



30th November 2005

PRESS RELEASE

RPC GROUP PLC

Interim results for the 6 months ended 30th September 2005 Reported under International Financial Reporting Standards (IFRS)

RPC Group Plc (“RPC” or “the Group”), Europe’s leading supplier of rigid plastics packaging, today announces its interim results for the six months ended 30th September 2005 reporting record turnover, profits and earnings per share.

Financial highlights:

- Group turnover increased by 31.7% to £307.8m (2004: £233.8m)
- Reported operating profit increased 14% to £17.4m (2004: £15.2m); excluding restructuring costs operating profits up 20% to £18.3m
- Reported pre-tax profit increased by 8.5% to £13.3m (2004: £12.2m); excluding restructuring costs and derivative finance charge, pre tax profit up 20% to £14.7m
- Reported earnings per share increased by 1% to 9.9p (2004: 9.8p); excluding restructuring costs and derivative finance charges, earnings per share up 12.2% to 11.0p
- Interim dividend of 2.50p (2004: 2.3p) per share up 8.7%

Corporate highlights:

- Good results in a challenging operating environment
- Significant cost increases being recovered
- Good underlying volume growth of 4%
- Integration of Nampak plants proceeding according to plan
- Rexam plants successfully integrated

Commenting on the results, Peter Williams, Chairman said:

“It is once again pleasing to report a record performance for a first half. Sales in the half year exceeded £300m for the first time, an increase of 32% on the first half of 2004/05, reflecting good underlying growth and further progress with the integration of recent acquisitions. Operating profit, reported under IFRS for the first time, was up 20%, before taking into account the restructuring cost.”

Buoyed by a good start to the second half, and despite the uncertainty regarding many of our key input costs, the Board expects to see further progress made for the year as a whole.”

Note:

High resolution images are available for the media to view and download free of charge from www.vismedia.co.uk

For further information:

RPC Group Plc

Ron Marsh, Chief Executive
Chris Sworn, Finance Director

01933 410 064

Merlin Financial

Michael Rummel
Angus Urquhart

020 7653 6620

07879 890 405

07787 504 447

Attached:

Interim Statement
Consolidated Income Statement
Consolidated Balance Sheet
Consolidated Cash Flow Statement
Notes to the Accounts

RPC Group Plc Statement by the Chairman and Chief Executive

RPC achieved a record performance in the first half of 2005/06. Sales in the half year exceeded £300m for the first time, an increase of 32% on the first half of 2004/05, reflecting good underlying growth and the acquisition of the seven sites from Nampak in November 2004. More importantly, operating profit, reported under the new International Financial Reporting Standards (IFRS) for the first time, was 14% up after taking into account the restructuring cost (associated with the closure of Woburn Sands) and, if this is excluded, then it increased by 20% over the same period last year. The profit before tax, profit after tax and earnings per share were also at record levels for the first half of the financial year.

The operating environment in the six months under review was very challenging. With oil prices in excess of \$60, the higher cost of polymer prices at the continuing operations was circa £9m compared to the first half of last year. This had to be passed on to customers at the same time as we alerted them to the necessity of passing on other cost increases, particularly electricity which, in the UK, doubled in price at a stroke on 1 October. Fortunately most of our customers have accepted, albeit reluctantly, that these costs could not be borne by the plastic packaging industry. The effect on our competitors however has in some cases been serious and there is an increasing number of owners now looking for an exit that could present us with some interesting opportunities.

Our underlying operating margin (before restructuring and negative goodwill) has declined from 6.5% to 6.0%. This was in part a consequence of purchasing the seven factories from Nampak in November 2004, at which point they were barely breaking even. The integration of these factories into the RPC Group is, however proceeding according to plan, and the final closure of the Woburn Sands site by October 2006 will have a beneficial effect on margins. The Rexam acquisition has continued to prove earnings enhancing.

Operations

United Kingdom

In the United Kingdom, our Blow Moulding operations have performed well, aided by the Nampak integration. The application of our multi-layer technology in the fruit processing market in Europe and the Far East is expanding rapidly, and no significant business has been lost as a result of the plant rationalisation referred to previously.

Our UK Injection Moulding business has suffered from over-stocking in the Surface Coating supply chain prior to the beginning of our financial year. There has also been intense competition in the pail sector with imports taking an ever larger share of the market. On the other hand our PET jar and bottle business has picked up some worthwhile new contracts.

Our UK businesses in all three processes, including Thermoforming, continue to operate in a highly competitive trading environment.

Investment in more cost effective processes, coupled with cost reduction exercises, notably within the UK Injection Moulding business, should start to show more significant benefits in the second half.

Mainland Europe

Our three Thermoforming businesses on the Mainland had mixed fortunes. The Bebo cluster benefited from expansion in the same oxygen barrier market served by Corby in Blow Moulding, and our substantial German operations were able to exploit the recently acquired (April 2005) pre-print technology for which there seems to be a ready and growing market. The Cobelplast cluster experienced a growth in intra group sales and is developing some higher added-value opportunities in Italy. Our Tedeco-Gizeh disposables business faced aggressive competition but nonetheless brought in some interesting projects which should make a contribution in years to come.

Our Mainland Injection Moulding cluster, trading as Bramlage-Wiko, continues to develop projects which offer considerable promise for the future. Our capacity for the production of Tassimo discs is increasing and at the same time, the quantum of our investment in the project has reduced. This is as a result of a recent agreement with the customer that it will finance all of its own investment in bespoke equipment installed in our factories (in particular, assembly and related equipment). The new factory at Morgantown in Pennsylvania USA to produce Tassimo discs for that continent will be in production early in 2006. Pharmaceutical sales fell during the period as a result of customer de-stocking. Progress was made in building relations with converters outside Europe so that we can offer customers a seamless service on a world-wide basis if they so require.

In Blow Moulding, our Mainland operations, in common with those in the UK, made good progress. This applied to our existing three factories as well as to the four acquired from Nampak. Significant overhead costs were taken out of the ex-Nampak business. New management has been promoted in Germany following the retirement of the previous manager.

Finances

These are the first results that we have presented under IFRS and, as with other companies reporting for the first time in this new format, this has necessitated the restatement of the base figures for prior periods. The principal differences are changes in accounting for goodwill, pensions, deferred tax and dividends.

As a result of writing back to reserves £2.4m of the Nampak 2004/05 provision as at 31 March 2005, as required under IFRS, we have absorbed a restructuring charge to consolidated income for the current half year of £0.96m that stems directly from the closure of Woburn

Sands. Such restructuring costs are to be expected for an acquisitive company as it integrates operations into its structure.

Under IFRS we have also had to take in the first half of 2005/06 a financing cost of £0.48m on account of the fair value movement in a dollar:euro swap put in place in March. This was entered into so that \$30m of the \$40m dollar denominated bonds which we issued in February would be hedged against our euro denominated assets when they are repaid in 2012. This treatment could bring an unwelcome ongoing volatility into our financing charges, despite the fact that the forward exchange rate in 2012 is already fixed. As such, if significant, we will continue to identify the relevant figures separately.

The financing costs in the Income Statement show an increase of £1.1m over the comparative period last year; £0.48m is attributable to the dollar:euro swap. Additionally, as we refinanced our banking facilities in July to take advantage of more attractive margins and to increase our overall headroom, the balance of unamortised arrangement fees from the old facility has been written off; this cost totalled £0.12m in the first half. The underlying increase in financing costs was therefore £0.5m.

Other than the restructuring cost, the impact of the application of IFRS has been a net benefit of £0.20m to our operating profit in the first half in comparison with what it would have been under UK GAAP. This is because there has been no net charge for the amortisation of goodwill and there was a small credit on account of the adoption of IAS 19 'Employee Benefits'.

The Balance Sheet has suffered from the inclusion of the full net deficit on long-term employee benefits (defined benefit pension schemes, early retirement schemes, etc); this was partially offset by the release of all the negative goodwill arising from the purchases of businesses at below their net asset value. There was also an increase in the deferred tax provision primarily as a result of making full provision for the capital gains tax that would be payable if we sold properties that we revalued to their fair values post acquisition.

Net borrowings increased from £105.7m at 31 March to £118.1m at 30 September giving a gearing of 88% compared to 79% at 31 March (70% as previously reported under UK GAAP). The increase in gearing over the six month period was also in part due to the negative impact of higher pension deficits on the shareholders' equity on the one hand, and, on the other, the high level of capital spend (some £7.2m ahead of depreciation), coupled with the spend of £4.2m on Bebo Print. The increase in working capital over the first half was broadly in line with year-on-year growth in the sales turnover of our continuing businesses.

The annualised underlying return on trading capital was 15% for the period against 13% last year.

Dividend

The Board has declared an interim dividend of 2.50p (2004: 2.30p) per share, representing an increase of 8.7%. This will be paid on 27

January 2006 to ordinary shareholders on the register as at 30 December 2005.

Prospects

Buoyed by a good start to the second half, and despite uncertainty regarding many of our key input costs, the Board expects to see further progress for the year as a whole.

JP Williams
Chairman

RJE Marsh
Chief Executive

30 November 2005

Consolidated income statement

	Half year ended 30 September 2005 £'000	Half year ended 30 September 2004 £'000	Year ended 31 March 2005 £'000
Revenue	307,843	233,801	513,284
Operating costs	(290,482)	(218,588)	(481,100)
Operating profit	17,361	15,213	32,184
Analysed as:			
Operating profit before:	18,322	15,213	30,999
Restructuring costs	(961)	-	(4,522)
Negative goodwill	-	-	5,707
Operating profit	17,361	15,213	32,184
Financial income	88	51	190
Financial expenses	(4,140)	(3,003)	(6,857)
Net financing costs	(4,052)	(2,952)	(6,667)
Profit before taxation	13,309	12,261	25,517
Tax	(3,727)	(3,682)	(6,025)
Profit for the period	9,582	8,579	19,492
Attributable to:			
Equity holders of the parent	9,582	8,579	19,492
Basic earnings per ordinary share	9.9p	9.8p	22.2p
Diluted earnings per ordinary share	9.8p	9.7p	22.0p
Dividends			
Dividends paid per ordinary share	4.8p	4.45p	6.75p
Dividends paid	4,656	3,892	5,904
Dividends proposed per ordinary share	2.5p	2.30p	4.8p
Dividends proposed	2,425	2,012	4,656

Consolidated statement of recognised income and expense

Profit for the period	9,582	8,579	19,492
Foreign exchange translation differences	(864)	3,687	3,690
Movement on fair value of interest rate swaps	(564)	-	-
Actuarial gains/(losses) on defined benefit pension plans	(4,076)	1,135	(2,271)
Deferred tax on actuarial gains and losses	1,277	(341)	717
Total recognised income and expense for the period	5,355	13,060	21,628
Attributable to:			
Equity holders of the parent	5,355	13,060	21,628

All turnover and operating profits are derived from continuing activities.

Consolidated balance sheet

	30 September 2005 £'000	30 September 2004 £'000	31 March 2005 £'000
Non-current assets			
Property, plant and equipment	227,385	197,545	226,560
Goodwill	12,964	9,511	8,892
Other intangible assets	664	-	-
Derivative financial instruments	580	-	-
Deferred tax assets	9,007	6,310	7,935
Total non-current assets	250,600	213,366	243,387
Current assets			
Inventories	88,803	69,881	84,107
Trade and other receivables	113,536	89,024	110,776
Cash and cash equivalents	7,523	-	32,815
Total current assets	209,862	158,905	227,698
Current liabilities			
Trade and other payables	(126,123)	(90,640)	(129,323)
Bank loans and overdrafts	(849)	(3,662)	-
Current tax liabilities	(10,406)	(9,623)	(9,870)
Total current liabilities	(137,378)	(103,925)	(139,193)
Net current assets	72,484	54,980	88,505
Total assets less current liabilities	323,084	268,346	331,892
Non-current liabilities			
Bank loans and other borrowings	(124,736)	(112,763)	(138,495)
Long term employee benefits	(43,805)	(33,663)	(40,309)
Long term provisions	(446)	(115)	(675)
Deferred consideration	(1,000)	-	(1,000)
Deferred tax liabilities	(17,376)	(16,990)	(17,470)
Derivative financial instruments	(1,630)	-	-
Total non-current liabilities	(188,993)	(163,531)	(197,949)
Net assets	134,091	104,815	133,943
Equity			
Called up share capital	4,850	4,374	4,835
Share premium account	22,582	115	22,184
Capital redemption reserve	928	928	928
Retained earnings	104,534	95,711	102,306
Other reserves	1,197	3,687	3,690
Total equity attributable to equity shareholders of the parent	134,091	104,815	133,943

The interim report was approved by the Board of Directors on 30 November 2005 and is unaudited and was signed on its behalf:

JP Williams – Chairman

CH Sworn – Finance Director

Consolidated cash flow statement

	Half year ended 30 September 2005 £'000	Half year ended 30 September 2004 £'000	Year ended 31 March 2005 £'000
Cash flows from operating activities			
Profit before tax	13,309	12,261	25,517
Financing costs	4,052	2,952	6,667
Profit from operations	<u>17,361</u>	<u>15,213</u>	<u>32,184</u>
Adjustments for:			
Impairment loss on property, plant and equipment	-	-	925
Depreciation	18,317	15,994	31,523
Amortisation of intangible assets	36	-	-
Negative goodwill	-	-	(5,491)
Share-based payment expense	103	46	91
Gain on disposal of property, plant and equipment	(455)	(70)	(423)
(Decrease)/increase in provisions	(412)	(551)	1,929
Operating cash flows before movements in working capital	<u>34,950</u>	<u>30,632</u>	<u>60,738</u>
Movement in working capital	(8,749)	(10,130)	(7,444)
Cash generated by operations	<u>26,201</u>	<u>20,502</u>	<u>53,294</u>
Taxes paid	(3,059)	(901)	(3,487)
Interest paid	(3,495)	(3,671)	(6,494)
Net cash from operating activities	<u>19,647</u>	<u>15,930</u>	<u>43,313</u>
Cash flows from investing activities			
Interest received	88	51	191
Proceeds on disposal of property, plant and equipment	3,158	171	588
Acquisition of property, plant and equipment	(25,471)	(15,027)	(32,554)
Acquisition of subsidiary	(4,208)	-	(20,022)
Reduction in consideration in respect of earlier acquisition	-	-	658
Net cash flows from investing activities	<u>(26,433)</u>	<u>(14,805)</u>	<u>(51,139)</u>
Cash flows from financing activities			
Dividends paid	(4,656)	(3,892)	(5,904)
Proceeds from the issue of share capital	413	119	22,649
Repayment of borrowings	(13,510)	(2,230)	(22,538)
Proceeds from issue of bond finance	-	-	44,969
Payment of finance costs	(568)	-	(350)
Net cash flows from financing activities	<u>(18,321)</u>	<u>(6,003)</u>	<u>38,826</u>
Net (decrease)/increase in cash and cash equivalents	<u>(25,107)</u>	<u>(4,878)</u>	<u>31,000</u>
Cash and cash equivalents at beginning of period	32,815	1,212	1,212
Effect of foreign exchange rate changes	(185)	405	603
Cash and cash equivalents at end of period	<u>7,523</u>	<u>(3,261)</u>	<u>32,815</u>

Notes to the accounts

1. Principal Accounting Policies

Statement of compliance

In accordance with EU law, the next consolidated annual financial statements of the Group, for the year ending 31 March 2006, will be prepared in accordance with International Financial Reporting Standards ('IFRSs'). As such, the interim statements have been prepared in accordance with IFRSs as adopted by the EU and those expected to be adopted by the EU by 31 March 2006. These are the Group's first IFRS interim statements for part of the period covered by the first IFRS annual financial statements and IFRS 1 'First-time adoption of International Financial Reporting Standards' has been applied, subject to the exceptions set out in the basis of preparation section below. The interim statements do not include all of the information required for full annual financial statements.

Comparative figures

The figures for the year ended 31 March 2005 are not the Company's statutory accounts for that financial year. Those statutory accounts, which were prepared under UK Generally Accepted Accounting Practices ('UK GAAP' or 'previous GAAP') have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The adjustments made by the Company to derive the comparative figures in accordance with IFRS 1 are set out in the appendix to this statement.

Transition to IFRS

As required by IFRS 1, an explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in the appendix. The appendix includes reconciliations of equity and profit or loss for comparative periods reported under UK GAAP to those reported for those periods under IFRS.

Basis of preparation

The interim statements are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value.

The preparation of the interim statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and 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 interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are adopted by the EU and effective (or available for early adoption) at 30 September 2005 or are expected to be adopted and effective (or available for early adoption) at 31 March 2006, the Group's first annual reporting date at which it is required to use accounting standards adopted by the EU. Based on these recognition and measurement requirements the directors have made assumptions about the accounting policies expected to be applied when the first annual financial statements are prepared in accordance with accounting standards adopted by the EU for the year ending 31 March 2006. These are set out below.

In particular, the directors have assumed that IAS 19 'Employee Benefits' (as amended in December 2004) issued by the International Accounting Standards Board will be adopted by the EU such that it will be available for use in the annual IFRS financial statements for the year ending 31 March 2006.

In addition, the accounting standards adopted by the EU that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2006.

The accounting policies set out below have been applied consistently to all periods presented in these interim statements, subject to the exemptions permitted by IFRS 1 as outlined in the appendix.

No adjustments have been made for changes in estimates made at the time of approval of the last UK GAAP financial statements on which the IFRS comparative information is based.

Basis of consolidation

The consolidation includes the financial statements of the Company and its subsidiary undertakings. Where subsidiaries are acquired during the period, the results are included in the Group accounts from the date of control. Intra-group sales and profits are eliminated fully on consolidation.

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.

Foreign Currencies

Trading transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities are translated into Sterling at the rate of exchange on the date of the Balance Sheet.

Monetary 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.

Differences on exchange arising from the retranslation of the opening net assets, effective portion of the foreign currency borrowings used in a net investment hedge, tax attributable to foreign exchange movements on these borrowings and the translation of the results of those companies at the average rate are taken to the translation reserve and are reported in the Statement of Recognised Income and Expense.

All other foreign exchange differences are taken to the Income Statement in the year in which they arise.

Derivative financial instruments up to 31 March 2005

Borrowings are stated at the nominal value less arrangement fees. Arrangement fees are written off to the Profit and Loss Account over the life of the borrowing.

Interest receipts and payments are accrued so as to match the income with the related financial expense including interest rate swaps. No interest is recognised in respect of future periods.

Derivative financial instruments after 1 April 2005

Derivative financial instruments are measured initially at cost then at fair value at subsequent reporting dates and include interest rate swaps, cross currency swaps and forward foreign exchange contracts.

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 in the consolidated 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 consolidated 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, with any ineffective portion recognised in the consolidated Income Statement. When hedged cash flows result 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 consolidated Income Statement in the same period in which the hedged cash flows affect the consolidated Income Statement.

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

Turnover

Turnover, which excludes value added tax and trade discount, represents the invoiced value of goods supplied. Revenue is recognised in the Income Statement when goods are supplied to external customers against orders received.

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 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

a) 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 credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the consolidated Statement of Recognised Income and Expense in the period in which they occur.

Payments to defined contribution schemes are charged to the Income Statement when they fall due.

b) 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 receives 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 estimated based on historical experience and any agreed cap on the number of participants.

c) 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 a tangible fixed asset 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 life of the lease.

Research and development expenditure

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

Where the expenditure meets the criteria for capitalisation set out in IAS 38 'Intangible Assets', development costs are capitalised and amortised over their useful economic lives. The intangible assets are assessed for indication of impairment annually.

Goodwill

Goodwill has been recognised on acquisitions of subsidiaries and represents the excess of the cost of acquisition 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 annually for impairment. Any impairment is recognised immediately as an expense and cannot then be subsequently reversed.

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. The classification and accounting treatment of business combinations that occurred prior to 1 April 2004 have not been reconsidered in preparing the Group's opening IFRS Balance Sheet at 1 April 2004 (see appendix).

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 consolidated 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
Computer software	4-5 years

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 its tangible and intangible assets with definite useful lives 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 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.

Share-Based Payments

The Group operates employee savings related share option schemes and executive share option schemes. As permitted by IFRS 1, 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 estimates of the number of options that are expected to become exercisable and the charge to the Income Statement is adjusted accordingly.

2. Segment Reporting

Primary segment – Geographical

The Group operates in two principal geographic regions – 'United Kingdom' and 'Mainland Europe'.

The geographical analyses by origin of turnover and operating profit are as follows:-

	Half year ended 30 September 2005 £'000	Half year ended 30 September 2004 £'000	Year ended 31 March 2005 £'000
Turnover			
United Kingdom	105,583	76,633	172,756
Mainland Europe	202,260	157,168	340,528
	307,843	233,801	513,284
Segmental results			
United Kingdom	4,271	4,310	7,559
Mainland Europe	14,051	10,903	23,440
Operating profit before:	18,322	15,213	30,999
Restructuring costs	(961)	-	(4,522)
Negative goodwill	-	-	5,707
Operating profit	17,361	15,213	32,184

3. Operating Profit

The operating profit is stated after charging £18,317,000 (2004: £15,994,000) depreciation and £36,000 (2004: £nil) amortisation of intangible assets.

In the year to 31 March 2005, under UK GAAP, an exceptional item of £6,922,000 was charged to the Profit and Loss Account for the costs relating to the closure of Woburn Sands in the UK: this operation was acquired in November 2004 from Nampak. Under IFRS, £2,400,000 of this, relating to losses to be incurred during the closure period, but after 1 April 2005, has been reversed and will be charged to operating profit as incurred. Under IFRS, the charge in the year to 31 March 2005 is therefore reduced to £4,522,000.

£961,000 of trading losses relating to the closure of Woburn Sands has been incurred in the interim period to 30 September 2005.

4. Finance Costs

The finance costs of £4,052,000 include a charge of £475,000 under IAS 39 relating to the mark to market position of foreign currency hedging instruments. The finance costs under UK GAAP were £3,577,000.

5. 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 (half year ended 30 September 2005: 96,869,662; half year ended 30 September 2004: 87,440,568 and year ended 31 March 2005: 87,653,742).

The adjusted EPS is 10.8 pence (2004: 10.2 pence), calculated to exclude the restructuring costs and the impact of other IFRS related items net of the tax thereon.

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: the half year ended 30 September 2005: 98,000,198, the half year ended 30 September 2004: 88,327,218 and the year ended 31 March 2005: 88,619,083.

6. Analysis of Net Debt

	At 1 April 2005 £'000	Cash flow £'000	Non cash changes £'000	Exchange movement £'000	At 30 September 2005 £'000
Cash at bank/(overdrafts)	32,815	(25,107)	-	(185)	7,523
Bank loans less than 1 year	-	(849)	-	-	(849)
Bank loans greater than 1 year	(93,152)	14,359	349	229	(78,215)
Other loans greater than 1 year	(45,343)	-	-	(1,178)	(46,521)
Total	(105,680)	(11,597)	349	(1,134)	(118,062)

Copies of this interim report will be mailed to shareholders on 30 November 2005 and are also available from the Secretary, RPC Group Plc, Lakeside House, Higham Ferrers, Northants NN10 8RP.

Appendix

Explanation of transition to IFRS

The rules for the first time adoption of IFRS are set out in IFRS 1 'First-time adoption of International Financial Reporting Standards'. In general a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its balance sheet, at the date of transition, under IFRS. The standard allows a number of exceptions to this general principle to assist companies in the transition period. The 2004 comparative information has, as permitted by IFRS 1, been prepared taking advantage of the following transitional exemptions:

- Business combinations prior to 1 April 2004 have not been restated onto an IFRS basis.
- The Group has elected to apply IFRS 2 'Share-based Payments' only to share options granted after 7 November 2002 that had not vested by 1 January 2005.
- The Group has reset the cumulative translation differences for all foreign operations to nil as at 1 April 2004.
- The Group has elected to adopt IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' from 1 April 2005.
- The Group has applied the amendment to IAS 19 and has elected to recognise in full all actuarial gains and losses at 1 April 2004 (date of transition).

The reconciliations of equity at 1 April 2004 (date of transition to IFRS) and at 31 March 2005 (date of last UK GAAP financial statements) and the reconciliation of profit for the year ended 31 March 2005 are required under IFRS in the year of transition.

In addition to the above reconciliations, the reconciliation of equity at 30 September 2004 and the reconciliation of profit for the six months ended 30 September 2004 have been included to enable a comparison of the 2005 interim figures with the corresponding period of the previous financial year.

No adjustments have been made for changes in estimates made at the time of approval of the last UK GAAP financial statements on which the IFRS comparative information is based.

Reconciliation of equity at 1 April 2004 (date of transition to IFRS)

	Previously Reported Under UK GAAP £'000	Goodwill IFRS 3 £'000	Employee Benefits IAS 19 £'000	Deferred Tax IAS 12 £'000	Dividends IAS 10 £'000	Hindsight Adjustment £'000	Restated Under IFRS £'000
Non-current assets							
Property, plant and equipment	196,400	-	-	-	-	(581)	195,819
Goodwill	6,644	2,614	-	-	-	-	9,258
Deferred tax assets	-	-	6,820	-	-	-	6,820
Total non-current assets	203,044	2,614	6,820	-	-	(581)	211,897
Current assets							
Inventories	64,127	-	-	-	-	(100)	64,027
Trade and other receivables	88,494	-	(5,022)	-	-	-	83,472
Cash and cash equivalents	1,212	-	-	-	-	-	1,212
Total current assets	153,833	-	(5,022)	-	-	(100)	148,711
Current liabilities							
Trade and other payables	(97,556)	-	1,125	-	3,889	(535)	(93,077)
Bank loans and overdrafts	(402)	-	-	-	-	-	(402)
Current tax liabilities	(7,422)	-	-	-	-	-	(7,422)
Total current liabilities	(105,380)	-	1,125	-	3,889	(535)	(100,901)
Net current assets	48,453	-	(3,897)	-	3,889	(635)	47,810
Total assets less current liabilities	251,497	2,614	2,923	-	3,889	(1,216)	259,707
Non-current liabilities							
Bank loans and other borrowings	(113,046)	-	-	-	-	-	(113,046)
Long term employee benefits	(11,650)	-	(22,572)	-	-	-	(34,222)
Long term provisions	(220)	-	-	-	-	-	(220)
Deferred tax liabilities	(8,263)	(192)	793	(9,210)	-	132	(16,740)
Total non-current liabilities	(133,179)	(192)	(21,779)	(9,210)	-	132	(164,228)
Net assets	118,318	2,422	(18,856)	(9,210)	3,889	(1,084)	95,479
Equity							
Called up share capital	4,370	-	-	-	-	-	4,370
Share premium account	-	-	-	-	-	-	-
Capital redemption reserve	928	-	-	-	-	-	928
Retained earnings	113,020	2,422	(18,856)	(9,210)	3,889	(1,084)	90,181
Total equity attributable to equity shareholders of the parent	118,318	2,422	(18,856)	(9,210)	3,889	(1,084)	95,479

Reconciliation of equity at 30 September 2004

	Previously Reported Under UK GAAP £'000	Goodwill IFRS 3 £'000	Employee Benefits IAS 19 £'000	Deferred Tax IAS 12 £'000	Dividends IAS 10 £'000	Movement In Reserves £'000	Hindsight Adjustment £'000	Restated Under IFRS £'000
Non-current assets								
Property, plant and equipment	198,025	-	-	-	-	-	(480)	197,545
Goodwill	6,771	2,740	-	-	-	-	-	9,511
Deferred tax assets	-	-	6,310	-	-	-	-	6,310
Total non-current assets	204,796	2,740	6,310	-	-	-	(480)	213,366
Current assets								
Inventories	69,981	-	-	-	-	-	(100)	69,881
Trade and other receivables	94,046	-	(5,022)	-	-	-	-	89,024
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total current assets	164,027	-	(5,022)	-	-	-	(100)	158,905
Current liabilities								
Trade and other payables	(93,616)	-	1,496	-	2,015	-	(535)	(90,640)
Bank loans and overdrafts	(3,662)	-	-	-	-	-	-	(3,662)
Current tax liabilities	(9,791)	-	168	-	-	-	-	(9,623)
Total current liabilities	(107,069)	-	1,664	-	2,015	-	(535)	(103,925)
Net current assets	56,958	-	(3,358)	-	2,015	-	(635)	54,980
Total assets less current liabilities	261,754	2,740	2,952	-	2,015	-	(1,115)	268,346
Non-current liabilities								
Bank loans and other borrowings	(112,763)	-	-	-	-	-	-	(112,763)
Long term employee benefits	(11,360)	-	(22,303)	-	-	-	-	(33,663)
Long term provisions	(115)	-	-	-	-	-	-	(115)
Deferred tax liabilities	(8,513)	(192)	793	(9,210)	-	-	132	(16,990)
Total non-current liabilities	(132,751)	(192)	(21,510)	(9,210)	-	-	132	(163,531)
Net assets	129,003	2,548	(18,558)	(9,210)	2,015	-	(983)	104,815
Equity								
Called up share capital	4,374	-	-	-	-	-	-	4,374
Share premium account	115	-	-	-	-	-	-	115
Capital redemption reserve	928	-	-	-	-	-	-	928
Retained earnings	123,586	2,486	(18,495)	(9,210)	2,015	(3,688)	(983)	95,711
Other reserves	-	62	(63)	-	-	3,688	-	3,687
Total equity attributable to equity shareholders of the parent	129,003	2,548	(18,558)	(9,210)	2,015	-	(983)	104,815

Reconciliation of equity at 31 March 2005 (date of last UK GAAP financial statements)

	Previously Reported Under UK GAAP £'000	Goodwill IFRS 3 £'000	Employee Benefits IAS 19 £'000	Deferred Tax IAS 12 £'000	Dividends IAS 10/ Other £'000	Hindsight Adjustment £'000	Restated Under IFRS £'000
Non-current assets							
Property, plant and equipment	226,608	-	-	-	-	(48)	226,560
Goodwill	(1,930)	8,120	-	2,702	-	-	8,892
Deferred tax assets	-	-	7,743	-	-	192	7,935
Total non-current assets	224,678	8,120	7,743	2,702	-	144	243,387
Current assets							
Inventories	84,107	-	-	-	-	-	84,107
Trade and other receivables	116,110	-	(5,243)	-	-	(91)	110,776
Cash and cash equivalents	32,815	-	-	-	-	-	32,815
Total current assets	233,032	-	(5,243)	-	-	(91)	227,698
Current liabilities							
Trade and other payables	(135,056)	-	1,702	-	4,642	(611)	(129,323)
Bank loans and overdrafts	-	-	-	-	-	-	-
Current tax liabilities	(9,870)	-	-	-	-	-	(9,870)
Total current liabilities	(144,926)	-	1,702	-	4,642	(611)	(139,193)
Net current assets	88,106	-	(3,541)	-	4,642	(702)	88,505
Total assets less current liabilities	312,784	8,120	4,202	2,702	4,642	(558)	331,892
Non-current liabilities							
Bank loans and other borrowings	(138,495)	-	-	-	-	-	(138,495)
Long term employee benefits	(12,403)	-	(25,984)	-	(1,922)	-	(40,309)
Long term provisions	(4,997)	-	-	-	4,322	-	(675)
Deferred consideration	(1,000)	-	-	-	-	-	(1,000)
Deferred tax liabilities	(5,817)	(192)	914	(12,055)	(320)	-	(17,470)
Total non-current liabilities	(162,712)	(192)	(25,070)	(12,055)	2,080	-	(197,949)
Net assets	150,072	7,928	(20,868)	(9,353)	6,722	(558)	133,943
Equity							
Called up share capital	4,835	-	-	-	-	-	4,835
Share premium account	22,184	-	-	-	-	-	22,184
Capital redemption reserve	928	-	-	-	-	-	928
Retained earnings	122,125	7,867	(20,795)	(9,353)	3,020	(558)	102,306
Other reserves	-	61	(73)	-	3,702	-	3,690
Total equity attributable to equity shareholders of the parent	150,072	7,928	(20,868)	(9,353)	6,722	(558)	133,943

Reconciliation of equity at 1 April 2005 for the adoption of IAS 39

	At 31 March 2005 £'000	Financial Instruments IAS 39 £'000	At 1 April 2005 £'000
Current and non-current assets	471,085	-	471,085
Current liabilities	(139,193)	-	(139,193)
Fair value of interest rate swaps	-	(1,066)	(1,066)
Total current liabilities	(139,193)	(1,066)	(140,259)
Total assets less current liabilities	331,892	(1,066)	330,826
Non-current liabilities	(197,949)	-	(197,949)
Net assets	133,943	(1,066)	132,877
Equity	133,943	(1,066)	132,877

Reconciliation of profit for the six months ended 30 September 2004

	Previously Reported Under UK GAAP £'000	Goodwill IFRS 3 £'000	Employee Benefits IAS 19 £'000	Share-based Payments IFRS 2 £'000	Restated Under IFRS £'000
Revenue	233,801	-	-	-	233,801
Operating costs	(218,498)	165	(209)	(46)	(218,588)
Operating profit	15,303	165	(209)	(46)	15,213
Finance costs	(2,952)	-	-	-	(2,952)
Profit before taxation	12,351	165	(209)	(46)	12,261
Tax	(3,458)	-	(224)	-	(3,682)
Profit for the period	8,893	165	(433)	(46)	8,579

Reconciliation of profit for the year ended 31 March 2005

	Previously Reported Under UK GAAP £'000	Goodwill IFRS 3 £'000	Employee Benefits IAS 19 £'000	Share-based Payments IFRS 2 £'000	Deferred Tax IAS 12 £'000	Other £'000	Restated Under IFRS £'000
Revenue	513,284	-	-	-	-	-	513,284
Operating costs	(481,816)	5,707	(378)	(91)	-	(4,522)	(481,100)
Operating profit	31,468	5,707	(378)	(91)	-	(4,522)	32,184
Loss on terminations	(6,922)	-	-	-	-	6,922	-
Finance costs	(6,667)	-	-	-	-	-	(6,667)
Profit before taxation	17,879	5,707	(378)	(91)	-	2,400	25,517
Tax	(5,819)	-	257	-	(143)	(320)	(6,025)
Profit for the period	12,060	5,707	(121)	(91)	(143)	2,080	19,492

Notes to the reconciliations of equity and profit

Goodwill

Under UK GAAP, goodwill was amortised over its useful economic life, not exceeding 20 years. As at 1 April 2004, under IFRS 3 'Business Combinations' goodwill is not amortised but tested annually for impairment. Accordingly, the goodwill amortisation charge for the year ended 31 March 2005 of £480,000 has been reversed. All goodwill has been tested for impairment at 1 April 2004 and at 31 March 2005 and no impairments have been identified. Negative goodwill arising on acquisition is recognised directly in the consolidated Income Statement in the year of acquisition.

Employee benefits

Under UK GAAP, the Group applied the provisions of SSAP 24 'Accounting for Pension Costs' and the disclosures required by FRS 17 'Retirement Benefits' were given in the notes to the financial statements.

The scope of IAS 19 'Employee Benefits' is significantly wider than SSAP 24 and FRS 17 in that it covers accounting for a broad range of employee benefits in addition to pension costs. Under IAS 19 deficits arising on the Group's defined benefit pension schemes are included as a liability on the consolidated Balance Sheet. The recognition and measurement of other long-term employee benefits differ from UK GAAP. The tax adjustments reflect the deferred tax asset arising on long-term employee benefit liabilities.

The Group has assumed that IAS 19, as amended in December 2004, will be adopted by the EU and will be available for use in the Group's annual financial statements for the year ending 31 March 2006. Consequently, the Group has chosen to recognise actuarial gains and losses arising on defined benefit pension obligations in full in the consolidated Statement of Recognised Income and Expense in the period in which they occur. Under SSAP 24 the deficit was recognised in the Profit and Loss Account over a number of years.

The value of the defined benefit pension scheme deficits recorded in the Balance Sheet is affected by changes in the fair value of investments for funded schemes and the present value of liabilities. Changes in the discount rates derived from high-quality corporate bond yields, actuarial assumptions relating to salary and pension increases and mortality rates and changes in the benefits provided have an impact on the present value of liabilities. Changes in the discount rate also affect the value of liabilities for other long-term employee benefits.

For defined benefit pension schemes, the current service cost, the expected return on scheme assets and expected interest on liabilities under IAS 19 replace the SSAP 24 regular cost charged to the Income Statement.

Deferred tax

Under UK GAAP, deferred tax is provided on timing differences between the Income Statement and the tax computation, whilst IFRS has a wider scope and requires deferred tax to be provided on all temporary differences between the carrying value of an asset and its tax base. In accordance with IAS 12 'Income Taxes', additional deferred tax has been provided on temporary differences relating to property, plant and equipment acquired on business combinations at fair values different from their tax cost bases and gains arising on the sale of assets where the gain has been rolled over into replacement assets.

Equity dividends

The practice under UK GAAP was to account for dividends proposed relating to any given accounting period. IAS 10 'Events after the Balance Sheet Date' requires that a dividend is not provided until it has been approved, which is usually after the accounting period to which it relates. Consequently, this adjustment removes the creditor for proposed dividends at each restated balance sheet date.

Other adjustments

Under UK GAAP, no expense was recognised in the Income Statement for share options. Under IFRS 2 'Share-based Payments' an expense is recognised for all equity settled share options granted after 7 November 2002 that have not vested before 1 January 2005 based on the fair value of the options at the date of grant calculated using an appropriate option pricing model. The expense, included in operating costs, is £103,000 for the half year ended 30 September 2005 (2004: £46,000) and £91,000 for the year ended 31 March 2005.

In the year to 31 March 2005, under UK GAAP, an exceptional item of £6,922,000 was charged to the Profit and Loss Account for the costs relating to the closure of Woburn Sands in the UK: this operation was acquired in November 2004 from Nampak. Under IFRS, £2,400,000 of this, relating to losses to be incurred during the closure period, but after 1st April 2005, has been reversed and will be charged to operating profit as incurred. Under IFRS, the charge in the year to 31 March 2005 is therefore reduced to £4,522,000.

Foreign exchange reserve

Under UK GAAP, foreign exchange differences arising from the retranslation of foreign operations were recognised directly in retained earnings on consolidation. IAS 21 'The Effects of Changes in Foreign Exchange Rates' requires that such differences arising after 1 April 2004 be recorded as a separate component of equity until disposal of the foreign operation. As a first time adopter, cumulative translation differences arising prior to 1 April 2004 are deemed to be zero.

Under IFRS, cumulative translation differences arising after 1 April 2004 are classified within a separate reserve.

Hindsight adjustments

This adjustment does not arise on transition to IFRS, but is in respect of the reappraisal of fair values post acquisition. Under IFRS hindsight adjustments are accounted for as prior year adjustments in the year of acquisition. The Rexam fair value hindsight adjustment previously reported in the 2004/5 accounts is therefore restated in the 31 March 2004 Balance Sheet and the Nampak fair value hindsight adjustment in the 31 March 2005 Balance Sheet.

Explanation of material adjustments to the cash flow statement for 2004/5

There are no material differences between the cash flow statements presented under IFRSs and the cash flow statements presented under UK GAAP.