amounted to £127.1m.

11. Contingent liabilities

There were no significant changes to the contingent liabilities reported at 31 March 2008 for the Group.

12. Defined benefit schemes

The defined benefit obligation for employee pensions and similar benefits as at 30 September 2008 has been re-measured based on the disclosures as at 31 March 2008, the previous balance sheet date. The results have been adjusted by allowing for updated IAS 19 financial assumptions and rolling forward the liabilities to 30 September 2008 using actual cash flows for the six month period.

The defined benefit plan assets have been updated to reflect their market value as at 30 September 2008. Differences between the actual and expected return on assets, changes in actuarial assumptions and experience gains and losses on liabilities have been recognised in the Condensed consolidated statement of recognised income and expense.

There have been no significant changes to defined benefit obligations during the period other than those described in the Group's accounts for the year ended 31 March 2008.

13. Related party transactions

The Group has a related party relationship with its directors. There are no additional significant related party transactions other than those disclosed in note 25 of the annual report and accounts for the year ended 31 March 2008.

Copies of this half-yearly financial report will be mailed to shareholders on 5 December 2008 and are also available from the Company Secretary, RPC Group Plc, Lakeside House, Higham Ferrers, Northants NN10 8RP.