RPC
GROUP PLC

Bringing Packaging to Life

Annual Report and Accounts 2014

Who we are

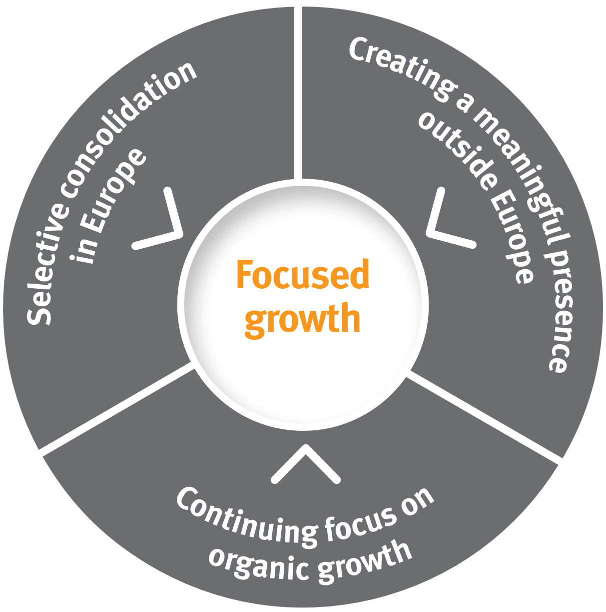
RPC is a leading supplier of rigid plastic packaging. The Group has over 55 operations in 19 countries and employs more than 11,100 people.

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

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

Our strategic vision

RPC announced its Vision 2020 strategy in the year which provides a platform for growth as the Group enters a new stage in its development.



For more information about our business please visit
www.rpc-group.com
@rpc_group

Scan this code with one of the many available QR reader apps on your smartphone to access our website:

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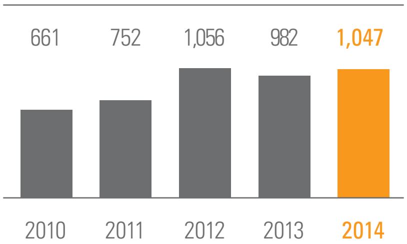
Highlights

- Revenues up 7% to £1,047m (2013: £982m) reflecting good underlying organic growth and a 3% increase due to recent acquisitions
- Adjusted operating profit reached £101.3m (2013: £91.6m)
- Adjusted basic EPS at 41.1p (2013: 36.9p)
- Net cash flow from operating activities at £105.0m (2013: £85.5m)
- RONOA improved to 24.5% (2013: 22.6%)
- The Vision 2020 Focused Growth strategy is gaining momentum with good organic growth and the acquisitions of M&H Plastics and Helioplast in the financial year 2013/14. The recent acquisition of Ace this year provides the Group with a high quality platform for growth in Asia
- The business optimisation programme Fitter for the Future is progressing well with the timing of some of the benefits accelerated
- Final dividend of 11.0p recommended giving a total year dividend of 15.5p (2013: 14.9p)

At a glance

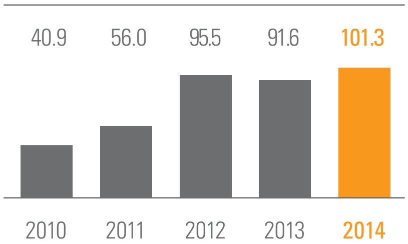
Revenue £m

£1,047m 7% ▲



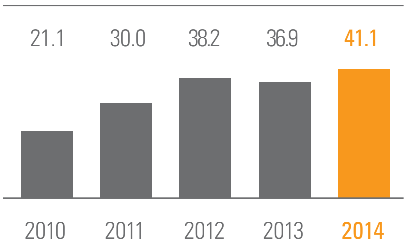
Adjusted operating profit £m

£101.3m 11% ▲



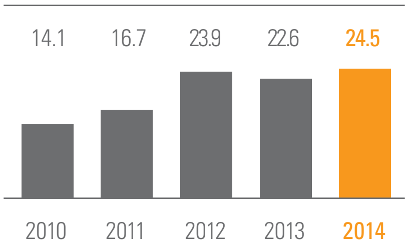
Adjusted basic EPS p

41.1p 11% ▲



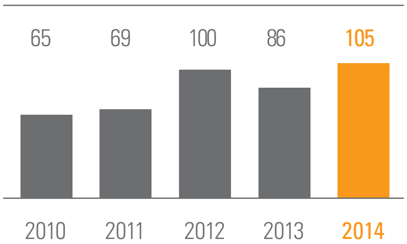
RONOA %

24.5% 1.9% ▲



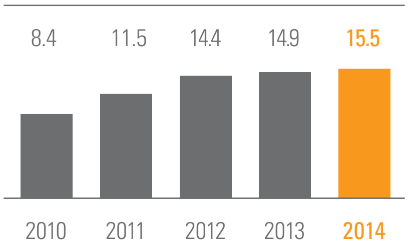
Net cash from operating activities £m

£105m 23% ▲



Dividend per share p

15.5p 4% ▲



Definitions:

For continuing operations; comparatives restated to exclude discontinued operations and adjusted for the adoption of IAS 19 (Revised 2011).

Adjusted operating profit and margin are for continuing operations and before restructuring, impairment charges and other exceptional items, amortisation of acquired intangibles and pension administration expenses.

Adjusted earnings per share is adjusted operating profit for continuing operations after interest and tax adjustments but excluding pension interest costs divided by the weighted average number of shares in issue during the year.

Adjusted in 2013/14 for depreciation reduction of £3.7m for change in accounting estimate.

View from the Chairman

I am pleased to be able to report that the Group has made significant progress in delivering against its strategic objectives during the year.

J R P Pike
Chairman

Overview of the Year

Sales for continuing businesses grew to £1,047m (2013: £982m) and adjusted operating profit[1] reached £101.3m (2013: £91.6m) with the subdued economic environment beginning to show some signs of recovery in the second half of the year. Contributing to this improvement were the impact of two acquisitions made in December, M&H Plastics and Helioplast, which are being successfully integrated into the Group, as well as the benefits of the restructuring activities relating to Fitter for the Future, the final phase of the European asset base optimisation programme. Adjusted earnings per share[2] was 41.1p (2013: 36.9p) and net cash from operating activities was £105.0m (2013: £85.5m).

Strategy and Performance

The Group announced its Vision 2020: Focused Growth strategy in November 2013, which builds on RPC's strong market positions, leading innovation capabilities and the success of its investments in recent years. There are three core elements to Vision 2020, which are:

1. continuing our focused organic growth strategy in selected areas of the packaging markets;
2. the selective consolidation in the still fragmented European packaging market through targeted acquisitions; and
3. creating a meaningful presence outside Europe.

During the formulation of Vision 2020 the Group also identified a number of further opportunities to optimise its existing asset base resulting in the final phase of the Fitter for the Future business optimisation programme. This included the decision to sell the Cobelplast and Offenburg businesses. Alongside the targeted focused growth strategy, the Group established de minimis (through the cycle) levels for RONOA of 20% and return on sales of 8%. The expectation is that the ROCE for the group of businesses prior to the recent acquisitions will continue to achieve a return of 20% through the cycle.

Good progress has been made during the year in implementing all of these work streams, including the achievement of the financial KPI targets. Organic growth was strong, with sales revenues for continuing operations excluding the impact of acquisitions 4% higher than the previous year. Selective consolidation in Europe was achieved through the acquisitions of M&H Plastics in the UK and Helioplast in Bosnia-Herzegovina, and the acquisition of the M&H business in the USA, the expansion of the Group's existing facilities in Morgantown, PA (USA) and the recent acquisition of Ace Corporation Holdings in China, have together significantly increased RPC's presence outside Europe.

The Fitter for the Future programme is proceeding well, with three sites closed, three surplus properties sold, and three non-core businesses put up for sale of which the disposables trading business at Offenburg was sold in May 2014.

Board

Ron Marsh, the former Chief Executive, retired as a director on 10 July 2013, having transferred his executive responsibilities to Pim Vervaat on 1 May 2013. At the same time Simon Kesterton became Group Finance Director, having been appointed to the Board on 1 April 2013. I am pleased to welcome Lynn Drummond and Godwin Wong who have been appointed as non-executive directors with effect from 16 July 2014. Both of these appointments will enhance the breadth of expertise and experience of the Board.

Governance

The Board continues to focus on ensuring that the UK Corporate Governance Code's principles of leadership and board effectiveness are applied. Corporate governance continues to evolve and emerging practice has remained a regular subject for discussion at the Board. We seek to run our businesses in a responsible way, recognising that good corporate governance supports the long-term health of the Group. The new appointments to the Board, whilst bringing new skills and experience to constructively challenge and support the executive team, increase the Board's cultural and gender diversity. With the appointment of Lynn Drummond, 25% of the Board will be women.

The Group is able to provide many opportunities for individuals to make their own contribution to the business. On behalf of the Board I would like to thank all employees for their outstanding efforts, often in challenging circumstances. They have enabled the Group to deliver another robust financial performance for its shareholders, and I look forward to their continued contribution in achieving our strategy for the Group.

Dividend

In line with the progressive dividend policy, the Board is recommending a final dividend of 11.0p per share making a total for the year of 15.5p (2013: 14.9p). This will be the 21st successive year of dividend progression since RPC's flotation.

Subject to approval at the forthcoming AGM, the final dividend will be paid on 5 September 2014 to shareholders on the register on 8 August 2014.

J R P Pike
Chairman
09 June 2014

1 Adjusted operating profit is defined as operating profit for continuing operations before restructuring, closure and impairment charges and other exceptional items, amortisation of acquired intangibles and pension administration expenses.

2 Adjusted earnings per share is defined as adjusted operating profit for continuing operations after interest and tax adjustments but excluding pension interest costs divided by the weighted average number of shares in issue during the year.

We will benefit from our extensive product range

Bringing Packaging to Life

Kitchen
RPC's expertise in food packaging is well established, combining design skills and a wide choice of materials and technologies to create the ideal packaging solution, tailored to precise requirements and delivering effective protection, maximum convenience and premium branding.

We are market leaders in barrier packaging solutions to give products extended ambient shelf-life.

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

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

Our packs provide attractiveness to maximise brand image and on-shelf impact along with functionality and user-friendliness to ensure that their appeal is never diminished.

DIY
In the DIY sector, RPC's design and manufacture capabilities in paint packaging and DIY containers are unmatched. Our containers are practical, safe and easy to use, while our design skills and decoration options help to maximise on-shelf appeal.

Healthcare
In the personal care and pharmaceutical markets, RPC's renowned design skills and specialist manufacturing techniques create packs that combine convenience and ease of use with essential safety features – for both standard containers and bespoke designs – to ensure complete consumer confidence.

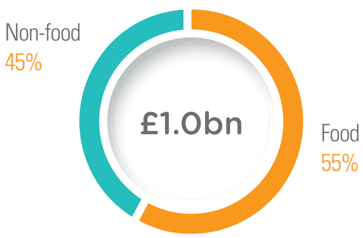
Workshop
RPC produces sturdy, durable, practical and user-friendly packaging, vital for consumers with a job to do, with design and decoration options which create the required brand image and on-shelf appeal. We offer a huge range of standard containers and create bespoke packs to meet customers precise brand and marketing requirements.

Foodservice

Quality, convenience and style are the essential elements for packaging in markets that also demand totally hygienic and safe products to meet many government and industrial regulations. Market knowledge and technical expertise characterise RPC's leadership in the foodservice sector, with a wide choice of packaging solutions and disposable products that satisfy the many different needs of the busy catering environment.

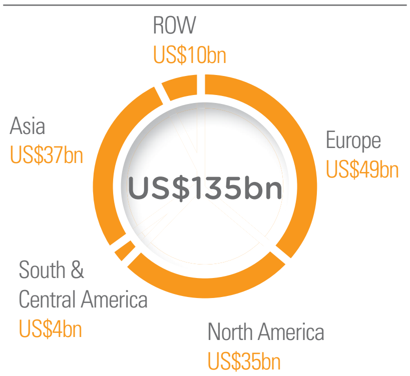
RPC sales 2013/14
£bn

£1.0bn 7% ▲



2013 global rigid plastic packaging market US$bn

US$135bn



Source: Smithers Pira, 2013

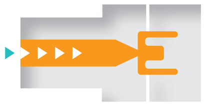
Being uniquely positioned...

RPC uses the three main polymer conversion processes that are applied in the manufacture of rigid plastics allowing RPC to offer the widest range of plastic packaging solutions to its customers.

The processes employed are injection moulding, thermoforming and blow moulding, each technology producing different product characteristics that are suitable for specific packaging applications. Operations in RPC are structured along market and technological lines into clusters which are aligned to these three conversion processes.

Injection Moulding

- Complex designs
- High level decoration
- High added value

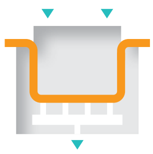


Injection Moulding is used to produce packaging requiring complex design, rigidity and a high level of decoration and is generally used in the manufacture of higher value added plastic packaging products across all of the Group's end markets.

The RPC injection moulding clusters comprise Superfos, Bramlage-Wiko, UKIM and from June 2014, Ace.

Thermoforming

- High volume
- Low cost
- Barrier applications

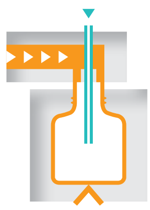


Thermoforming produces high volume, cost efficient packaging and barrier applications mainly for the food industry and products include trays and pots for ready meals, salads, fruit, snacks and functional foods, coffee capsules and vending cups.

The RPC thermoforming clusters comprise Bebo and Cobelplast.

Blow Moulding

- Re-closable
- Narrow neck
- Pourable



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

These operations are managed by the Blow Moulding cluster.

...allows us to take advantage of market opportunities

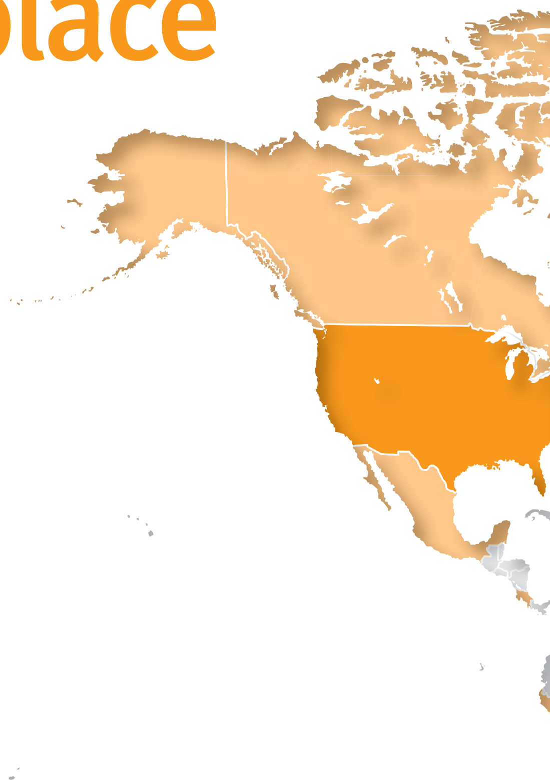
Market sectors

Category	Mass market products	Personal care and cosmetics	Single serve beverage systems	Barrier products	Pharmaceutical & Healthcare
					
Group sales 2013/14	£666m	£170m	£112m	£44m	£41m
Products	Generally standard product ranges (pails, pots, bottles, jars, tubs and lids) for food and non-food markets	Multi-part packaging including dispensing systems as well as standard product ranges	Coffee capsules and single serve systems for other beverages	Multi-layer oxygen barrier packaging for long shelf life food packaging	Inhalers, dose counters and other medical devices in addition to containers and closures for 'OTC' and prescription medicines
Global market growth rate	GDP*	≈ 5%**	≈ 20%***	GDP+**	≈ 6%**

* Management expectations
** Source: Smithers Pira, 2013
*** Source: Euromonitor

Continue to expand and grow our marketplace

With over 55 operations in 19 countries, mainly within Europe but also in the USA and now China, the Group's broad geographic footprint allows it to operate close to its customers and provide them with multi-plant security of supply.



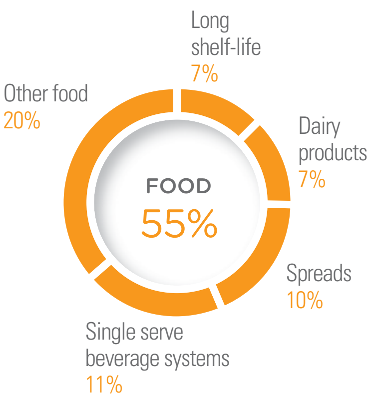
Markets we serve

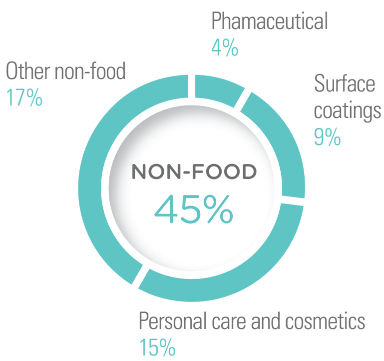
RPC operates in the rigid plastic packaging market which has the highest growth rates in the global packaging industry. RPC manages its business mix to focus on plastic packaging end markets which exhibit both stability and growth. With 55% of RPC's revenue coming from the relatively stable food sector, a strong focus on non-cyclical end markets such as pharmaceuticals, and the development of a number of higher value added and higher growth niches such as barrier foods and coffee capsules, the Group is able to achieve strong and stable returns for its stakeholders from its investments in these markets.

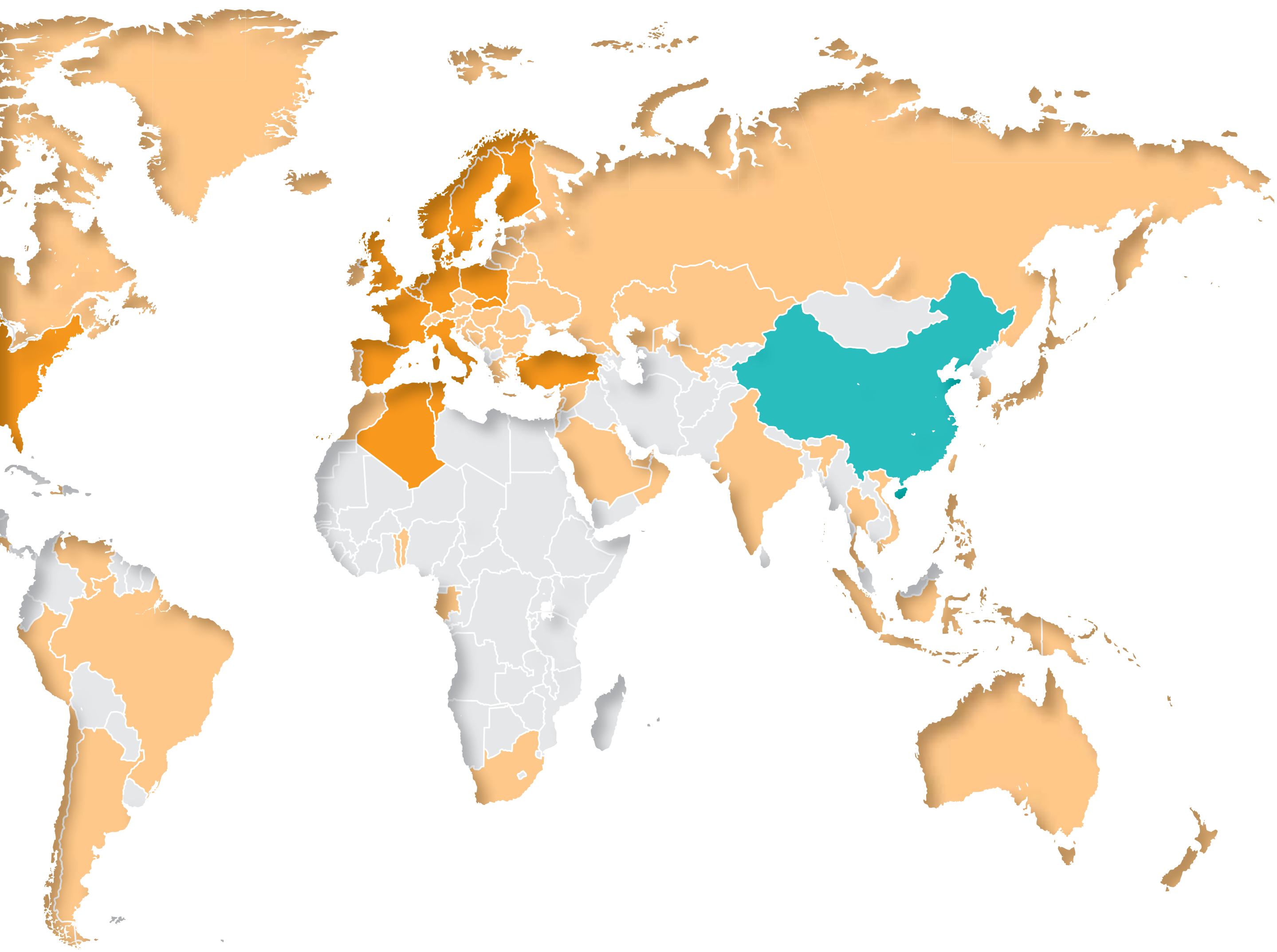
Growth drivers

The global packaging industry is predicted to grow by US$177bn between 2013 and 2018 to reach over US$1,000bn. Rigid plastic is forecast to be the fastest growing packaging material.

- Demand in both industrial and emerging economies is driving technological developments and enhanced value adding opportunities for more sophisticated packaging with functional and barrier properties, as well as enhanced decoration.
- In emerging economies, growing urbanisation, investment in housing and construction and increasing disposable incomes are driving demand for consumer products and the packaging of these goods.
- Corresponding growth in healthcare, the demand for convenience foods and the need for packaging to maximise shelf-life for perishable products is driving the consumption of rigid plastic as well as other forms of consumer goods packaging.
- Particularly robust growth in the demand for cosmetics, toiletries and household & personal care products is stimulating consumption of rigid plastic packaging. Suppliers are developing profitable niche applications in Western markets as well as in the faster-growing markets in Asia, Central and eastern Europe and South America.







• Where we manufacture • Where we sell • Our recent acquisition, Ace

Acquisition in China

The Group has recently acquired (on 2 June 2014) Ace, a China based and Hong Kong headquartered award-winning manufacturer of complex plastic injection moulded components and injection moulding tools for the packaging, lifestyle, medical, power and automotive end markets. Operating from five factories in China and with an annual turnover of around £104m, this is the Group's first major acquisition outside Europe. It will provide a strong platform to support RPC's international customer base with high quality packaging of European standards in China, as well as the benefit from the high and sustained growth of this profitable niche manufacturer of injection moulded parts and moulds.

- Platform to create a meaningful presence in Asia
- RPC will enhance Ace's attractive standalone growth strategy

Creating a meaningful presence outside Europe.

Locations

5 Plants throughout mainland China

Number of employees

3,300

Acquisitions in the year

Selective consolidation in Europe and creating a meaningful presence outside Europe.

The latest arrivals into the RPC Group; M&H Plastics and Helioplast, underline the Group's commitment to continue to strengthen its business in its particular areas of expertise and to expand its global footprint in order to be able to deliver a localised service to its growing worldwide customer base.

M&H Plastics

M&H is a major supplier of added-value packs for the personal care, healthcare and selected food sectors. The company offers an exceptionally wide range of personal care standard designs, using both injection moulding and blow moulding technologies. This is supported by a bespoke design service, high quality decoration capabilities and an extensive in-house tool library. M&H supplies customers throughout the UK, mainland Europe and the USA as well as further afield. As an independent business within the RPC Bramlage cluster, M&H will enhance RPC's comprehensive personal care product offering. Along with its main manufacturing site in Beccles in the UK, M&H is enjoying a growing presence in the US through its operation in Winchester, Virginia, and this will contribute to a stronger platform for RPC in this important market.

Helioplast

Helioplast is based in Bosnia-Herzegovina and operates from a new state-of-the-art manufacturing facility. It is a leading supplier of injection moulded rigid plastic packaging to the food industry and its wide range of designs is supported by an in-house tool shop and further enhanced by the company's expertise in in-mould labelling for high quality decoration.

Helioplast joins the RPC Superfos cluster to extend its geographical reach to Helioplast's long-established customers in Bosnia-Herzegovina and Croatia and it's recently established a presence throughout the Balkan and wider south eastern European regions. This will also allow the introduction of Superfos' industrial product range into the market while extending Helioplast's food product range.

Awards

RPC develops innovative products in conjunction with its clients to meet both their and consumers' requirements.

A string of awards during 2013/14 underlined RPC's pre-eminent position in the packaging industry.

SuperLock®

- Norwegian Design Council 2014 Award – Award for Design Excellence

Westland Even-Flo Container

- Starpack Industry Awards 2013 – Award of Excellence for Pack/Product Integration category
- UK Packaging Awards 2013 – Rigid Plastic Pack of the year

Barts Spoonkler™

- Starpack Industry Awards 2013 – Award of Excellence for Structural Design
- UK Packaging Awards 2013 – best rebrand and packaging design award

Artemis Jar

- Horners Bottlemakers Awards 2013 – highly commended award

Bornholms' seafood

- Scanstar 2013 – unique customised polypropylene oxygen barrier packaging
- WorldStar 2013/14
- Coop Green Idea Prize

Our strategy – Vision 2020...

Vision 2020 is gaining momentum with good organic growth, the acquisitions of M&H Plastics and Helioplast in the financial year 2013/14 and the recent acquisition of Ace.

Focused on growth

Vision 2020: Focused Growth strategy

In November 2013 the Group announced its Vision 2020: Focused Growth strategy, designed to build on RPC's strong market positions, leading innovation capabilities and the success of its investments in recent years. There are three core elements to Vision 2020, which are:

1. continuing our focused organic growth strategy in selected areas of the packaging markets;
2. selective consolidation in the still fragmented European packaging market through targeted acquisitions; and
3. creating a meaningful presence outside Europe.

Alongside the targeted Focused Growth strategy, the Group established de minimis (through the cycle) key financial targets:

RONOA	Return on sales
at least 20%	at least 8%
through the cycle (de minimis)	through the cycle (de minimis)

Strategic Action

1. Continued focused organic growth

The Group's strategy is to achieve further growth in the selected markets it operates in by continuing to invest in product and process innovation, particularly in sectors for higher added value products and in developing technologies which generate growth by accelerating the ongoing conversion of other packaging types to plastic.

2. Selective consolidation in Europe

There are value accretive acquisition opportunities in Europe which will further enhance the growth in profitability of the Group. The focus will be on acquisitions which either complement the existing businesses by extending product ranges within existing market niches and provide access to new geographical markets, or provide opportunities to participate in new rigid plastic packaging products and markets within Europe where enhanced returns can be achieved.

3. Creating a meaningful presence outside of Europe

Further opportunities to increase value to shareholders exist through accessing new markets outside of Europe, where growth rates in demand for consumer packaging are higher and RPC can leverage its innovation capabilities to gain a competitive advantage over incumbent packaging suppliers.

...Driven forward by our highly experienced Executive team

Pim Vervaat
Chief Executive

Simon Kesterton
Group Finance Director

Frank Doorenbosch
Business Improvement

Darin Evans
Group Purchasing

Tom Saunderson
Corporate Development

Total experience in plastic packaging

213 years

René Valentin
Superfos Cluster Manager

Alfons Böckmann
Bramlage-Wiko Cluster Manager

Bruce Margetts
UKIM Cluster Manager

Thomas Wahlmeyer
Bebo Cluster Manager

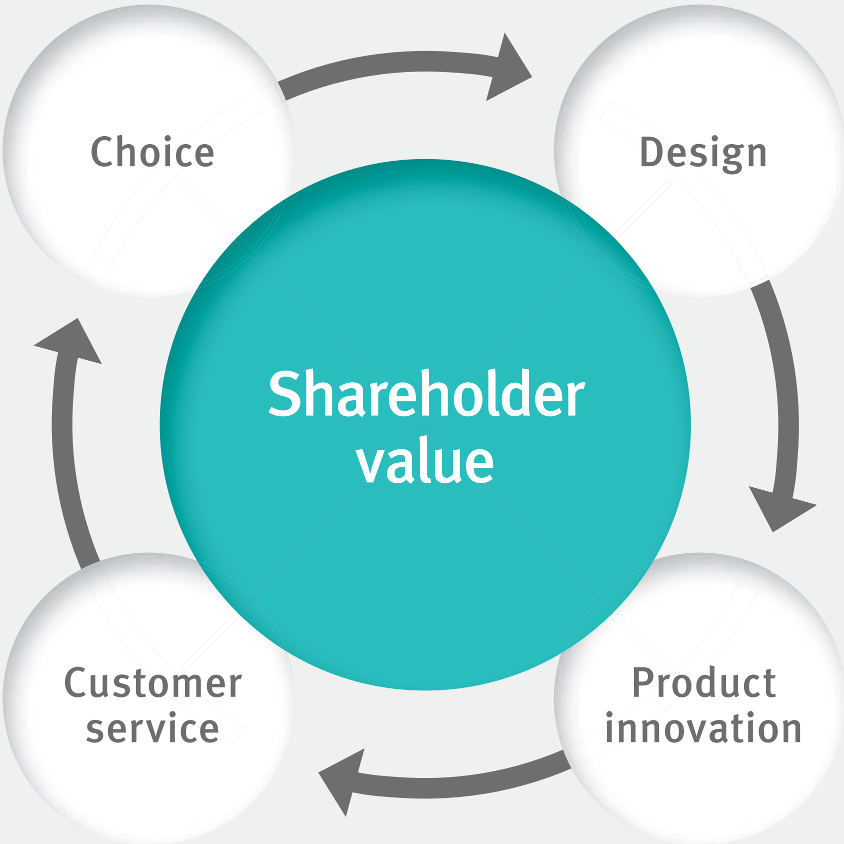
Alistair Herd
Blow Moulding Cluster Manager

Jack Yeung
Ace Cluster Manager
(from 2 June 2014)

Rationale	Progress to date
Rigid plastic packaging market is forecast to grow by 5.5% globally in the next five years with 2.7% growth in Europe. RPC can leverage its strong market positions, scale and geographical reach, innovation capabilities, extensive product range and operational excellence.	The Group was able to achieve further growth by continuing to invest in product and process innovation, particularly in sectors for higher added value products and in developing technologies which generate growth by accelerating the ongoing conversion of other packaging types to plastic. Sales grew in the year by 4% excluding the impact of acquisitions, with overall activity levels higher than in the previous year and with proportionately higher levels of sales made in personal care, pharmaceuticals, single serve beverage systems and high barrier foods, all of which enhance profitability. The Group invested the majority of its £70m capital expenditure in the year on growth projects which will contribute to the future profitability of the existing businesses.
Plastic packaging, whilst concentrated in selective niches, remains a largely fragmented market. There are relatively few large rigid plastic packaging converters in Europe and opportunities to consolidate the market and leverage from the Group's existing competitive advantages will accelerate growth.	The Group made two acquisitions in the year, which consolidate and strengthen its market positions in Europe and extend its presence in the USA. Maynard & Harris Group (M&H Plastics), with an annual turnover of circa £80m and over 700 employees, operates in the Group's core geographic and product markets and complements the Group's existing market positions very well. Pre-tax purchasing synergies of at least £1m are expected to be realised in 2014/15 with additional synergies to be achieved going forward. Helioplast, based in Bosnia-Herzegovina, and generating circa £7m of annual sales, is a leading supplier of injection moulded rigid plastic packaging within consumer food segments. It extends the Group's geographic reach into the south eastern European region whilst providing a modern, high quality manufacturing base.
Rigid plastic packaging is forecast to grow by 6.5% outside of Europe whilst 94% of RPC's sales are currently in Europe.	The Group commenced an investment programme of US$9m during the year in expanding its facility at Morgantown, PA, USA and the acquisition of M&H Plastics brought with it a manufacturing facility in Winchester, VA, USA. Together these sites have created a stronger platform for the Group to grow in the USA, with total enlarged Group US turnover of circa US$85m p.a. In June 2014 the Group completed the acquisition of Ace, a China based and Hong Kong headquartered award-winning manufacturer of complex plastic injection moulded components and injection moulding tools for the packaging, lifestyle, medical, power and automotive end markets. Operating from five factories in China and with turnover of around £104m, this provides a platform for growth in Asia The acquisition of Ace provides a high quality platform for growth in Asia.

Our business model

Our business model is centred around creating significant shareholder value by satisfying our customers' needs. We achieve this through excellence in choice, design, product innovation and customer service.



Creating significant Shareholder Value

1 Choice

- We have expertise across all three conversion processes, offering unparalleled choice in both standard and customised products. Therefore we can provide the widest range of rigid plastic packaging solutions to our customers.

2 Design

- Where possible we offer a one-stop-shop approach to design that achieves product requirements across brand image, functionality and packaging performance.
- Our extensive facilities, including tool and mould making, mean that we can provide customers with a complete service from initial concept to finished pack, thereby reducing the packaging development lead time, places us in a strong position.

3 Product innovation

- We create and grow markets for rigid plastic packaging through technical innovation, supported by the continuing substitution of glass and metal for plastic packaging alternatives.
- We are a leader in plastic packaging innovation, developing technically advanced production processes to enhance the functionality and economy of our products and the efficiency of our operations, for the benefit of our customers, shareholders and the environment.

4 Customer service

- We operate through an autonomous but connected business structure that meets the diverse needs of global and local customers across a wide geographical area. With more than 55 operations spanning 19 countries, we have close proximity to our customers and access to a wide range of markets.
- We develop long and mutually dependent relationships with our customers by providing excellent quality and service.

Case study

RPC is a specialist in the design and manufacture of inhalation systems to treat illnesses such as chronic obstructive pulmonary disease (COPD) and asthma. We work closely with individual customers to create bespoke solutions, meeting their precise specifications.

Our wide range of inhalers can handle many different drug types, both blister- and capsule-based, offering accurate dosing, ease of use and reliable operation.

Our technical expertise and advanced manufacturing processes create the mouthpieces for Pressurised Metered Dose Inhalers (PMDIs) – tailored to the requirements of each product – that ensure precise delivery of the drugs. Our innovative Dose Counter and Dose Indicator enable patients to accurately and reliably track the number of doses taken from their inhalers.

An extensive choice of standard pharmaceutical and healthcare containers have also contributed to RPC's strong position in the market with in-house design expertise ensuring that packs combine easy opening with effective child-resistance. Recent innovations have included our unique postal pack to meet growing demand for internet shopping.

How this links to our strategy

Core to our strategic delivery is our continuing focus on organic growth and gaining entry into new, profitable and high growth markets.

- Increasing our added value offering through innovation
- Following our customers globally
- Supporting customer growth through operational excellence
- Growth through the ongoing substitution of glass and metal for plastic
- Developing niche positions through continued investment
- Continued growth in North America and gaining further exposure to the BRIC countries

Our key performance indicators

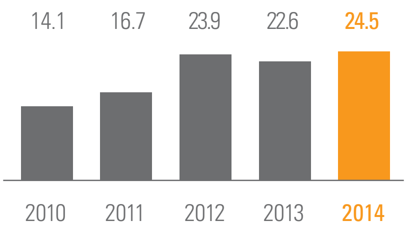
Financial

RONOA %

S

24.5%

1.9% ▲



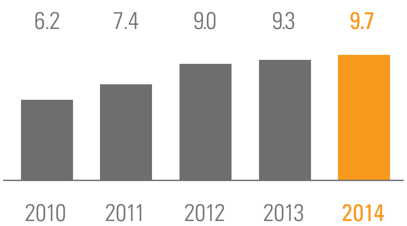
RONOA
Return on net operating assets (RONOA) which is measured over the previous 12 months and normalised for the effect of acquisitions is adjusted operating profit for continuing operations divided by the average of opening and closing property, plant and equipment and working capital for continuing operations for the year concerned.

Return on sales %

S

9.7%

0.4% ▲



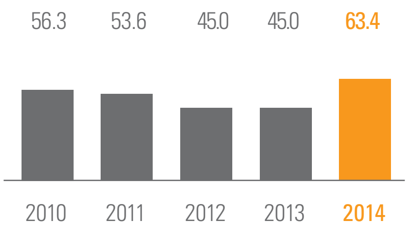
Return on sales
Return on sales is adjusted operating profit divided by sales revenue for continuing operations.

Free cash flow £m

R

£63.4m

41% ▲



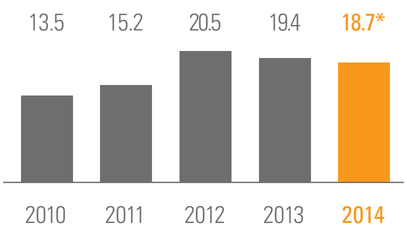
Free cash flow
Free cash flow is cash generated from continuing operations less net capital expenditure, net interest and tax, adjusted to exclude exceptional cash flows and one-off pension deficit reduction payments.

ROCE %

R

18.7%

0.7% ▼



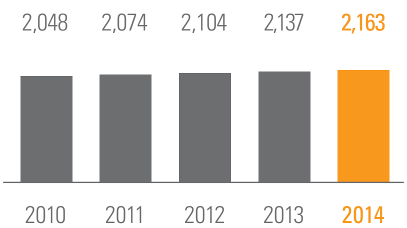
* 20.2% excluding 2013/14 acquisitions

ROCE
Return on capital employed (ROCE), which is measured over the previous 12 months, and normalised for the effect of acquisitions is adjusted operating profit for continuing operations divided by the average of opening and closing shareholders' equity, after adjusting for net retirement benefit obligations, assets and liabilities held for sale and net borrowings for the year concerned.

Added value per tonne £

£2,163

1% ▲

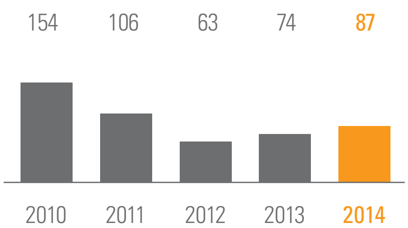


Added value per tonne
Added value per tonne is the difference between production sales value per tonne produced and the cost of polymer per tonne produced for continuing operations. The comparative numbers have been restated using 2013/14 exchange rates.

Cash conversion %

87%

13% ▲

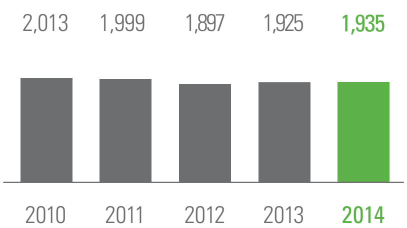


Cash conversion
Cash conversion is the ratio of cash generated from operations less net capital expenditure excluding exceptional cash flows and one-off pension deficit reduction payments, to adjusted operating profit.

Non-financial

Electricity usage per tonne
KWH/T

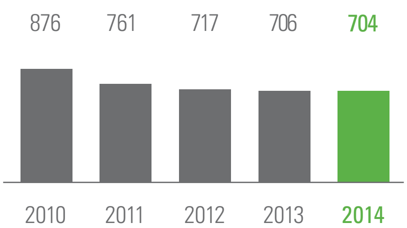
1,935 1% ▲



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

Water usage per tonne
L/T

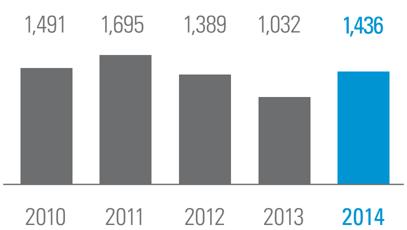
704 0% ◀



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

Reportable accident frequency rate

1,436 39% ▲



Reportable accident frequency rate
Reportable accident frequency rate is defined as the number of accidents resulting in more than three days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, multiplied by the constant 100,000.

S Linkage to Strategy
(see pages 12-13)

These are the financial metrics used to measure the success of Vision 2020: Focused Growth strategy.

R Linkage to remuneration
(see pages 49-62)

Incentives for the Group executives and other senior managers include these financial metrics.

Principal risks

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

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

Area of risk	Description of risk	Mitigation
Polymer price and availability	Polymer resin, which is the key raw material used in the manufacture of rigid plastic packaging, represented 40% of the operating costs of the business in 2013/14. Polymer prices have risen consistently in recent years and are subject to volatility as they tend to follow the underlying price of oil as well as being impacted by changes in global supply and demand. In addition some sources of polymer supply are affected by plant breakdowns and unscheduled maintenance which can result in shortages.	The Group is able to pass on the majority of polymer price increases to its customers through agreed contractual terms, providing an effective hedge against polymer price increases albeit with a time lag. The Group has also reduced its dependence on individual suppliers by adapting its manufacturing sites to convert a wider range of polymer grades, to mitigate against supply disruption.
Dependence on key customers	The Group has long established relationships with a number of key customers, with the top 10 accounting for over 29% of sales in 2013/14. The loss of any one of these customers could adversely affect the Group's results in the short-term.	There is a high degree of mutual dependency between RPC and its customers and because of the Group's size, product range, geographical reach and the joint investment often required to develop a product, many customers have difficulty in moving their business to an alternative supplier in the short term. In addition customer retention is strengthened by the Group remaining responsive to customer demands, by delivering high quality products, excellent customer service and developing innovative packaging solutions that can provide new sales opportunities for our customers.
Pricing and competitive pressures	The market for rigid plastic packaging, although fragmented, has become increasingly competitive, particularly where there has been consolidation or overcapacity in the market, exacerbated by the economic recession. An increasing focus on pricing by customers puts pressure on margins and may lead to lost business where customers have the capability to switch volumes to other suppliers.	The Group differentiates itself from its competitors by establishing long-term relationships with its customers through bespoke product development and through investing in new and innovative capabilities across a wide range of conversion technologies. In addition the Group has improved its competitive position in the challenging economic environment of the last few years by focusing on cost reduction, improving productivity and operational efficiencies most recently through its Fitter for the Future business optimisation programme.
Economic environment and cyclical patterns in the rigid plastic packaging market	The continued impact of the recessionary economic environment in the UK and the Eurozone, to which 89% of the Group's sales are made, has resulted in reduced demand for some of our businesses. Other factors, such as changes in consumer preferences and packaging trends, also impact on demand.	The Group operates in a number of different markets (product, geographical, end customer) or niches within the rigid plastic packaging market, which serves to dilute the effect of adversity of any one particular sector. The Group actively monitors the economic environment and patterns of demand, the impact this has on its businesses and responds by incremental and structural changes to its operations.

Change in risk since the 2013 Annual Report

Area of risk	Description of risk	Mitigation
Business interruption and the loss of essential supplies	Businesses face the potential risk of operations being affected by disruption due to loss of supply, failures with technology, industrial disputes and physical damage arising from fire, flood or other catastrophe. The loss of essential services or supplies could have a significant impact on the Group's ability to service its customers.	The Group ensures that alternative sources of supply are available where possible, and where a problem is localised in many cases it is possible to manufacture or supply the product from another site within the Group. In addition all businesses have established protocols and procedures to ensure business continuity in the event of a major incident.
Supply of faulty or contaminated products	The Group's reputation as a business partner relies heavily on its ability to supply quality products on time and in full and the supply of faulty or contaminated products could have serious consequences.	The Group employs strict control measures and externally accredited systems to ensure the safety and quality of products that are manufactured. The Group also has appropriate insurance in place to cover product liability.
Safeguarding physical property and our employees	The risk of fire represents a significant physical risk to the Group and the impact of a major catastrophe of this nature could be considerable. The health and safety of our employees is the number one priority at all of our sites.	Business sites have sprinkler and/or smoke detection systems in place together with other preventive measures. Health and safety audits are regularly performed, in conjunction with internal and external specialists, to drive sites to best practice.
Funding and financial risks	Risks relate to the cost and availability of funding for the Group's businesses, movements in interest rates and foreign currency exchange rates. The Group has a translation exposure to the euro, as over 63% of the Group's earnings and net assets are reported in this currency.	The Group's treasury activities are governed by policies and procedures approved and monitored by the Board. The Group negotiates funding requirements in a timely manner ensuring appropriate headroom and funding tenure is obtained to mitigate availability risk. The Group borrows at both fixed and floating rates to give a degree of stability to the interest rate charged each year. The Group's balance sheet translation exposure to the euro is hedged by ensuring that borrowings in euros are matched to the Group's net assets in euros, and any significant transactional exposures in foreign currency are managed using approved financial derivatives.
Energy costs	The Group uses significant amounts of electricity in the manufacturing process. The price of electricity is subject to volatility and is a significant cost of manufacture for the business.	The Group has an energy purchasing strategy which ensures that a proportion of electricity purchased is at fixed rates, and the business is focused on reducing the electricity consumed per tonne of polymer converted through manufacturing efficiency improvements and the use of technical advances in equipment and processes. The Group also participates in a Climate Change Agreement, through the British Plastics Federation, which sets out energy reduction targets.

Operating review

"The Group delivered a strong performance in an economic environment which remained subdued for most of the year, before seeing a slight improvement in the second half. I am very pleased with the progress we achieved in the implementation of our Vision 2020 strategy, providing the Group with further platforms for profitable growth in the USA, Asia and south east Europe. The financial year 2014/15 has started in line with management's expectations."

P R M Vervaat
Chief Executive

Group Overview

RPC is a leading supplier of rigid plastic packaging with operations in 19 countries. The business, which at the end of the financial year comprised 49 manufacturing sites and six separate distribution and sales centres, converts polymer granules into finished packaging product by a combination of moulding and assembly processes. It is currently organised around the three main conversion processes used within the Group, each site being managed within one of six clusters which are defined along technological and market lines.

With effect from 2 June 2014, the date on which the Group acquired Ace Corporation Holdings, a new cluster was formed, Ace, which will be reported within the Injection Moulding business segment from 2014/15.

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

Implementation of Vision 2020: Focused Growth Strategy

The Vision 2020 strategy focuses on achieving profitable growth through organic initiatives, selectively consolidating the European market through targeted acquisitions and establishing a meaningful presence outside Europe, whilst keeping (through the economic cycle) the RONOA for the Group above 20% and the return on sales above 8%. The Group made significant progress during the year in implementing this strategy.

Continued focused organic growth

The Group was able to achieve further growth in the selected markets it operates in by continuing to invest in product and process innovation, particularly in sectors for higher added value products and in developing technologies which generate growth by accelerating the ongoing conversion of other packaging types to plastic. Sales grew in the year by 4% excluding the impact of acquisitions, with overall activity levels higher than in the previous year but with proportionately higher levels of sales made in personal care, pharmaceuticals, single serve beverage systems and high barrier foods, all of which enhance profitability. The Group invested the majority of its £70m capital expenditure in the year on growth projects which will contribute to the future profitability of the existing businesses.

Selective consolidation in Europe

The Group made two acquisitions in the year which consolidate and strengthen its market positions in Europe.

Maynard & Harris Group (M&H Plastics), with an annual turnover of circa £80m and over 700 employees, is a well-established and highly respected business operating in the Group's core geographic and product markets and complements the Group's existing market positions very well. With its principal manufacturing site in Beccles, UK, it operates as an independent business within RPC's Bramlage cluster and enhances the Group's leading personal care product offering in the UK, mainland Europe and the USA. It extends the Group's product ranges to include flexible tubes and an industry-leading range of personal care packaging for short production runs as well as over-the-counter healthcare container designs. Pre-tax purchasing synergies of at least £1m are expected to be realised in 2014/15 with additional commercial and working capital synergies to be achieved going forward.

Conversion process	Cluster	Markets
Injection Moulding	Superfos	Food, soups & sauces, margarine & spreads, paints, DIY products
	Bramlage-Wiko	Personal care, pharmaceuticals, cosmetics, food, coffee capsules
	UKIM	Food, soups & sauces, margarine & spreads, paints, DIY products, promotional products, pharmaceuticals
Thermoforming	Bebo	Margarine & spreads, fresh, frozen and long shelf-life foods, coffee capsules, dairy market, disposable products, vending & drinking cups
	Cobelplast	Phone cards, long shelf-life foods and sheet for form-fill-seal lines
Blow Moulding	Blow Moulding	Personal care, lubricants, agrochemicals, food & drink, long shelf-life foods

See pages 6-7

Helioplast, based in Bosnia-Herzegovina, and generating circa £7m of annual sales, is a leading supplier of injection moulded rigid plastic packaging within consumer food segments, serving the Balkans and the wider south eastern European region. It employs around 80 people and forms part of the Superfos cluster, extending the cluster's geographic reach into the Balkan region whilst providing a modern, high quality manufacturing base to support its own sales growth into south eastern Europe.

Creating a meaningful presence outside of Europe

The Group commenced an investment programme of US$9m during the year in expanding its facility at Morgantown, PA, USA to accommodate additional capacity for the growth in spreads and single-serve beverage systems and provide in-house manufacturing capability for Superfos to grow business in North America. In addition the acquisition of M&H Plastics brought with it a manufacturing facility in Winchester, VA, USA, which is growing and being developed to replicate the M&H business model in the UK. Together these sites have created a stronger platform for the Group to grow in the USA, with total enlarged Group USA turnover of circa US$85m p.a.

On 2 June 2014 the Group completed the acquisition of Ace Corporation Holdings, a China based and Hong Kong headquartered award-winning manufacturer of complex plastic injection moulded components and injection moulding tools for the packaging, lifestyle, medical, power and automotive end markets. Operating from five factories in China and with an annual turnover of around £104m, this is the Group's first major acquisition outside Europe. It provides a strong platform to support RPC's international customer base with high quality packaging of European standards in China, as well as the benefit from the high and sustained growth of this profitable niche manufacturer of injection moulded parts and moulds.

Fitter for the Future

Fitter for the Future is a business improvement programme, which is centred on rationalising RPC's European manufacturing footprint, optimising its existing business portfolio and realising value for the Group by disposing of its non-core businesses and redundant properties. Phase one of the programme was launched in 2012; it has now entered its final phase and should be largely complete by the end of 2015. Activities under the three main work streams are:

Rationalise manufacturing footprint: this includes the closure of sites at Antwerp and Beuningen with transfer of business to more efficient sites as part of a pan-European restructuring of the

2014 Revenue £m

£1,047m

2013: £982m

Higher added value sales

33% of revenue

Operating review (continued)

injection moulding and thermoforming spreads businesses, the closure of the Troyes site as part of the consolidation of the French dairy business and the closure of Tenhult, with its business merged into the nearby Mullsjö plant.

Optimise existing business portfolio: this includes a cost reduction and product rationalisation programme in the UK paint containers business, a strategic review of the blow moulding businesses including a strategic refocus of its Spanish operations, optimising the manufacturing footprint of the personal care business in Europe and other site specific cost efficiency programmes.

Divesting non-core businesses and properties: this comprises the planned sale of the Cobelplast sheet businesses (Lokeren and Montonate) and the disposables trading business at Offenburg, and the disposal of surplus properties from previous restructurings at Raunds, Runcorn, Goor and more recently Beuningen.

The programme is progressing well and is ahead of plan, with the site at Antwerp closed early in the year, the Beuningen site now vacated and the Troyes site, which was affected by a flood in May 2013 and identified for closure as a consequence, ceasing production in March 2014 earlier than anticipated. Work commenced at Mullsjö to expand its production facility preceding the site closure at Tenhult in 2014/15. Under the existing business optimisation work stream, restructuring activities, including redundancies, took place at Oakham (UKIM) and Envases, San Roque, Kutenholz and UKSC (Blow Moulding). The Cobelplast businesses at Lokeren and Montonate were put up for sale, with the sales process well advanced by the year end. The Offenburg business was sold in May 2014 and three of the surplus properties (Goor, Raunds and Runcorn) were sold in the financial year, with the property at Beuningen now marketed and available for sale.

The total investment in this programme, which includes non-cash impairments, is expected to be around £70m, of which £58m has been incurred to date. The programme is expected to deliver steady state annual cost savings of £17m by the end of 2016/17. The cumulative annual savings have accelerated and £7m was generated in the year.

Group Performance

The Group delivered a good performance for the year with sales increasing by 7% to £1,047m of which 3% related to acquisitions, with higher activity levels on the previous year and sales mix enhanced. The adjusted operating profit of £101.3m increased by £9.7m, with return on sales at 9.7% (2013: 9.3%) and RONOA at 24.5% (2013: 22.6%), both measures ahead of the de minimis levels established in Vision 2020. After adjusting for £3.5m of profit contribution from the newly acquired businesses, and excluding a depreciation adjustment of £3.7m, the main drivers of improvement were higher activity levels, particularly in higher added value products and other business improvements including £7m of benefits arising from the Fitter for the Future business programme, offsetting inflationary cost pressures. Polymer prices, although at high levels, did not experience the volatility in price movements that had been experienced over the last few years. These changes are passed on to our customers usually with a time lag which can result in an impact on margins; however due to the lower volatility of polymer price changes over the year the impact of the time lag associated with passing on these costs had little impact on the results for the year.

The ROCE performance of the Group excluding the recently acquired businesses was 20.2%, which was in line with the strategic targets. Cash management was strong with free cash flow up 41%. Although the Group's gearing increased through debt funded acquisitions the financial position of the Group remains robust with a leverage ratio of 1.7 and new £350m borrowing facilities arranged in April 2014 which increased the funding capability of the Group.

Adjusted basic earnings per share reached 41.1p (2013: 36.9p) and the recommended final dividend will result in a total dividend of 15.5p (2013: 14.9p) which is in line with the Group's progressive dividend policy.

Non-Financial KPIs

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

Case study

Packaging studies have found that consumers prefer a beautifully packaged product from an unknown label to one in less appealing packaging from a well-known brand.

This underlines packaging's vital role in conveying a premium brand image and nowhere is this more important than in cosmetics and personal care packaging – helping to create the 'wow factor' that distinguishes a brand from its competitors.

The Group continues to make stringent efforts to improve its efficient usage of electricity and water. The impact of a number of energy saving initiatives to replace older machinery with more modern energy conserving equivalents has been offset by the shift towards a higher consumption per polymer tonne converted associated with the manufacture of higher value added products. Water usage has reduced significantly in recent years following recycling initiatives including closed loop cooling systems introduced to manufacturing sites across the Group. Focus on health and safety remains strong but a higher number of reportable accidents in the earlier part of the financial year led to an increase in the reportable accident frequency rate. A new improvement plan has been initiated which has already led to significant improvements in the safety programme in the current year.

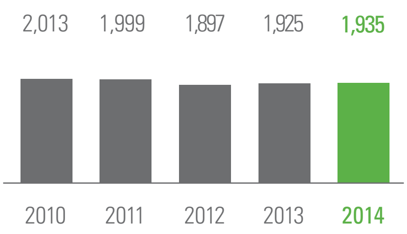
Outlook

The Group is well placed to deliver on its Vision 2020 Focused Growth strategy. High quality platforms for growth in Asia, USA and South East Europe have been added to the Group whilst further acquisition opportunities to enhance shareholder value continue to be explored. The Fitter for the Future business optimisation programme is anticipated to deliver further benefits in the new financial year, which has started in line with management's expectations.

P R M Vervaat
Chief Executive
09 June 2014

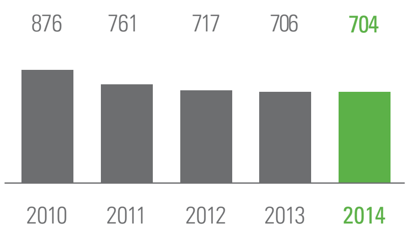
Electricity usage per tonne
KWH/T

1,935 1%



Water usage per tonne
L/T

704 0%



RPC's design capabilities deliver eye-catching packs with maximum shelf stand out. High quality decoration techniques – including labelling, hot stamping, lacquering, metallisation, silk-screen and pad printing plus specialist processes such as gold electroplating and the incorporation of gemstones – help to achieve a stunning and eye-catching finish. Advanced manufacturing technologies, for example a dual layer construction for cream jars, create a premium image.

User-friendly benefits include lightweight and easy handling, while our airless dispensers ensure accurate, controlled and hygienic dispensing of products of many different viscosities combined with attractive designs. Technical developments and improvements here have seen these systems able to cope with small particulates or continue to operate smoothly even if air is trapped in the container.

Operating review (continued)

Revenue

£692m

2013: £628m

Injection Moulding

	12 months to 31 March 2014 £m	12 months to 31 March 2013 restated £m
Sales	**692.4**	628.3
Adjusted operating profit	**70.1**	63.7
Return on sale	**10.1%**	10.1%
Return on net operating assets	**26.8%**	25.5%

The business comprises the Superfos, Bramlage-Wiko and UKIM clusters. Included within the results are the contributions made by M&H Plastics (sales £22.7m; operating profit £3.4m) and Helioplast (sales £1.8m; operating profit £0.1m) for the period under RPC ownership. After adjusting for these acquisitions and other adjustments, like-for-like profit improved by 5% over the year reflecting growth in volumes. Return on sales remained above 10% and return on net operating assets (RONOA) increased to 26.8% (2013: 25.5%).

Superfos manufactures and distributes open top filled injection moulded containers and has manufacturing facilities in France, Belgium, Spain, Poland, Denmark, Sweden and Bosnia-Herzegovina, with joint ventures in Turkey and North Africa. Overall activity levels were higher, with good growth in the Central/East and Nordic regions, and an improvement in sales in Iberia indicating some signs of a recovery in the Spanish economy. The dairy and paint sectors saw particularly strong growth and the cluster benefited from improved sales volumes of thin-walled packaging (TWP) and barrier products, with sales of Superlock increasing. The cluster acquired the Helioplast business in December 2013, which extends its production and sales capability in the Balkans. The planned merger of the two Swedish sites (Mullsjö and Tenhalt) under the Fitter for the Future programme commenced in February 2014 and is expected to deliver cost savings in 2014/15 providing a platform for future growth in the Nordic region, particularly in the barrier and TWP products, whilst achieving a more competitive cost base.

Case study

RPC's barrier solutions use complex multi-layer structures to prevent oxygen ingress and deliver long ambient shelf-life, equivalent to glass or metal but at a fraction of the weight, while maintaining product quality and freshness.

Our barrier technologies can be allied to all three of our manufacturing processes – blow moulding, injection moulding and thermoforming – to tailor a solution to precise product and brand requirements. So, whether the focus is on the need for reclosability, intricate eye-catching designs, or a large family-size pack, RPC has the flexibility – in both materials and processes – to meet any or all of these requirements.

Bramlage-Wiko, which operates in Germany, France, Slovakia, UK and the USA, showed volume growth, with increased sales into the personal care and coffee capsule markets.

The results were further enhanced by the M&H Plastics business which was acquired in December 2013. New investments were made to increase production capacity for coffee capsules, and at Morgantown in the USA a US$9m expansion of its facilities was commenced to accommodate additional capacity for single-serve beverage systems, growth in personal care products and higher added value food packaging, with new business already secured. The Manuplastics (UK) business, which was acquired in 2012, saw sales volumes and profits grow significantly in the year and it is now working closely with the M&H business to co-ordinate sales activities. During the year the cluster took responsibility for the Envases business in Madrid (formerly part of the Blow Moulding cluster), providing a strategic focus on injection moulding in Spain whilst continuing to serve the blow moulding market. Following a review of the business the closure of the San Roque facility was announced later in the year. Other Fitter for the Future initiatives included the closure of the Antwerp (Belgium) site earlier in the year, as part of the yellow fats manufacturing optimisation programme, with business successfully transferred to other sites. In addition the cluster is embarking on a review of its manufacturing footprint to improve efficiencies. Capital investment included the expansion of the US facility and the addition of production capacity for major new contract wins. The cluster remains well positioned to exploit new business opportunities through its strong market positions and leading technological know-how.

For UKIM, the UK injection moulding business, the business performance was stable, with overall sales down on last year, in part due to the transfer of some volumes to the lower cost Superfos facility in Poland. This was part of the cost reduction and product rationalisation initiative in paint containers, under the Fitter for the Future programme, which has been focused mainly on the Oakham site. Over the year the overall surface coatings market improved but activity levels in the second half were adversely impacted by the mild winter which reduced soup pot sales. New contracts were secured for the injection moulding spreads business in addition to the business transferred from Antwerp. The cluster also launched the Superlock product range into the UK market, a container with barrier capability developed by Superfos, and early signs indicate that this has good potential for future sales growth.

Acquisitions in Injection Moulding

As part of the implementation of the Group's strategy, Vision 2020, M&H Plastics and Helioplast were both acquired in December 2013. M&H has sites in the UK and USA and has an extensive in-house tool library, enhancing RPC's comprehensive personal care offering.

Helioplast has a state-of-the-art manufacturing facility in Bosnia-Herzegovina specialising in injection moulded rigid plastic packaging for the food industry.

For further details on our acquisitions see page 10.

Recent customer requirements have ranged from a thermoformed pack to resemble a traditional French cooking pot to large-size containers with indented handles for easy handling in the busy foodservice sector. Use of in-mould labelling combines barrier technology with the availability of high-quality decoration for maximum on-shelf impact.

Two RPC solutions for Heinz's famous Baked Beans demonstrate the flexibility of our barrier technologies to meet different market requirements.

A 1kg blow moulded jar is being used for the Fridge Pack, which combines extended shelf-life with portion control – once opened the jar can be resealed and stored in the fridge for up to five days. Meanwhile, thermoforming produces the popular Snap Pots, which provide convenient microwavable individual portions.

Operating review (continued)

Revenue

£182m

2013: £184m

Thermoforming

	12 months to 31 March 2014 £m	12 months to 31 March 2013 restated £m
Sales	**182.0**	184.1
Adjusted operating profit	**19.1**	17.1
Return on sale	**10.5%**	9.3%
Return on net operating assets	**34.9%**	30.2%

The thermoforming operations comprise the retail food packaging, coffee capsules and the UK vending businesses which are managed by the Bebo cluster. Following the decision to dispose of the Cobelplast (sheet production) cluster during the period, its results for the current and prior periods have been excluded and are shown separately as Discontinued operations. Although activity levels were down in the year, the Bebo cluster performed well with adjusted operating profit up 12% reflecting the benefits of a reduced cost base from prior year restructuring activities and growth in key markets. RONOA improved to 34.9% (2013: 30.2%).

Sales were adversely affected by the flood at the Troyes (France) site, which lost part of its French dairy business as a consequence. Although some continuity of supply was maintained by transferring business to alternative RPC sites, the flood damage was extensive and the loss of part of its business made the viability of the site untenable. The site ceased production in March 2014 and is currently subject to an insurance claim for property damage and business interruption.

The yellow fats and spreads market is a significant part of the cluster's business and the Group has strong market positions in this area. As part of the Fitter for the Future programme the facility at Beuningen (Netherlands) was closed during the year, with business transferred closer to its customers to lower cost sites at Corby (UK) and Poznan (Poland). Offsetting this were improved sales across the rest of the businesses.

With respect to new product development, good progress was made in the development of IML-T technology. This will apply the benefits of in-mould labelling (including enhanced decoration), currently only enjoyed in injection moulding, to thermoformed products which should provide growth opportunities going forward. The business is also working with several customers on extending the single serve beverage systems range.

Following a review of the other businesses within the thermoforming segment, it was decided to sell the trading disposables business at Offenburg (Germany), which is considered a non-core business. The business was subsequently sold in May 2014. In addition the future of the Cobelplast cluster (comprising sites at Lokeren (Belgium) and Montonate (Italy)) was considered best served outside of the Group, with the cluster being put up for sale. Business improvement initiatives have continued at the Lokeren site, and there was good sales growth in the year at Montonate. A sales process for both sites was well advanced by the end of the financial year.

Case study

RPC's ability to deliver added value packaging solutions is as evident in the containers it produces for everyday products as it is for the ones developed for more specialist sectors.

Our continuing achievements in lightweighting create reliable and practical packs that also contribute to a reduced carbon footprint; our design creativity and a choice of advanced decoration technologies help to establish brand differentiation and consumer appeal on crowded shelves; we are a leader and innovator in the use of post-consumer and post-industrial recycled plastic; and we remain at the forefront of new technologies such as In Mould Label Thermoforming (IML-T).

Revenue

£173m

2013: £170m

Blow Moulding

	12 months to 31 March 2014 £m	12 months to 31 March 2013 restated £m
Sales	**172.5**	169.9
Adjusted operating profit	**12.1**	10.8
Return on sale	**7.0%**	6.4%
Return on net operating assets	**20.7%**	19.0%

The blow moulding business operates from ten sites based in the UK, France, Germany, Belgium and the Netherlands, their location defined by the geographical markets they serve.

The business performed well with adjusted operating profit, return on sales and RONOA all ahead of last year with sales growth and cost reduction measures improving profitability. There were good volume increases across the UK sites with new contracts secured for PET containers in food, lubricants, industrial products and for bottle caps. In the multi-layer market volumes were slightly lower but sales of new weight-saving multi-layer catering jars increased and new growth opportunities are emerging for olives and preservative-free fruit.

In mainland Europe the business continues to benefit from growth in agrochemicals and is investing in automation to improve profitability. The operation in Kerkrade (Netherlands), which has refocused on serving the food sector, improved its profitability over the period. An improvement plan was initiated at Kutenholz (Germany) to optimise its cost base resulting in a number of redundancies.

In respect of product development, new growth opportunities are being pursued successfully in the PET food market with the Group commissioning a new production technology. Enhanced barrier applications are being researched which could potentially open up new market segments.

During the year the Blow Moulding cluster launched a Fitter for the Future initiative to further improve its competitive position by refocusing the business on specific markets and technologies, and optimising its manufacturing foot print. This includes investing in technology to move from medium to high barrier multi-layer products to secure the packaging growth driven by the substitution of glass and metal with plastic in the food sector, and to develop a more focused regional organisation to ensure that the strong market positions in key geographical areas are maintained and better served.

All this leads to the widest choice of standard containers across our three manufacturing processes, together with the ability to devise bespoke designs to meet specific customer objectives and requirements.

Financial review

"Group revenue from continuing operations increased by 7% and adjusted operating profit was £101.3m."

S J Kesterton
Group Finance Director

Adjusted EPS

41.1p

2013: 36.9p

Acquisitions

On 9 December 2013 the Group acquired effective control of 100% of the share capital of Helioplast d.o.o, a leading supplier of injection moulded rigid plastic packaging based in Bosnia-Herzegovina, for a total consideration of €10.1m, with €4.9m paid on completion and the balance deferred until March 2016. It was funded wholly from existing debt facilities, the consideration represented circa 6 times Helioplast's 2012 EBITDA and is expected to be earnings enhancing from 2014/15. The goodwill on acquisition amounted to £4.0m after fair value adjustments and the trading results of the business have been included in the results of the Group since acquisition.

On 16 December 2013, the Group acquired effective control of 100% of the share capital of Maynard & Harris Group Limited (M&H), a major supplier of rigid plastic packaging to the personal care, healthcare and selected food segments, based in Beccles, UK, with a smaller operation in Winchester, Virginia, USA, for a total consideration of £103m. It was funded wholly from existing debt facilities. The consideration represents an EBITDA multiple of circa 6.5 times current year profits and the business is expected to be earnings enhancing from 2014/15. The goodwill on acquisition amounted to £76.4m after fair value adjustments and the trading results of the business have been included in the results of the Group since acquisition.

Transaction fees for both acquisitions have been charged to the income statement as Exceptional costs.

Both acquisitions meet the Group's acquisition criteria being a good strategic fit, having strong incumbent management, a successful financial track record, quantifiable synergies and being earnings accreting post acquisition with a ROCE greater than RPC's weighted average cost of capital.

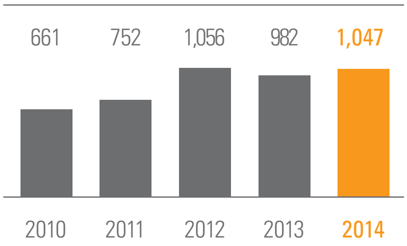
Discontinued Operations

In September 2013 the Group decided to exit the plastic sheet manufacturing business that is currently served by the Cobelplast cluster, comprising the businesses at Lokeren (Belgium) and Montonate (Italy), and to put these businesses up for sale. Their net assets were impaired to their fair value less costs to sell, classified in the balance sheet as assets and liabilities held for sale and their sales and results to date, including the exceptional costs of restructuring the Lokeren business, separately disclosed in the income statement as discontinued operations.

Revenue £m

£1,047m

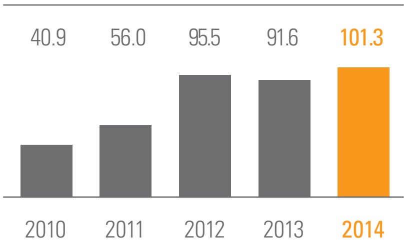
7% ▲



Adjusted operating profit £m

£101.3m

11% ▲



Post Balance Sheet Events

On 1 May 2014 the Group announced the proposed acquisition of Ace Corporation Holdings Limited for an initial consideration of US$301m (£178m) and a total consideration up to US$430m (£255m) on a cash-free, debt-free basis. The transaction was completed on 2 June 2014 and the initial consideration was satisfied through the issue of 8,509,841 ordinary shares in RPC Group Plc (consideration shares) and cash payments of US$212m (£126m) subject to customary adjustments funded from the placement of 12,500,000 ordinary shares (placement shares) and from new debt facilities. Further contingent payments in cash of up to US$129m (£76m) are payable by the Group subject to Ace's financial performance up to the year ending 31 December 2017.

On 22 May 2014 the Group sold its disposables trading business at Offenburg, Germany (RPC Tedeco-Gizeh GmbH) to HOSTI International GmbH for €3.0m.

Business Performance

The Group's results and financial position at 31 March 2014 have been affected by the following:

(i) The acquisitions of M&H Plastics and Helioplast. In the period of ownership by RPC the businesses contributed £24.5m of sales and £3.5m of operating profit.

(ii) A revision to the depreciation period estimate applied to primary production line machinery which was increased from 10 to 12 years, following a review of the useful economic life of these assets. This reduced the Group depreciation charge in the year by £3.7m.

Consolidated Income Statement

Group revenue from continuing operations increased by 7% to £1,046.9m (2013: £982.3m) of which M&H Plastics and Helioplast which were acquired in the year contributed £24.5m of sales. After excluding the impact of acquisitions, sales increased by 4% reflecting an underlying 2% increase in activity levels and an improved sales mix, with the translation effect of a strengthened euro (€1.19 v's €1.23) contributing a further 2% increase as circa 63% of turnover is generated from businesses in the Eurozone.

Working capital

£32.0m

3.1% of revenue

Financial review (continued)

Net debt

£266.4m

2013: £171.4m

Dividend per share

15.5p

2013: 14.9p

Adjusted operating profit (before restructuring costs, impairment and other exceptional items and now excluding the amortisation of acquired intangible assets and pension administration expenses) was £101.3m (2013 restated: £91.6m) but after excluding the impact of the acquisitions and depreciation adjustments was £94.1m, which represented a 3% increase in adjusted operating profit. This was largely in line with the underlying increase in activity levels, with margin improvements from higher added value products and savings from business improvements across the sites offsetting inflation and other cost pressures. Polymer prices although relatively high compared with prior years did not display the same degree of volatility and consequently the time lag effect of passing polymer price changes on to customers did not have a significant impact on the Group's result. The translation effect of the stronger euro contributed £1.2m, the additional cost savings from the Fitter for the Future programme contributed £7.0m and the impact of volume, margin and general business improvements was offset by inflationary cost increases which were experienced throughout the Group. The effect of the above was to improve return on sales from 9.3% to 9.7%.

Exceptional items for continuing operations totalled £26.7m (2013: £28.4m) for the year. The Group incurred £9.2m of restructuring and closure costs relating to the yellow fats rationalisation programme which included the closure of the Antwerp (Belgium) and Beuningen (Netherlands) sites and transfers of their business to other sites in the injection moulding and thermoforming businesses. There were impairments of £5.2m and other costs related to the flood at Troyes, net of expected insurance proceeds and further costs and impairments related to its subsequent closure, £3.3m of impairments and restructuring costs relating to the Blow Moulding cluster, including restructuring at Kutenholz and UKSC, £1.2m of restructuring costs at Oakham as part of the business optimisation of the UKIM cluster, and £3.2m of other costs relating to the Fitter for the Future business optimisation programmes. In addition the Group impaired £1.8m of goodwill and £0.6m of property, plant and equipment relating to the Offenburg business ahead of its sale and £0.8m of property, plant and equipment which were carried as assets held for sale, and incurred £1.4m of acquisition costs relating to the two businesses acquired in the year and committed costs relating to the acquisition of Ace Corporation Holdings in 2014/15.

Net financing costs at £14.2m were slightly higher than the previous year (2013: £13.8m), reflecting mainly the increase in net finance expense from the Group's defined benefit schemes (net pension interest). The Group adopted IAS 19 (Revised 2011) which took effect from the beginning of the financial year. The key changes are the recognition of scheme expenses in operating profit and a reduction in the expected return on assets from the return on underlying assets to the return on corporate bonds (the basis of the discount rate used to value the schemes' liabilities). As these are changes to accounting policy brought about due to a change in IAS 19, comparative figures have been restated accordingly. The scheme expenses (pension administration costs) have been removed from operating profit in arriving at adjusted operating profit. The net interest costs on borrowings of £11.4m, excluding the additional funding drawn for the acquisitions in the year, showed a small reduction on the previous year, reflecting an improvement in cash management efficiency.

Adjusted profit before tax increased from £79.9m to £89.5m mainly as a result of the improvement in adjusted operating profit. The tax rate on the adjusted profit before tax for the Group was unchanged at 24.0% for the year, resulting in adjusted profit after tax of £68.0m (2013: £60.8m) and the adjusted basic earnings per share for continuing operations was 41.1p (2013: 36.9p).

The Group's overall taxation charge for continuing operations was £15.3m (2013: £14.2m) resulting in a reported tax rate of 25.9% reflecting an underlying effective rate of 24.0% and a 19.8% tax credit on exceptional charges. The profit after tax for continuing operations was £43.7m (2013: £34.0m). The basic earnings per share for continuing operations was 26.5p (2013: 20.6p).

Consolidated Balance Sheet and Consolidated Cash Flow Statement

Goodwill increased as a consequence of the acquisitions of M&H Plastics and Helioplast, which totalled £80.4m, reduced by the impairment of goodwill relating to Offenburg which was put up for sale in the period. Other intangible assets increased by a net £1.8m comprising customer relationships capitalised on acquisition and new product development expenditure, net of amortisation charges.

Property, plant and equipment increased to £418.0m; capital expenditure was £66.4m for continuing businesses which was £23.5m (55%) ahead of depreciation charged in the period, due to investment in capital related to future growth. The Group embarked on an expansion of its US facilities at Morgantown during the year and continued to invest in growth sectors such as coffee capsules, personal care and pharmaceuticals. Other movements include the addition of the property, plant and equipment attributable to the acquisitions and the transfer of the Cobelplast businesses, Offenburg and surplus properties to Assets held for sale.

The £8.2m of derivative financial instruments comprise the mark-to-market value of euro currency swaps taken out in 2011 to hedge the US dollar borrowings from the US private placement. The strengthening of the euro to the US dollar has served to decrease the value of these in the year.

Working capital (the sum of inventories, trade and other receivables and trade and other payables) improved by £5.8m, decreasing after adjusting for discontinued operations to £32.0m compared with the previous year and represents 3.1% of sales (2013: 3.8%).

The long-term employee benefit liabilities increased from £62.7m at the previous year end to £72.5m, mainly due to the inclusion of the M&H Plastics defined benefit pension scheme, which was acquired with the business. The net deficit on the scheme at the end of the year was £10.1m. In addition there was a £3.3m increase in the net pension deficit of the RPC Containers defined benefit scheme which was offset by the transfer of the employee benefit liabilities of the businesses which are to be disposed of (now included in Liabilities held for sale) .

Capital and reserves decreased in the period by £0.1m, the net profit for the period of £28.0m, the share issues and share-based payments from employee share schemes of £2.9m and favourable net fair value movements on derivatives of £4.3m being offset by pension related net actuarial losses of £3.9m, adverse exchange movements on translation of £6.3m and dividends paid of £25.1m. Further details are shown in the Consolidated statement of changes in equity which is included in the financial statements.

Net cash from operating activities (after tax and interest) was £105.0m compared with £85.5m in the previous year, with higher cash generated from operations after exceptional cash flows of £21.7m, being reduced by interest payments and higher tax payments as tax losses from prior years have been utilised.

Net debt, which includes the fair value of the cross currency swaps used to repay the USPP funding, increased by £95.0m and at the end of the year stood at £266.4m (2013: £171.4m). The fair value of the swaps decreased by £15.4m in the year due to the strengthening of the euro against the US dollar. Net cash from operating activities was utilised for, amongst other things, acquiring the M&H Plastics and Helioplast businesses for £111.3m, purchasing property, plant & equipment of £70.2m and for paying dividends of £25.1m. Gearing increased to 98% (2013: 63%) and leverage (net debt to EBITDA) was 1.74. The average net debt during the year was £269m (2013: £228m).

The Group had total finance facilities of approximately £511m with an amount of £241m undrawn at 31 March 2014 after taking account of £4m of bank guarantees. The facilities which are unsecured comprised a revolving credit facility (RCF) of up to £200m with nine major UK and European banks maturing in 2015, US private placement notes of US$216m and €60m issued to 17 US life assurance companies maturing in 2018 and 2021, a bilateral term loan of £60m with a major UK bank maturing in 2017, mortgages of £14m, finance leases of £1m and other uncommitted credit and overdraft arrangements of £58m. The £60m term loan was arranged in January 2013 and was drawn in December 2013. The US notes were a debut issue raised in the US Private Placement (USPP) market in 2011, providing the Group with 7 year and 10 year dated borrowings. The Group has a NAIC-2 credit rating by the US National Association of Insurance Commissioners.

Since the year end, the Group has refinanced its RCF to partially fund the acquisition of Ace Corporation Holdings Limited and to provide additional borrowing facilities, which have been obtained at improved rates. It cancelled its existing £200m facility and entered into a new £350m RCF agreement on 30 April 2014, with an additional uncommitted £75m accordion, taking the opportunity to reduce the size of its banking group. The RCF matures on 30 April 2019 and has strengthened the financial resources of the Group for future growth.

Financial Key Performance Indicators (KPIs)

The key measures of the Group's financial performance, which are now measured on a continuing basis, are its return on net operating assets (RONOA) and return on sales (ROS). The new hurdles agreed by the Board are for the Group to exceed 20% RONOA and 8% ROS and for ROCE to be maintained at 20% throughout the cycle for the 2013 pre-acquisition business portfolio. The ROCE for the Group including the 2013 acquisitions was 18.7% and excluding these acquisitions was 20.2% (2013: 19.4%). The increase in return on sales resulted from an improved gross margin and lower costs. The improvement in added value per tonne reflects the impact of an improved sales mix and a more stable polymer cost environment. Free cash flow was ahead of last year as a result of the stronger cash performance and consequently cash conversion improved.

S J Kesterton
Group Finance Director
09 June 2014

Corporate responsibility

Our sustainability story

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

@ for more information on our story and sustainability news go to our website:
www.rpc-group.com/sustainability

Some sustainability highlights from the past year included in this report:

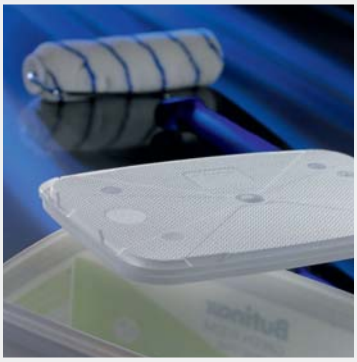
- Innovations to reduce product loss such as the Flakefree® container from RPC Superfos
- Continued innovations to lightweight packaging and provide product protection
- Measurement of the Group's greenhouse gas emissions
- Becoming a member of the SAVE FOOD initiative to highlight and fight global food loss and waste
- Receiving the Green Idea Prize for the Bornholms packaging solution for fish products
- The development and production of a 100% recycled content 20 litre container

The packaging lifecycle

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

Corporate responsibility (continued)

Product design, development and innovation



Case study

FlakeFree® technology reduces product waste

RPC Superfos has created the award winning FlakeFree® feature for containers and lids to reduce the amount of paint that is wasted during use. Research found that dry paint flaking off into the paint from the rim and lid of the container on re-opening resulted in reduced quality of paint and the potential for wasted product. The FlakeFree® containers and lids have a granular texture on the inside which prevents dry flakes from falling into the content.

Sustainability benefits:

- Reduction in product waste through the use of a FlakeFree® textured lid or container to eliminate dry flakes in the paint.
- Container is resealable with assurance that the contents will remain high quality on re-opening.
- Plastic makes the pack lightweight and stackable which reduces the transportation impact of this type of container.

Lightweighting

Across the industry, packaging has become progressively lighter while still maintaining the same technical performance. RPC has managed to reduce weights of packaging across all three of its manufacturing processes through significant investments in tooling, process changes and machinery alongside developments in materials. This has been achieved while maintaining the technical capability of the packaging and ensuring that it is able to carry out its primary function of protecting a product throughout all stages of supply, distribution and use.

Product Protection

Product protection is the key role of packaging and RPC's packaging solutions make an important contribution to preserving products and reducing waste.

The use of innovative multi-layer packaging within the Group ensures that products have a prolonged shelf-life. This has not only helped to reduce the energy demands on refrigeration in retail and home environments but also ensures food remains fresh on shelf, reducing spoilage and the high environmental impact associated with food waste.

Aside from barrier solutions for food products the Group is also active in developments to reduce product loss in other markets. An innovative example of this is shown in the case study of the Flakefree® solution which aims to reduce paint losses.

Substitution

RPC has developed a number of packs which provide a lighter weight and safer alternative to heavier materials for applications such as sauces, baby food and catering ingredients. More than 50% of all products manufactured in Europe are packed in plastics. According to weight however, plastics account for only 17% of the total of packaging materials used. The use of plastic for packaging can reduce the environmental impacts of packs by: reducing resource consumption, reduced carbon footprint in comparison to heavier packs and improved transport impacts.

A market sector where the lightweight nature of plastic is particularly beneficial is the Foodservice market, an example of which can be seen in the Citres Spa case study.

Recycled Content

The Group's work in this area has included the development of packs incorporating recycled PP, PET and HDPE. We continue to focus on increasing the amount of recycled content in packaging where it is a suitable replacement for virgin material. An example of a pack introduced this year containing 100% recycled content can be seen on page 37.

Case study

Citres see plastic as foodservice packaging of the future

Citres Spa, the Italian food specialist in pickles, pesti and sauces, is pioneering the supply of its products in new polypropylene jars produced by RPC Corby and RPC Kutenholz with lids supplied by RPC Halstead. The 1kg, 2.3kg and 3.7kg size jars are blow moulded with a multi-layer PP/EVOH / PP construction that allows the contents to be pasteurised and sterilised.

Sustainability benefits:

- Lightweight, safe and practical
- Long shelf-life of up to 36 months under ambient conditions
- Resealable container to keep products fresh and reduce food waste
- Lower carbon footprint of packaging in comparison to heavier materials
- Jar is recyclable after use

Manufacturing – our direct environmental impacts

Energy Efficiency

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

RPC is constantly working to improve the energy efficiency of our manufacturing processes through efficiency projects ranging from lighting alterations to replacing older manufacturing machines with more energy efficient models.

This year the Group kWh/tonne electricity consumption has slightly increased in comparison to last year. The Group strategy to lightweight packaging adversely affects the electricity KPI as the same amount of energy is required to run the processing machines but with a lower throughput of materials. Lightweighting benefits are seen at other stages of the packaging lifecycle such as reduced raw material consumption and lower transportation impacts. Alongside lightweighting the Group strategy to increase the production of higher added value products such as multi-layer packaging for the food market and complex packaging for the pharmaceutical and healthcare markets increases the complexity of the manufacturing processes which offsets energy efficiency measures that have been put in place.

Water Efficiency

Water is an important part of the manufacturing process, primarily as a cooling agent. Improvements have been made across the Group to reduce water usage or to re-use it within a closed-loop system which reduces evaporative losses.

Waste and Recycling

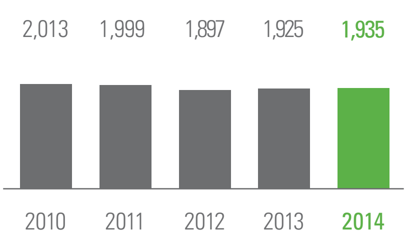
Polymer is a valuable resource and our sites operate at a high efficiency in terms of salvaging raw materials. Any material that cannot be re-used is segregated and collected for recycling. The same applies to many other materials that we handle such as scrap metal, cardboard boxes/tubes, wooden pallets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

Electricity usage per tonne

KWH/T

1,935

1% ▲

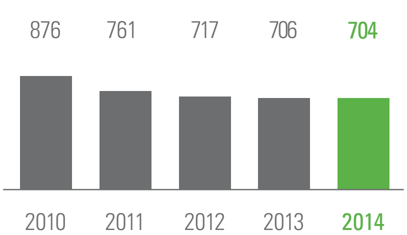


Water usage per tonne

L/T

704

0% ◀



Greenhouse gas emissions reporting

Greenhouse Gas Emissions Reporting

Under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, RPC Group is required to report its annual greenhouse gas (GHG) emissions.

Methodology

Emissions were calculated on an operational control approach using 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' with additional guidance and emissions factors derived from DEFRA and DECC's 'UK Government conversion factors for Company Reporting'.

	Tonnes of carbon dioxide equivalent (CO_2e)
Scope 1 Emissions (Fuel combustion, refrigerant losses, operation of company owned and leased vehicles)	26,017
Scope 2 Emissions (Electricity)	223,036
Total GHG Emissions	249,053
Intensity ratio:	
Tonne of CO_2e per £1m of revenue	238

Included Activities

GHG emissions from the purchase of electricity, combustion of fuel, operation of facilities e.g. refrigerant losses and the operation of company owned and leased vehicles.

Corporate responsibility (continued)

Distribution, retail and use

The distribution, retail and use stages of the lifecycle is an area where we have a minimal direct influence on environmental impacts. At these lifecycle stages our packaging is handled predominantly by the retail supply chain and the consumer, however, we still have some control over impacts at these phases.

Distribution

Transport of finished products is an area over which we do not have a significant amount of control as it is dependent on where the goods need to be delivered. The Group is focused on ways of improving distribution, for example, by increasing full loads of deliveries, identifying areas where back loads could be used in the transport network so that vehicles are not empty on return journeys and co-ordinating logistics within geographic regions.

Retail and Use Stages of the Packaging Lifecycle

The primary role of packaging within the retail environment is to protect, secure and deliver the product contents. We strive to offer our customers the most appropriate sustainable solution for their product in order to minimise environmental impact at this stage of the supply chain. The foundations for this have been achieved at the design, development and innovation stage as detailed on page 34 which determines the impact throughout the rest of the supply chain.

At this stage of the lifecycle, product loss, particularly in the food sector, is a major environmental impact. Each year, worldwide, a third of all food is thrown away or lost, while at the same time around 842 million people are suffering from hunger. In 2013, RPC joined the SAVE FOOD initiative, a joint campaign organised by the Food and Agriculture Organisation of the United Nations and Messe Düsseldorf to highlight and fight global food loss and waste. The initiative now has over 100 members from throughout the food supply chain who, through networking events and ongoing dialogue and discussion, aim to develop solutions to tackle the problems of food waste.

Through the Group's membership of The Packaging Federation and The Industry Council for Packaging and the Environment (Incpen) the Group also supports a UK based campaign named 'Fresher for Longer'. The aim of the campaign is to communicate to members of the public the vital role that packaging plays in ensuring that food arrives in the consumers home in as fresh condition as possible and also the role that packaging has in keeping products fresh in the home.

Both of these initiatives ideally complement and support the Group's sustainability programme, including the development of sustainable packaging solutions that keep food fresher for longer.

Case study

Bornholms' plastic pack gets Green Idea Prize

The sustainable benefits of switching packaging from metal to plastic have been underlined by the awarding of the prestigious Green Idea Prize 2013 to Bornholms for its new plastic customised packaging solution for cod roe from RPC Superfos.

The Green Idea Prize, organised by leading Danish supermarket Coop, is one of the most important of its kind in Denmark. Jury member Søren Rahbek Østergaard of the Danish Technological Institute summed up the environmental benefits of replacing a metal can with a plastic pack:

"With this solution, Bornholms kills three birds with one stone. The lid makes it easy for the end user to store leftover cod roe directly in the pack which avoids food waste. The more efficient logistics connected to the new pack means that Bornholms contributes with less CO_2 emission and the shape and the design of the pack makes it much easier for the end-user to open the pack and take out the cod roe."

The new packaging was developed especially for Bornholms by RPC Superfos and features an effective oxygen barrier for extended ambient shelf-life. This is achieved by using virgin material approved for treatment under high temperatures and for autoclaving together with an embedded barrier label that covers the entire pack.

End of life solutions for plastic packaging

Our desire to improve the performance of the packaging we manufacture does not end when the packaging leaves our sites. We have also taken a proactive stance with customers in designing packaging to optimise re-use and recyclability as well as to ensure end-of-life collection of packaging.

As a Group we are keen to promote the collection of post-consumer packaging for recycling into new packaging formats.

RPC has been working with the recycling industry for many years, collaborating with organisations such as the Waste & Resources Action Programme (WRAP) and Recoup to research and develop the use of post-consumer recycled (PCR) material and post-industrial recycled (PIR) material in packaging as well as to improve the recyclability of the packaging produced within the Group.

The use of PCR and PIR diverts end-of-life plastic from landfill and also reduces energy demand in comparison with the sourcing of virgin raw materials. If it doesn't make economic or environmental sense to recycle then the Group supports energy recovery from plastics through energy from waste incineration. The case study below illustrates a product development from the last year that is produced from 100% recycled plastic.

The supply chain approach to sustainability

As one part of the supply chain we recognise that in relation to sustainability we cannot always act alone and as such we actively participate as a member or partner of a number of organisations.

This participation allows us to keep up to date on developments in the latest fields, offer our expertise in manufacturing to these groups and also to form collaborative partnerships to develop sustainable solutions for packaging. Our efforts in the sustainability field have also been recognised through our inclusion in the FTSE4Good listing.

FTSE4Good

Case study

20 litre drum incorporates 100% recycled plastic

RPC Containers UKSC has produced the first 20 litre drum to be made exclusively from recycled plastic sourced from both post-consumer and post-industrial reclaimed material, including a large part from automotive manufacture. The HDPE blow moulded drum was developed for JCB services to package a range of hydraulic and lubricating oils.

Sustainability benefits:

- Blow moulded in 100% recycled HDPE
- Generates an end market for recycled plastic that is not suitable for use in food packaging
- Diverts plastic from landfill or incineration
- Container can be re-used for oil and other applications following correct washing and cleansing procedures
- Pack performance and functionality is not compromised

Corporate responsibility (continued)

Health and Safety

RPC's efforts to bring the safety of its people to the forefront of its activities has continued in 2013/14 with a step change in the visible commitment to safety from the senior management of the Group and the communication of this to our manufacturing operations. Our efforts during the current year have been concentrated on driving through this cultural change to ensure safety is always a top priority in our businesses.

There has been an increase in the number of safety tours carried out by senior management at all of our sites and these have observed an improvement in safety behaviour. Despite this heightened awareness there was an upswing in reportable accidents in the early part of the year. The measures put in place to counter this have achieved a much lower rate of reportable accidents in the last half of the year.

Safety Principles

RPC's Safety Principles, which have been approved by the Executive Committee were introduced in September. A copy of these principles was provided to every employee in their local language to reinforce the clear message that we never compromise on safety. These principles are now displayed in the reception of every site as a clear statement of the Group's commitment to improving safety.

Safety Week

During November all of the sites took part in a series of events designed to focus on ingraining safety across all of the Group's operations. Building on the success from previous years, using the slogan "Be Alert, Don't Get Hurt" as the basis for the week.

All of the Group's sites involved their employees and their families in informative and fun activities designed to raise awareness of the benefits of working safely and of looking out for each other. The potential consequences of unsafe behaviour were demonstrated. Competitions with a safety based theme were organised at our sites for employees and their families.

Quarterly Safety Themes

Quarterly safety themes have been introduced with the objective of concentrating on specific areas of safe cultures and practices throughout the business. The first two quarters of this new initiative have covered Hand Safety and Personal Protective Equipment.

For the Hand Safety theme, each site received a presentation explaining common types and causes of hand injury, experienced within the Group along with real solutions which have been developed and successfully implemented to prevent them from reoccurring. The information has been used in a variety of ways across the Group, from identifying and clarifying tasks in the health and safety plan, informing sites' health and safety committees, to forming the basis of a site safety improvement campaign.

Willis RPC Blue Safety Programme

The RPC Blue Safety programme has continued to develop according to the needs of the evolving Group. In 2013 we introduced a two tier auditing system in order to ensure that we continue to develop safety further in our already high performing sites.

The Tier A audits are an in depth process focusing on the factory floor processes, operations and training and have identified underlying areas where improvement is necessary. The change also identified country to country differences in standards. Tier B audits will continue to be carried out with the object of improving safety at all other sites.

Accident Statistics

In the UK, the downwards trend continues, with 2013 being the lowest year ever. RPC's reportable accident frequency rate (UK sites) was significantly (38%) below the UK plastics industry average.

Several of our sites have gone over a thousand days without a reportable accident with RPC Barplas having achieved 3,000 days without a reportable accident.

In our mainland European sites, we suffered setbacks in our lost time accident frequency rate. We intend to make a considerable impact in this region in 2014/15 by sharing the best practices and principles which are already embedded in the UK operations.

Ethics

The Group aims to act responsibly and with integrity, respecting the laws and regulations of all the countries within which it operates as well as internationally accepted standards of responsible business conduct. The Group requires high standards of professional and ethical conduct from all employees, officers and directors.

These policies are set out in a Code of Business Conduct which can be read in full on the Group's website www.rpc-group.com.

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

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

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

Employees

Training and development

Employees are provided with training in order to give them the necessary skills to perform their duties and where appropriate to develop those skills and progress their career. The Group invests in a range of development activities including NVQs and apprenticeship schemes and supports other professional and technical training. The Group recruits a number of trainees every year in a wide range of disciplines including electronic engineering, warehouse logistics and toolmakers with the training in these programmes lasting up to three years.

In 2013 RPC Oakham established an in-house apprenticeship programme to benefit the regional cluster of companies within the RPC Group. The overall objective of the apprentice program in the UK is to develop new talent entering the RPC business by focusing on fundamental engineering principles, and develop individuals to management roles.

One of our new acquisitions, Maynard & Harris has its own apprenticeship programme, taking on a further 12 apprentices this year.

13 trainees at RPC Bebo Deventer have passed their operator exams and five trainees at RPC Formatec have been awarded their IHK examination certificates with three getting special distinction in the form of a diploma for excellent work.

Diversity

The Group promotes equal opportunities for all present and potential employees and does not discriminate on grounds of colour, ethnic origin, age, gender, race, religion, political or other opinion, disability or sexual orientation. The gender diversity of the Group at 31 March 2014 is shown in the table below.

Communication

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

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

Customers and Suppliers

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

It is Group policy to maintain accreditation to the quality management standard ISO 9001 and encourage operating units to gain accreditation to any specific standards required by the markets served or by customers such as the British Retail Consortium and Institute of Packaging (BRC/IOP) Food Packaging Standard. Currently 38 of the Group's manufacturing operations have ISO 9001 accreditation and 26 operating units have BRC/IOP accreditation.

Community

The Board supports initiatives by operating units to engage with their local community. Operating units and their staff participate in a variety of local activities including projects with local schools, charity events and factory open days.

RPC Bebo Bremervörde welcomed 23 young people to its site during the year to give them an insight into future employment possibilities. The Future Prospects for Girls and Boys initiative brings together employers, schools and other organisations to give young people a taste of the world of work.

Safety notices, similar to this at RPC Tedeco-Gizeh (UK) are displayed at facilities.

Human Rights

The Board supports human rights and expects our sites to comply with the relevant legislation, including that relating to the workplace, of the jurisdiction or country in which they operate.

We recognise that we have a responsibility to ensure that human rights are upheld in our supply chain. Where our supply chain is generally located in the countries or regions in which we operate, we will engage with suppliers who source products or materials from at risk countries to promote compliance with relevant local legislation.

P R M Vervaat
Chief Executive
09 June 2014

Gender diversity in RPC

	Male		Female	
Board	5	83%	1	17%
Management	151	87%	23	13%
All employees as at 31 March 2014	5,436	69%	2,438	31%

Board of Directors

1. Drs P R M Vervaat, RC (49)
Chief Executive
(from 1 May 2013)

Committees:
- None

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

Appointed Chief Executive effective from 1 May 2013.

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

2. S J Kesterton, ACMA CGMA (40)
Group Finance Director
(from 1 May 2013)

Committees:
- None

Joined RPC:
Joined as Group Finance Director designate on 1 April 2013.

Appointed Group Finance Director from 1 May 2013.

Experience:
Career in finance began in the engineering and manufacturing industry in the 1990's and developed into leading financial roles in British Federal and the European business of automotive supplier Collins & Aikman Inc. In 2006 appointed Chief Financial Officer of IAC Group Europe headquartered in Düsseldorf, and in 2011 as Chief Strategic Officer, European CFO and Director of IAC Group Global until August 2012. IAC Group is an international, multi-billion dollar, leading tier 1 supplier of automotive components and systems.

3. J R P Pike, MBA MA MIMechE (59)
Non-executive Chairman

Committees:
- Nomination (Chairman)

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

Experience:
Joined Burmah Castrol in 1991. Rose to Chief Executive of Burmah Castrol Chemicals before leading the buy-out of Foseco in 2001 and its subsequent flotation in 2005. Chief Executive of Foseco plc until it was acquired in April 2008. Previously a non-executive director of RMC Group plc, Kelda Group plc and the Defence Support Group. Chairman of a US plastics recycling business, MBA Polymers Inc. until July 2013. Currently non-executive Chairman of Tyman plc and Chairman of Lafarge Tarmac Holdings Limited, a UK construction materials joint venture between Lafarge and Anglo American. Appointed as a non-executive director of Spirax-Sarco Engineering plc with effect from 1 May 2014 and Senior Independent Director from 20 May 2014.

4. S Rojahn, Dipl-Ing MSIE (65)
Independent non-executive director

Committees:
- Remuneration (Chairman)
- Nomination
- Audit

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

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

5. M G Towers, BA FCA (61)
Senior Independent Director

Committees:
- Audit (Chairman)
- Remuneration
- Nomination

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

Experience:
Appointed Group Finance Director of McCarthy & Stone plc in 1990. Subsequently, Group Finance Director of The Spring Ram Corporation plc, Allied Textile Companies plc and Yorkshire Group plc. Group Finance Director of Kelda Group plc from 2003 until its takeover in February 2008. Non-executive director of Homestyle Group Plc from 2004 to 2006 becoming audit committee Chairman and Senior Independent Director. Appointed non-executive director of Spice plc in June 2009 and subsequently as Chief Executive until business sold in December 2010. Currently Chairman of the audit committee of KCOM Group PLC and Chairman of the audit committee and Senior Independent Director of Tyman plc. Appointed as Chairman of Norcros plc in November 2012 where he had previously been Senior Independent Director.

6. Drs I Haaijer, (44)
Independent non-executive director

Committees:
- Nomination
- Remuneration
- Audit

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

Experience:
Began international career in product development and marketing before becoming a management consultant for The Boston Consulting Group. Subsequently joined Royal Philips Electronics as Vice President tasked to lead the creation of the company's new Consumer Health and Wellness business unit and leading the acquisition of the number one global infant nutrition brand, AVENT, culminating with appointment as Chief Executive Officer of Philips AVENT. Served on the advisory board of Van der Wal Transport and on the boards of two foundations in the Netherlands. Currently President of the global DSM Personal Care business unit and a member of the Executive Committee of the DSM Nutritional Products division of Royal DSM NV. Based in Basel, Switzerland.

7. R K Joyce, BA ACA ACIS (55)
Company Secretary

Joined RPC:
Joined RPC in June 1989.

Appointed as Company Secretary in November 2000.

8. L Drummond BSc PhD FRSC FRSE (54)
Independent non-executive director

Committees:
- None

Joined RPC:
Appointed as an independent non-executive director with effect from 16 July 2014.

Experience:
Joined Rothschild in 1994 as Managing Director in investment banking establishing and growing the pharmaceutical and life sciences sector until 2010. Previously in the Cabinet Office as Private Secretary to the Chief Scientific Adviser. Currently the non-executive chair of consumer healthcare companies, Venture Life plc and InFirst Healthcare Limited. Non-executive director of Shield Holdings AG, a speciality mineral medicines pharmaceutical company and non-executive director and chair of the Remuneration Committee of Allocate Software plc. In addition, non-executive director and member of the Audit and Nomination Committees at healthcare company, Consort Medical plc.

9. Prof. G S Wong BSc MSc PhD (64)
Non-executive director

Committees:
- None

Joined RPC:
Appointed as a non-executive director with effect from 16 July 2014.

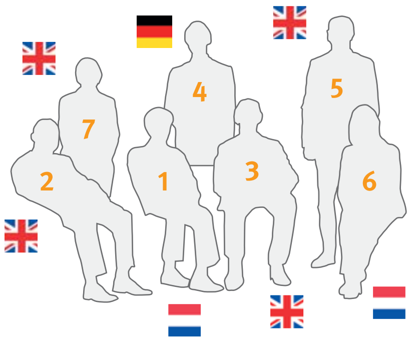
Experience:
Business professor of MBA at various universities including Mannheim Business School, Germany and the University of California, Berkeley. Has lectured internationally in Executive MBA and other executive training programmes. Appointed Chief Expert Adviser for economic development, strategies and management by the Beijing City Government. Has been adviser to various companies, government organisations and institutional entities in the USA, Germany, Hong Kong, China, Asia, Russia and Ukraine. Has served on the board of directors of a number of US banks and other companies. Was a director of Ace Corporation Holdings Ltd until its acquisition by RPC Group Plc.

Changes to the Board

S J Kesterton joined the Board as Group Finance Director designate on 1 April 2013 becoming Group Finance Director with effect from 1 May 2013.

R J E Marsh was Chief Executive until 1 May 2013 and retired from the Board at the end of the AGM on 10 July 2013.

On 3 June 2014 it was announced that L Drummond and G S Wong would be joining the Board with effect from 16 July 2014.



Corporate governance report

Principles Statement

The Board recognises and fully supports the value of good corporate governance as an important factor in achieving its overall objectives. In accordance with the Financial Conduct Authority UK Listing Rules, a statement describing how the Company has applied the Main Principles contained in the June 2010 and September 2012 editions of the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council (available at www.frc.org.uk) and the statements required by sections 7.1 and 7.2 of the Disclosure and Transparency Rules are set out in this report together with the Strategic report, Directors' report, Audit Committee report and the Directors' remuneration report.

Statement of Compliance

The Company has complied with the provisions of the June 2010 and September 2012 editions of the Code throughout the period under review. The following report, the Strategic report, the Directors' remuneration report and the Audit committee report set out how the Company has complied with the Code.

Leadership

The role of the Board

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

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

A formal schedule of matters reserved for the Board includes:

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

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

During the year under review, since the retirement of R J E Marsh as a director on 10 July 2013, the Board has consisted of six directors being a non-executive Chairman, three independent non-executive directors and two executive directors. The names and biographical details of the directors are shown on pages 40 and 41. The significant commitments outside the Group of the Chairman and non-executive directors are given in their biographies. Changes to such commitments are reported to the Board as they arise.

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

	Board		Nomination Committee		Remuneration Committee		Audit Committee	
Year ended 31 March 2014	**Number of meetings**	**Number attended**	**Number of meetings**	**Number attended**	**Number of meetings**	**Number attended**	**Number of meetings**	**Number attended**
Non-executive directors								
J R P Pike	8	8	2	2	n/a	n/a	n/a	n/a
I Haaijer	8	8	2	2	5	5	3	3
S Rojahn	8	8	2	2	5	5	3	3
M G Towers	8	8	2	2	5	5	3	3
Executive directors								
P R M Vervaat	8	8	n/a	n/a	n/a	n/a	n/a	n/a
S J Kesterton	8	8	n/a	n/a	n/a	n/a	n/a	n/a
R J E Marsh[1]	2	2	n/a	n/a	n/a	n/a	n/a	n/a

1 Number of meetings attended until R J E Marsh retired from the Board on 10 July 2013.

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

- Comprehensive review and update of the Group's strategic plans resulting in the launch of the RPC Group's Vision 2020 Focused Growth strategy with the objectives to:
  – continue growing organically in selected areas of the plastic packaging markets;
  – selectively consolidate the fragmented European plastics packaging market; and
  – establish a meaningful presence outside Europe.
- Approving the final phase of the Fitter for the Future business optimisation programme, including rationalising the manufacturing footprint with the merger of operations in Sweden and closure of the site at Troyes in France, optimising the existing business portfolio including reorganisation of blow moulding and Bramlage-Wiko operations and divesting the non-core Offenburg trading disposables and Cobelplast sheet businesses.
- Monitoring the initial and final phases of Fitter for the Future including the closure of sites at Antwerp (Belgium) and Beuningen (Netherlands) and transfer of business to other sites during the year under review, the sale of redundant properties and cost efficiency restructuring at other operations in the Group.
- Approving a revised Group Health and Safety Policy. Ensuring that health and safety remains a top priority for all employees of the Group, approving RPC's Safety Principles and reviewing plans for reinvigorating the approach to health and safety.
- Acquisition of the Maynard & Harris Group in the UK complementing RPC's position in the personal care market and expanding the Group's manufacturing facilities in the USA.
- Acquisition of Helioplast in Bosnia-Herzegovina extending the geographical reach of the Superfos cluster into the Balkans.
- Monitoring the risks faced by the Group including the macro-economic environment particularly in the UK and the Eurozone.
- Approving investment in capital projects including additional production facilities for single serve beverage system capsules in Germany, France and the UK and expansion of production in the USA.

Corporate governance report (continued)

Leadership (continued)

Chairman and Chief Executive

The non-executive Chairman of the Board is J R P Pike. R J E Marsh was Chief Executive up to 30 April 2013. On 1 May 2013 he stepped down and P R M Vervaat became Chief Executive in his place.

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

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

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

The Board considered that on appointment, J R P Pike met the independence criteria set out in provision B.1.1 of the Code. In March 2014 Spirax-Sarco Engineering Plc announced the appointment of J R P Pike as a non-executive director with effect from 1 May 2014 and its senior independent director with effect from 20 May 2014. The Board is satisfied that the Chairman's external commitments do not interfere with the performance of his duties to the Company.

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

The role of non-executive directors

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

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

Senior Independent Director

M G Towers was the Senior Independent Director throughout the year under review and up to the date of this report. The Senior Independent Director is available to meet with major shareholders on request and to enable shareholders to voice any concerns that contact through the normal investor communication channels of Chairman, Chief Executive or Finance Director has failed to resolve or is inappropriate. The Senior Independent Director provides support for the Chairman on Board matters.

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

Board committees

There are three principal Board committees all of which operate under written terms of reference which are available from the Company Secretary or the Company's website www.rpc-group.com. The terms of reference, performance and membership of the Audit, Remuneration and Nomination Committees are reviewed and, if appropriate, updated each year by the relevant committee and the Board. Only members of a committee are entitled to attend meetings but each committee may invite other directors, managers or advisers to attend. The Company Secretary is secretary to all three committees.

Sufficient resources are provided to enable the committees to undertake their duties and they have authority to appoint independent professional advisers or consultants when required. The Chairman of the relevant committee reports on the proceedings and any recommendations made at the subsequent Board meeting.

Directors' indemnities and insurance cover

The Board reviews the level of insurance cover in respect of legal action against the Group's directors and officers and senior management on an annual basis. The Board has also provided indemnities to the directors which are described on page 68 of the Directors' Report.

Effectiveness

Board composition and independence

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

The Nomination Committee reviews the size, composition and balance of the Board each year and recommends any changes for the directors to consider. Despite its relatively small size, the Board comprises directors with a wide range of managerial and professional experience from accounting, finance and consultancy to manufacturing, engineering and personal care. Between them the directors have experience of doing business in the UK, Europe and in the USA, South America, India and the Far East. Two of the directors are Dutch nationals and one is German and there are both male and female members of the Board. The Board has endorsed the policy on diversity, including gender, recommended by the Nomination Committee.

Nomination Committee

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

	From	To
J R P Pike (Chairman)	23 July 2008	To date
S Rojahn	25 May 2006	To date
M G Towers	1 April 2009	To date
I Haaijer	30 May 2012	To date

The Committee meets at least twice each year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 43. The Chief Executive and Group Finance Director attended meetings by invitation.

The main responsibilities of the Committee are to:

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

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

The Committee considers plans for the succession of directors and senior managers including the identification of internal managers who may be suitable for more senior positions in due course with the appropriate development of skills and experience. A review of the performance and potential of senior executives in key roles below the Group Board level was conducted during the year and the results considered by the Committee as part of its succession planning process for executives.

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

The Nomination Committee has considered the recommendations made by Lord Davies in his "Report on Women on Boards", his subsequent updates and the amendments made to the UK Corporate Governance Code by the Financial Reporting Council on diversity on boards including gender. Since the end of the period under review, a second female director, L Drummond, has been appointed bringing the proportion of women on the Board to 25% – the minimum level recommended by Lord Davies for FTSE 250 companies.

The policy recommended by the Committee and endorsed by the Board is that the search for Board candidates will continue to be conducted and appointments made on the basis of merit and the most appropriate experience against objective criteria in the best interests of shareholders. In selecting candidates due regard will be given to the benefits of different nationalities, experience in a variety of business sectors and European and global markets and diversity on the Board including gender. Although no target has been set for the number of women on the Board, consideration will be given to identifying senior female executives who might be suitable candidates to serve as non-executive directors on other company Boards.

Corporate governance report (continued)

Effectiveness (continued)

On 1 October 2012, the Board received and accepted formal notification from R J E Marsh of his intention to retire with effect from 1 October 2013. The Nomination Committee carefully considered the succession of the Chief Executive and concluded that the position would not be advertised externally and recommended that P R M Vervaat, who had five years' experience of the business of the RPC Group and the appropriate knowledge and skills to fulfil the role of Chief Executive of the Company, be appointed. The Board approved the recommendation of the Committee.

In consultation with P R M Vervaat, the Committee appointed external search consultants, KORN/FERRY Whitehead Mann and agreed a job description and attributes for the role of Group Finance Director. The Committee drew on the financial expertise of the Chairman of the Audit Committee, M G Towers, who interviewed a shortlist of suitable potential candidates prepared by the consultants together with P R M Vervaat and put forward their recommendations to the Committee. Following interviews by all members of the Nomination Committee S J Kesterton was selected and recommended, subject to appropriate due diligence, and the Board subsequently approved his appointment as Group Finance Director designate with effect from 1 April 2013.

R J E Marsh stepped down as Chief Executive on 1 May 2013 and remained on the Board until formally retiring as a director at the AGM on 10 July 2013. P R M Vervaat acceded to the role of Chief Executive on 1 May 2013 and S J Kesterton became Group Finance Director on the same date.

Since the end of the year under review, the Committee has recommended and the Board has subsequently approved the appointment of two new non-executive directors, L Drummond and G S Wong to enhance the breadth of expertise and experience on the Board, to refresh the composition of the Board and to provide for the succession of non-executive directors. Neither an external search consultant nor advertising were used to search for these particular candidates.

L Drummond was recommended by an external organisation. Her experience in the pharmaceutical sector and in investment banking will be of great benefit to RPC as it aims to implement the Vision 2020 Focused Growth strategy including the development of the Group's pharmaceutical presence. G S Wong was a director and business adviser to Ace Corporation Holdings Ltd and was introduced to RPC Group's management during the course of the acquisition process. His knowledge of doing business in China and his broad international experience will help RPC in developing its presence outside Europe. He ceased to be a director of Ace Corporation Holdings Ltd following the acquisition by RPC Group on 2 June 2014. The Committee conducted appropriate due diligence and interviewed both candidates before recommending them for appointment. A summary of their qualifications and career histories is given in their biographies on page 41.

Prior to the date of this report, the Committee, with the Senior Independent Director, M G Towers, in the chair, has recommended and the Board has approved the reappointment of the Chairman J R P Pike, for a further three-year term commencing on 23 July 2014 following a review of his performance led by the Senior Independent Director, and subject to annual re-election by shareholders.

The Board's policy is that all the directors should submit themselves for re-election by shareholders annually. The Committee has recommended and the Board has approved resolutions for the re-election of all of the current directors following reviews of their performance, and the election of the two new non-executive directors, L Drummond and G S Wong, at the forthcoming AGM.

KORN/FERRY Whitehead Mann has no other connection with the Company other than as external search consultants to the Nomination Committee for the recruitment of the directors described above.

Appointment, election and re-election of directors

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

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

The Board has recently announced the appointment of two new non-executive directors with effect from 16 July 2014. Biographical details are given on page 41. The reasons for their appointment are given in the section on the work of the Nomination Committee above and in the explanatory notes to the Notice of AGM on page 132. L Drummond is considered independent by the Board, but due to his past association with Ace Corporation Holdings Ltd, G S Wong is not considered to be independent. The directors are confident that their knowledge and experience will be valuable to the operation of the Board and since they will have been appointed after the last AGM the Board is recommending them for election at the forthcoming AGM.

Following the formal evaluation of each of the directors in office at the date of this Report, the Board recommends their re-election at the forthcoming AGM. All the non-executive directors in office at the date of this Report continue to be effective and demonstrate independence of character and judgement and commitment to the role. Biographical details of all of the directors are given on page 40. Further information on the contribution made by each director to the Board may be found in the explanatory notes to the Notice of AGM on pages 131 and 132.

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

Information and professional development

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

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

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

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

Performance evaluation

The Board conducts an annual review of its performance and that of its Committees and the individual directors. For the year ended 31 March 2013, the review was undertaken for the first time by an external facilitator, Independent Audit Limited, a firm of specialist board governance consultants.

The review conducted internally during the year ended 31 March 2014 was based on Independent Audit's Thinking Board questionnaire platform, which was used to gather the views of the directors and certain key executives. This provides a benchmark for year on year progress to be monitored. The questionnaires used for the previous year's evaluation were reviewed and some additional topics added. The review covered key areas of Board and Committee performance including:

(i) the Board's role;

(ii) composition, skills and dynamics;

(iii) the focus of the Board's work – business drivers, strategy and risk;

(iv) meetings;

(v) information and decision making; and

(vi) internal and external communications.

The Committee reviews considered their remit, membership, process and performance. The Audit Committee review also included specific performance regarding financial reporting and audit.

The Board and Committee reviews were undertaken in December 2013 and January 2014 and the Company Secretary reported back the findings at the January Board meeting. The overall assessment was that the Board and its Committees were performing well, and no high priority recommendations were made. A number of actions were identified that should continue to improve the effectiveness of the Board including greater consideration of succession planning; greater engagement with the cluster managers including more frequent attendance at Board meetings; and greater involvement of non-executive directors outside Board meetings to add value to the business. Progress on these matters will be periodically reviewed by the Board.

Drawing on the Board and Committee reviews and using individual director questionnaires the Chairman undertook a review of the performance of each of the directors. The Senior Independent Director undertook a review of the performance of the Chairman after taking into account the views of all the directors. The results of these individual reviews and any improvements or personal objectives were discussed with the relevant directors on a one to one basis.

The Board intends to engage an external facilitator again in two years' time. Next year's review will be conducted internally, with the focus being on progress against the previous two years' Thinking Board assessment and the areas identified for improvement in this year's review.

Independent Audit Limited do not have any other connection with the Company.

Corporate governance (continued)

Accountability

Audit Committee

The members of the Audit Committee and its Chairman, its role and responsibilities, its activities during the year under review and details of key considerations in relation to the financial statements are set out in the Audit Committee report on pages 63 to 66. The number of meetings of the Committee and attendance are given on page 43.

Directors' conflicts of interest

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

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

Remuneration

Remuneration Committee and policy

The members of the Remuneration Committee and its Chairman, its role and responsibilities, its activities during the year under review and details of remuneration policy and directors' remuneration packages are set out in the Directors' remuneration report on pages 49 to 62. The number of meetings of the Committee and attendance are given on page 43.

Relations with Shareholders

Dialogue with shareholders

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

Annual General Meeting

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

J R P Pike
Chairman
09 June 2014

Directors' remuneration report: Remuneration committee chairman's annual statement

S Rojahn
Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Remuneration Committee I am pleased to present the Directors' remuneration report for the year ended 31 March 2014. This report sets out the remuneration policy for the directors of RPC Group Plc and discloses amounts paid to them over the course of the financial year and proposed remuneration for the forthcoming year.

This report complies with the new reporting regulations, published by the Department for Business, Innovation & Skills during 2013 and will be subject to two shareholder votes at the forthcoming AGM:

- The Directors' remuneration policy sets out the directors' remuneration policy for the Company from the date of the AGM in July 2014 and will apply for the next 3 years unless shareholder approval is obtained to make changes to the policy in the interim. The policy will be subject to a binding shareholder vote; and
- The Annual report on remuneration provides details of the remuneration earned by directors in the year to 31 March 2014 and how the policy will be implemented for the year ending 31 March 2015 and will be subject to an advisory shareholder vote.

Remuneration Outcomes in 2013/14

For the year under review, the Remuneration Committee considers the remuneration of executive directors to fairly reflect their individual performance whilst reflecting the challenges the Company has faced in a difficult macro-economic environment in the UK and Eurozone. Notwithstanding both the difficult trading conditions and challenging targets, the performance against the PBIT (profit before interest and tax) annual bonus target was above stretch and the free cash flow and ROCE (before taking account of the acquisitions during the year) moderators were also achieved. As a result, a bonus of 100% of maximum is payable to the executive directors for the year ended 31 March 2014. The 2011 Performance Share Plan (PSP) award which vests in August 2014, based on performance over the three year period up to and including 31 March 2014, will vest at 49.0% in respect of the EPS performance targets being partially achieved.

Remuneration Policy for 2014/15

The Remuneration Committee continually reviews the executive remuneration policy to ensure it promotes the attraction, retention and incentivisation of executives to deliver the Group's strategy. The Remuneration Committee believes that the existing remuneration policy remains fit for purpose and, as such, no changes to the policy have been made for 2014/15. Specifically:

- fixed pay levels remain appropriately positioned against the market (a 1.0% to 1.3% increase to basic salary was awarded to executive directors with effect from 1 April 2014);
- the structure of the annual bonus remains appropriate to incentivise the delivery of annual objectives. The maximum bonus opportunity for 2014/15 will remain at 100% of salary for the executive directors and the target structure will be similar to those operated in the previous year;
- the long term incentive policy continues to act as an effective mechanism to reward long term internal and external growth and provides alignment between executives and shareholders. PSP awards to be granted in 2014 will therefore continue to be based on stretching EPS and relative TSR (total shareholder return) targets.

I hope that you will be supportive of the two resolutions to approve the Directors' remuneration report at this year's AGM.

Yours sincerely,

S Rojahn
Chairman of the Remuneration Committee
09 June 2014

Directors' remuneration report: Directors' remuneration policy

Policy Overview

The objective of our remuneration policy is to attract, retain and incentivise a high calibre of senior management who can direct the business and deliver the Group's core objective of growth in shareholder value by building a business that is capable of delivering long-term, sustainable and growing cash flows.

To achieve this objective, executive directors and senior management receive remuneration packages with elements of fixed and variable pay. Fixed pay elements (basic salary, pension arrangements and other benefits) are set at a level to recognise the experience, contribution and responsibilities of the individuals and to take into consideration the level of remuneration available from a range of the Group's broader competitors.

Variable pay elements (annual bonus and Performance Share Plan (PSP) awards) are set at a level to incentivise executive directors and senior management to deliver outstanding performance in line with the Group's strategic objectives.

Consideration of Shareholders' Views

A consultation exercise was held with major shareholders and representative bodies in 2013 in respect of proposed changes to executive remuneration and their views were incorporated when designing the current remuneration policy. The Remuneration Committee will continue to engage pro-actively with shareholders and ensure that shareholders are consulted in advance and their views considered, where any material changes to the remuneration policy are proposed.

Element of Pay	Purpose and link to strategy	Operation
Basic Salary	Attract and motivate the best candidate for the role. Reflects an individual's skills, experience, role and responsibilities.	Reviewed annually and normally fixed for 12 months from 1 April. Takes into consideration: – responsibilities, abilities, experience and performance of an individual; – the Group's salary and pay structures; and – pay and conditions for the Group's employees in the relevant country. Salaries are benchmarked periodically against companies of a similar size and complexity.
Benefits	To provide market consistent benefits.	Directors may receive a car (or car allowance), private health insurance, disability, death benefits and certain travel/accommodation allowances. Other benefits may be provided where appropriate.
Pension	Rewards sustained contribution.	Contribution may be made to the Group's defined contribution pension plan and/or a salary supplement may be provided (e.g. where HMRC limits would be exceeded). Bespoke pension arrangements may also be offered (as per P R M Vervaat's current arrangements) where considered appropriate.
Annual Bonus	Drives and rewards the achievement of the short-term corporate objectives. The deferred element encourages long-term shareholding and aids retention whilst discouraging excessive risk-taking.	Targets renewed annually as part of the budgeting process. Bonus level is determined by the Committee after the year end, based on achievement against performance targets. 50% of the bonus is normally paid in cash; the remaining 50% is normally paid as deferred shares which are held for 3 years subject to continued employment. An exceptional negative event provision operates and the deferred bonus is subject to clawback provisions.
Performance Share Plan	Incentivises directors to achieve sustained returns for shareholders, rewards the achievement of the corporate strategy over the long-term and aids retention.	Awards over shares are normally made annually under a Performance Share Plan (PSP) with vesting dependent on continued employment and the achievement of performance conditions over three years commencing on 1 April of the year of grant. The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures. Clawback provisions operate.
All-Employee Sharesave Scheme	Encourages long-term shareholding in the Company and commitment to the Company.	Invitations made by the Committee under the HMRC approved or unapproved International Sharesave Schemes. Options granted at an exercise price equal to a minimum of 80% of the market price of the Company's shares.
Shareholding guidelines	Encourages long-term shareholding in the Company to provide alignment between executives and shareholders.	Requirement to retain a minimum of 50% of the net of tax shares vesting under the PSP award until the required shareholding is achieved.
Non-executive directors' fees	Reflects time commitments and responsibilities of each role. Reflects fees paid by similarly sized companies.	Cash fee normally paid monthly. Fees are normally reviewed every three years and increased with effect from 1 April.

Consideration of Employment Conditions Elsewhere in the Group

In determining the remuneration of the Group's directors, the Committee takes into account the pay arrangements and terms and conditions across the Group as a whole. Whilst employees were not directly consulted, the Committee seeks to ensure that the underlying principles which form the basis for decisions on directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken.

There are some differences in the structure of the remuneration policy for the executive directors and other senior employees, which the Remuneration Committee believes are necessary to reflect the different levels of responsibility of employees across the Company. The key differences in remuneration policy between the executive directors and employees across the Group are the increased emphasis on performance related pay and the inclusion of a share-based PSP for executive directors. The PSP is not granted to employees outside of the most senior executives as they are reserved for those anticipated as having the greatest potential to influence Group level performance.

Key Elements of the Remuneration Policy for Directors

Set out below is a summary of the main elements of the remuneration policy for directors, together with further information on how these aspects of remuneration operate. This policy, subject to shareholder approval, will become formally effective from the date of the Annual General Meeting in July 2014 and will apply for three years unless shareholder approval is obtained to make changes in the interim.

Opportunity	Performance metrics and period
There is no prescribed maximum salary or maximum annual increase. The Committee is guided by the general increase for the Company's UK employee population but on occasions may need to recognise, for example, an increase in the scale, scope or responsibility of the role. Current salary levels are disclosed on page 54.	None
No prescribed maximum limit. For benefit values for the year under review, see page 55.	None
Company contribution limited to 20% of basic salary.	None
Maximum of 100% of basic salary for achievement of stretching targets.	Performance period normally measured over one year. Performance metrics will be primarily related to profit-based targets although other metrics (e.g. cash flow, ROCE and health & safety) may apply to part of the bonus or operate as a bonus moderator.
Normal grant level: 125% of basic salary. Maximum grant level: 200% of basic salary (e.g. in exceptional circumstances).	Normally based on a 3 year performance period. Financial targets (e.g. EPS) and/or share price related measures (e.g. TSR). Up to 25% of an award vests at threshold performance increasing to full vesting at maximum performance.
Executives are eligible to participate on the same terms as other employees in accordance with the prescribed HMRC limits. The International Scheme allows overseas employees to participate on terms that are no more beneficial than those for UK participants.	Commitment to a savings contract and continuing employment with the Group over the vesting period.
100% of basic salary for all executive directors.	None
No maximum fee or maximum fee increase. Fee increases for non-executive directors will not normally exceed the average salary increase awarded to executive directors although increases may be above this level (e.g. if there is an increase in the time commitment or responsibility level; or where fees have fallen significantly below market against similar roles at comparable companies).	None

Directors' remuneration report: Directors' remuneration policy (continued)

Notes:

The Committee has given careful consideration to the performance measures applicable to both the annual bonus and the PSP.

The annual bonus measure is primarily based on growth in adjusted PBIT (profit before interest and tax) which the Committee believes appropriately rewards directors for growing the business whilst maintaining a suitable profit margin. As a result of the Committee's desire to further align management performance with the Company's key objectives, bonus moderators may operate to reduce payouts for failure to achieve targeted levels in certain areas. The Committee retains discretion over the calculation of adjusted PBIT and the moderators in order to appropriately adjust for any material one-off items including (but not limited to): major acquisitions and changes in accounting policies.

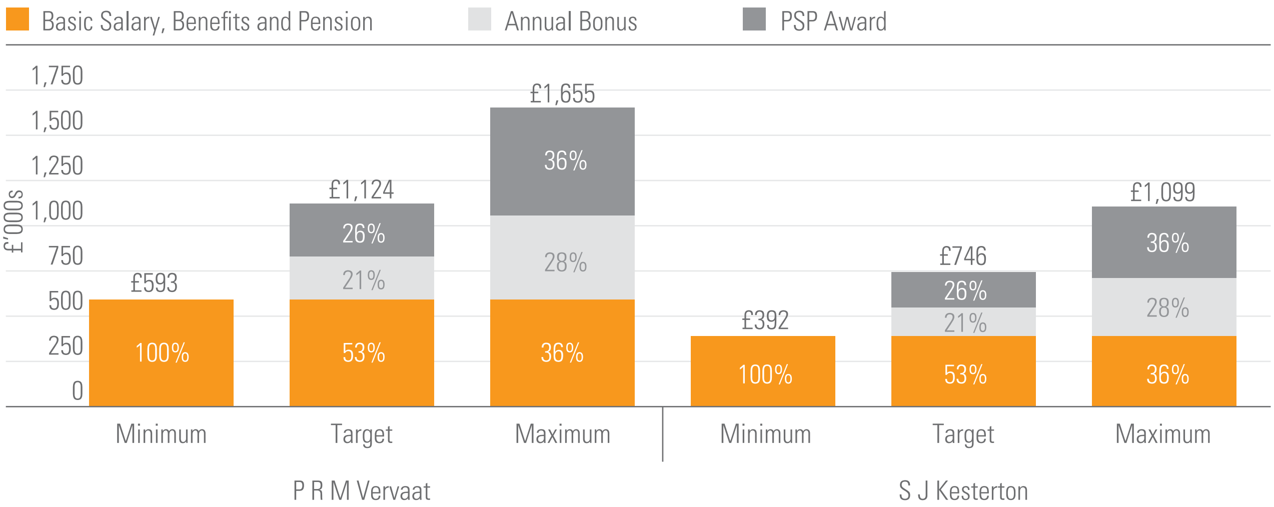
PSP performance measures incentivise sustained growth in adjusted EPS and the generation of TSR (total shareholder return). The adjusted EPS measure appropriately captures the impact of management's decisions and actions in areas such as product efficiency, margin improvement and efficient use of financial resources. TSR is a clear indicator of the relative success of the Group in delivering shareholder value and, as a performance measure, firmly aligns the interests of directors and shareholders. The EPS target range will be assessed annually and will normally be based on outperformance of a relevant inflation index. Performance against the adjusted EPS and TSR targets will be independently calculated and reviewed by the Committee. The Committee retains discretion over the calculation of adjusted EPS in order to appropriately adjust for any material one-off items including (but not limited to): major acquisitions, changes in accounting policies and major share issues.

The Committee operates share plans in accordance with their respective rules and in accordance with the Listing Rules and HMRC where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of certain plans.

For the avoidance of doubt, in approving this Directors' remuneration policy, authority is given to the Company to honour any commitments entered into with current or former directors. Details of any payments to former directors will be set out in the Annual Report on Remuneration as they arise.

Illustration of Application of Remuneration Policy

The balance of the potential remuneration package available for executive directors is weighted towards variable pay elements, which have stretching performance targets attached to them. The chart below shows the value of the executive directors' packages under three performance scenarios, minimum, on-target and maximum:



Notes:

1. P R M Vervaat's remuneration has been converted into £ using the £/€ exchange rate prevailing on 31 March 2014 being £1:€1.2074.
2. Salary levels are based on those applying from 1 April 2014.
3. Benefits have been estimated based on the cost of provision in the year-ending 31 March 2014.
4. Pension cost is estimated at 20% of annual basic salary applicable at 1 April 2014.
5. For illustrative purposes and in the interests of simplicity, the target annual bonus and PSP have both been assumed to be 50% of the maximum values (see below).
6. The maximum bonus potential is 100% of base salary.
7. The maximum value of the PSP is taken to be 100% of the face value of the award at grant (i.e. 125% of salary).
8. No share price appreciation has been assumed for the deferred bonus shares and PSP awards.

Approach to Recruitment and Promotions

The remuneration package for a new executive director would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The annual bonus potential would be limited to 100% of salary and grants under the PSP would normally be limited to 125% of salary with the capability to grant 200% of salary in exceptional circumstances. In addition, the Committee may offer additional cash and/or share-based awards to replace deferred or incentive pay forfeited by an executive leaving a previous employer. The Committee would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal executive director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Service Contracts and Payments for Loss of Office

Contractual provisions

The Committee determines the terms of the service contract for each executive director and the Company's policy is that service contracts normally continue until the director's agreed retirement date or such other date as the parties agree which is subject to a maximum of 9 months' notice by the employer and 6 months by the director. The service contracts contain provision for early termination for payments in lieu of salary with the ability to phase payments and mitigate such payments if alternative employment is obtained.

A director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct. If the employing company terminates the employment of an executive director in breach of contract, compensation is limited to basic salary due for any unexpired notice period. Payments in lieu of notice are not pensionable.

The following table shows details of the service contracts for the current executive directors and those who held office during the year ended 31 March 2014:

Name	Commencement Date	Notice Required from Group (months)	Notice Required from Individual (months)
P R M Vervaat[1]	1 May 2013	9	6
S J Kesterton[2]	1 April 2013	9	6
R J E Marsh[3]	17 May 1993	12	6

1 P R M Vervaat stepped up from Finance Director to Chief Executive on 1 May 2013.
2 S J Kesterton was appointed to the Board as Finance Director designate on 1 April 2013, becoming Group Finance Director on 1 May 2013.
3 R J E Marsh stepped down as Chief Executive on 1 May 2013.

The default treatment under all incentive plans is that they will lapse on cessation of employment. However in certain prescribed circumstances (including death, disability, ill-health, injury, redundancy, retirement or other circumstances at the discretion of the Committee) 'good leaver' status may be applied.

For good leavers in respect of the annual bonus, a bonus may be payable with respect to the period of the financial year worked, although it will be pro-rated for time and paid fully in cash at the normal payout date. Awards held under the deferred bonus plan will vest in full on the date employment is ceased.

For good leavers in respect of the PSP, awards will normally vest on their normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the performance period actually served unless the Committee determines that the time pro-rating should not be applied. The Remuneration Committee has discretion to determine that awards vest earlier based on performance to this date and pro-rated for the performance period actually served unless the Committee determines that the time pro-rating should not be applied.

Other appointments

The Board recognises that executive directors may be offered external non-executive directorship positions, which would broaden their skills and experience. Executive directors are permitted to accept an external non-executive position subject to the Board's approval, taking into account any potential conflicts of interest and expected time commitments. Any fees earned will normally be retained by the executive director.

Non-executive directors

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

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

Since 31 March 2014, the Board has approved the reappointment of J R P Pike for a further term of three years commencing 23 July 2014 subject to annual re-election by shareholders.

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

Directors' remuneration report: Annual report on remuneration

Implementation of the Remuneration Policy for the Year Ending 31 March 2015

The Remuneration Committee awarded the executive directors an increase in basic salary in March 2014, which was effective from 1 April 2014:

Basic salary	From 1 April 2013[1]	From 1 April 2014	Increase
P R M Vervaat	€564,000	€569,640	1.0%
S J Kesterton	£310,000	£314,000	1.3%

1. Salary with effect from 1 May 2013 for P R M Vervaat.

The increase excluding promotion and increases in responsibility across the Group's UK employees was up to 2% for the 2014 pay review.

Pension Arrangements

Recent changes in Dutch legislation are increasing the standard retirement age in retirement plans and reducing the maximum amount that can be accrued under the current pension arrangement for P R M Vervaat. During the year ending 31 March 2015, the pension arrangement for P R M Vervaat will be reviewed with a view to retaining the current plan or replacing it with a defined contribution arrangement. The employer's obligation will continue to be capped at a maximum of 20% of salary.

S J Kesterton continues to participate in a defined contribution pension plan in the UK with an employer's pension contribution of 9% and a salary supplement of 11% making up the maximum of 20% of salary.

Performance Targets for the 2014/15 Annual Bonus

The performance conditions for the annual bonus for the financial year ending 31 March 2015 will continue to be based on the Group's adjusted PBIT with a sliding bonus scale commencing at 0% of salary for a challenging threshold level of performance. Full bonus payout (100% of salary) will result for achieving the stretch level of performance, with 50% of the maximum bonus payable for achieving 57% of the target range between threshold and stretch levels. The adjusted PBIT will exclude the results for the recently acquired Ace Corporation Holdings Ltd. As a result of the Committee's desire to ensure the long term financial health of the Company and to align management performance targets with wider stakeholders, a reported accident frequency rate (RAFR) moderator will be introduced. Consequently, bonuses for the year ending 31 March 2015 will be reduced by:

- 9% if the health and safety RAFR for the calendar year 2014 is not reduced compared with the calendar year 2013;
- 8% if the targeted level of free cash flow generation is not achieved; and
- 8% if the targeted ROCE is not achieved.

The Committee deems the performance targets for the upcoming year to be commercially sensitive and has therefore taken the decision to not disclose the targets in advance. The performance targets and performance against them will be disclosed retrospectively in next year's Directors' remuneration report when the Committee is comfortable that the information is no longer commercially sensitive.

The maximum bonus potential will continue to be 100% of salary for the executive directors. Of the bonus payable, 50% will be paid in cash and the remaining 50% is paid as deferred shares which are held for 3 years subject to continued employment. An exceptional negative event provision operates and the deferred bonus is subject to claw back provisions.

Performance Targets for PSP Awards to be Granted in 2014/15

The Committee reviewed the performance targets in the year and decided that in view of the continued low level of growth in GDP in mainland Europe, where the majority of the Group's revenue arises, the threshold performance level for the EPS element of the award should be reduced from CPI+5%p.a. to CPI+4%p.a. with a corresponding reduction from 20% to 15% in the amount of the award that will vest at threshold performance. The target at the maximum 100% vesting level is unchanged.

Therefore, PSP Awards to be granted in 2014/15 will be subject to the following performance targets:

- EPS element (2/3rds) – growth in the Company's adjusted EPS in excess of CPI. 15% of this element of an award will vest for annual adjusted EPS growth of CPI+4% p.a. increasing pro-rata to 50% vesting for annual adjusted EPS growth of CPI+8% p.a. Vesting then increases pro-rata to 100% vesting for annual adjusted EPS growth of CPI+12% p.a.
- Relative TSR element (1/3rd) – the Company's TSR relative to the constituents of the FTSE 250 (excluding investment trusts). 20% of this element of the award will vest if the Company is ranked at the median, increasing pro-rata to 100% vesting for a ranking at upper quintile or better.

The 2014/15 grant level will be 125% of salary for the executive directors.

Non-executive Directors

As detailed in the remuneration policy, the Company's approach to setting non-executive directors' fees is by reference to fees paid at similar companies and reflects the time commitment and responsibilities of each role. Fees are reviewed every three years, with the most recent review occurring in March 2014 and fees increased from 1 April 2014. Current fees are as follows:

	From 1 April 2013	From 1 April 2014	Increase
Chairman	£140,000	£150,000	7.1%
Non-Executive Base fee	£37,000	£40,000	8.1%
Committee Chairman's fees[1]	£7,000	£10,000	42.9%

1 Committee Chairman's fees are paid to the Chairmen of the Remuneration and Audit Committees but not to the Chairman of the Nomination Committee.

The increase in the Chairman's and non-executive directors' base fees compares with the increase in CPI inflation over three years to March 2014 of 8.1% (equivalent to approximately 2.6% p.a.). The increase in the fees for the Remuneration and Audit Committee chairmen reflects the Board's view of the significant increase in the responsibilities and time commitment of both roles. There are no additional fees paid to the Senior Independent Director.

Directors' Remuneration (Audited)

The directors' remuneration was as follows:

		Fixed				Variable			
Year ended 31 March	Year	Salary and fees £'000	Taxable benefits £'000	Pension £'000	Sub-total £'000	Annual Bonus £'000	Long-term incentives £'000	Sub-total £'000	Total £'000
Executive directors									
P R M Vervaat[1]	**2014**	**482**	**47**	**91**	**620**	**467**	**154**	**621**	**1,241**
	2013	272	122	51	445	–	212	212	657
S J Kesterton[2]	**2014**	**310**	**16**	**62**	**388**	**310**	**–**	**310**	**698**
	2013	–	–	–	–	–	–	–	–
R J E Marsh[3]	**2014**	**80**	**8**	**16**	**104**	**80**	**–**	**80**	**184**
	2013	288	29	58	375	–	393	393	768
Non-executive directors									
J R P Pike	**2014**	**140**	**–**	**–**	**140**	**–**	**–**	**–**	**140**
	2013	140	–	–	140	–	–	–	140
I Haaijer[4]	**2014**	**37**	**–**	**–**	**37**	**–**	**–**	**–**	**37**
	2013	31	–	–	31	–	–	–	31
S Rojahn	**2014**	**44**	**–**	**–**	**44**	**–**	**–**	**–**	**44**
	2013	44	–	–	44	–	–	–	44
M G Towers	**2014**	**44**	**–**	**–**	**44**	**–**	**–**	**–**	**44**
	2013	44	–	–	44	–	–	–	44
Total	**2014**	**1,137**	**71**	**169**	**1,377**	**857**	**154**	**1,011**	**2,388**
	2013	819	151	109	1,079	–	605	605	1,684

1 P R M Vervaat was appointed as Chief Executive with effect from 1 May 2013 having previously served as Finance Director. As P R M Vervaat is paid in euros, his salary is converted using the average exchange rate for the year, £1: €1.1861(2013: £1: €1.2279).

2 S J Kesterton was appointed to the Board with effect from 1 April 2013.

3 R J E Marsh retired from the Board on 10 July 2013 but remained an employee of the Group until 30 September 2013. The remuneration information in the table above represents the remuneration received whilst a member of the Board. Salary, benefits, pension contributions and bonus paid in respect of the 2014 financial year have been apportioned to represent the remuneration received whilst a member of the Board. His remuneration for employment since stepping down from the Board, covering the period from 10 July 2013 to 30 September 2013, is disclosed in the remuneration paid to former directors section.

4 I Haaijer was appointed to the Board with effect from 30 May 2012.

Directors' remuneration report: Annual report on remuneration (continued)

Additional Information in Respect of the Single Figure Table

Taxable benefits

The taxable benefits for P R M Vervaat include: a company car and fuel provision in the Netherlands, an allowance for medical insurance premiums and fees for preparation of his tax return. Additionally, P R M Vervaat received an ex-pat allowance of €2,833 per month and was also provided with the following benefits: a UK company car and fuel provision, UK accommodation, the cost of commuting from the Netherlands to the UK and an amount equivalent to the UK income tax payable on these benefits for part of the year. However, the provision of the ex-pat allowance ceased on 30 April 2013 and the additional benefits all ceased on 31 July 2013 or earlier.

The taxable benefits for S J Kesterton and R J E Marsh comprised a UK company car and fuel provision or a car allowance alternative and private medical insurance.

Annual bonus for the year ended 31 March 2014

The annual bonus for the year ended 31 March 2014 was based upon the Group's adjusted PBIT (operating profit) with a sliding bonus scale commencing at 0% of salary for a threshold 5% below the adjusted PBIT for the year ended 31 March 2013 and full pay out (100% of salary) for achieving a stretching level of performance. In addition, 50% of the maximum bonus would be payable for achieving 60% of the target range. In addition, free cash flow and ROCE (key performance indicators) moderators applied. Any bonus payable would be reduced by:

- 12.5% if the Group's free cash flow for the year ended 31 March 2014 was less than £50m; and
- 12.5% if the Group's ROCE for the year ended 31 March 2014 was less than 18.3%.

The results of the annual bonus for the year under review were:

	Threshold £m	50% £m	Maximum £m	Actual £m	Bonus payable / (reduction)
Adjusted operating profit[1]	85.0	91.0	95.0	101.3	100%
Free cash flow	50.0	–	–	63.4	(0)%
ROCE[2]	18.3%	–	–	18.7%	(0)%
Total Bonus Payable (% of maximum)					100%

1 The Committee considered the impact on the adjusted PBIT of the credit for the depreciation adjustment of £3.7m in the year in relation to an increase in the useful economic life of primary production line machinery from 10 to 12 years, amortisation of acquired intangibles of £0.8m and, following the application of IAS 19 (Revised 2011) adopted from the beginning on the financial year, pension administration expenses of £0.6m. The Committee concluded that there would be no impact even if an adjustment was made as the revised adjusted operating profit figure (£96.2m) would still exceed the target for the maximum bonus payout.

2 ROCE before taking account of the acquisitions during the year was 20.2%. If the impact of the depreciation credit, amortisation of acquired intangibles and pension administration expenses were adjusted for, it would reduce the ROCE below the threshold level. However, the Committee decided that it would not be appropriate to make this adjustment as it would penalise the participants and may discourage the directors from making acquisitions that were beneficial to the Group in the future.

Of the bonus payable, 50% will be paid in cash and the remaining 50% is paid as deferred shares which are held for 3 years subject to continued employment. An exceptional negative event provision operates and the deferred bonus is subject to claw back provisions.

R J E Marsh's annual bonus was pro-rated based for the proportion of the financial year served prior to retiring from the Company and paid 100% in cash.

Vesting of Performance Share Plan awards

The award of nil cost options made on 1 August 2011 under the RPC Group 2008 Performance Share Plan (PSP) were subject to a performance condition based on a sliding scale of growth in the adjusted basic EPS in excess of CPI for the three years ended 31 March 2014. At threshold vesting 25% of the award would vest for an annual adjusted EPS growth of CPI+5% p.a. increasing pro-rata to 100% vesting (based on 75% of salary at the award date) for annual adjusted EPS growth of CPI+10% p.a. The performance targets taking into account the actual CPI over the vesting period and the actual performance against those targets was as follows:

Metric	Threshold vesting EPS	Maximum vesting EPS	Actual[1] EPS	Vesting %
Adjusted basic EPS	36.9p	41.3p	41.1p	49.0%

1 The Remuneration Committee decided that the actual adjusted basic EPS should be reduced for the depreciation credit of £3.7m (1.7p) in relation to an increase in the useful economic life of primary production line machinery from 10 to 12 years and the employee benefit net finance expense of £2.4m (1.1p). Consequently, the EPS used to determine the outcome of the 2011 PSP award is 38.3p which is lower than the adjusted basic EPS of 41.1p reported in the Consolidated income statement on page 76. The Committee is of the view that this approach is both fair to shareholders and management, and is reflective of Company performance.

The resulting awards for the current and former executive directors are as follows:

	No of shares at grant	No of shares to vest	No of shares to lapse – good leaver	No of shares to lapse – performance	Estimated value[2] £'000
P R M Vervaat	51,541	25,255	–	26,286	154
R J E Marsh[1]	59,212	20,967	16,423	21,822	128

1 R J E Marsh retired from the Board on 10 July 2013 and retired as an employee on 30 September 2013.

2 The estimated value of the shares under option that vest is based on the average share price over the three months ended 31 March 2014 of £6.09 per share.

No dividends accrue in respect of awards of free shares or nil cost options under the PSP. The awards will normally vest on 1 August 2014, the third anniversary of the date of grant.

Pension

P R M Vervaat has an individual defined benefit pension policy with a Dutch insurance company, Nationale-Nederlanden. The plan provides a guaranteed cash balance on retirement and aims to provide a career average pension based on an annual accrual of 2.15% p.a. with effect from 1 January 2014 (previously 2.25% p.a.) of pensionable salary and a spouse's pension of 70% of his pension on death. In addition to the reduction in the accrual rate permitted under Dutch legislation, the retirement age under the plan has increase from 65 to 67 years. Up to 30 April 2013, the employer contributions were capped at €60,000 p.a. Following his appointment as Chief Executive on 1 May 2013, the maximum total payable by the employer is 20% of basic salary. This may be in the form of a pension contribution or a salary supplement or a combination of the two. For the year ended 31 March 2014, the premium (contribution) payable by the employer was €92,327 (£77,841) and the salary supplement was €16,073 (£13,551). Up to 30 April 2013 P R M Vervaat contributed 8.7% of basic salary, thereafter, his contributions are nil.

Although it is a defined benefit plan, the employer's obligation for the provision of pension benefits is fixed at 20% of salary (and previously capped at €60,000 p.a.). Consequently, RPC is no longer expected to be exposed to any material actuarial risks in relation to the accrued benefits in this plan. Therefore, the pension arrangement is being treated as a defined contribution plan for accounting and disclosure purposes. This is a change from the disclosures made in previous years when the employer's contributions were unaffected by the cap of €60,000 p.a. and there was a defined benefit obligation on the employer.

Under Dutch legislation, there will be a further reduction in the maximum accrual rate from 2.15% to 1.875% and a maximum pensionable salary imposed of €100,000 p.a. from 1 January 2015.

S J Kesterton is entitled to receive a Group pension contribution of 20% of basic salary, paid either as a non-pensionable salary supplement or delivered partly through the Group's defined contribution arrangement (capped at 15% of basic salary, subject to a 5% of basic salary employee contribution) and partly through a salary supplement (5% of basic salary). For the year ended 31 March 2014, the employer pension contribution was 9% of basic salary (£27,900) and the 11% salary supplement paid was £34,100. In addition, S J Kesterton has elected to participate in the employer's pension salary exchange arrangement whereby salary is reduced in exchange for the employer paying additional contributions of 3% (£9,300).

Life assurance of four times basic salary is also provided for P R M Vervaat and S J Kesterton.

The Company does not contribute to any pension arrangements for non-executive directors.

The pension entitlement accrued during the year for the former director, R J E Marsh who is a member of the RPC Containers Limited Pension Scheme, a defined benefit scheme, is as follows:

	Accrued pension at 31 March 2013 £'000 p.a.	Increase in accrued pension over the period net of indexation £'000 p.a.	Increase in accrued pension over the period less member contributions £'000 p.a.	Accrued pension at 30 September 2013[1] £'000 p.a.
R J E Marsh	196	0	6	202

1 R J E Marsh retired from the Board on 10 July 2013 at which date his accrued pension was £201,153 p.a. and retired as an employee on 30 September 2013.

The RPC Containers Limited Pension Scheme provides a pension of one 60th of final pensionable earnings for each year of pensionable service plus widow's and dependants' pensions. With effect from 31 July 2010 the Scheme closed to future service accrual. Member contributions have been nil since the Scheme closed. Life assurance of four times earnings for R J E Marsh continued to be provided under an insurance contract until his employment ceased. The Remuneration Committee agreed to pay R J E Marsh a supplement of 20% of basic salary in lieu of employer pension contributions.

The period end accrued pension is that which would be paid on retirement based on service up to 31 July 2010 and final pensionable earnings at 31 March 2011, the date the director became a deferred member of the Scheme, increased in line with the Rules of the Scheme. The normal retirement age is 65. Pension earned before 1 April 1995 can be taken unreduced from age 60. As R J E Marsh is aged 63 a late retirement factor will be applied to this element of his pension up to the date he begins to draw his benefits.

Other Income

R J E Marsh received fees of £11,000 (2013: £40,000) for the period to 10 July 2013 in respect of his non-executive directorship of British Polythene Industries PLC.

Payments to Former Directors

R J E Marsh retired from the Board on 10 July 2013 and retired from the Company on 30 September 2013. Consequently, there was no compensation for loss of office. The remuneration received by R J E Marsh whilst a member of the Board is reported in the director's remuneration table on page 55. R J E Marsh received additional remuneration in the year as an employee (from 10 July 2013 to 30 September 2013) equating to £148,000 and comprised as follows:

	£'000
Salary	64
Benefits	7
Pension	13
Bonus	64
Total	148

Directors' remuneration report: Annual report on remuneration (continued)

Furthermore, the 2011 PSP award completed its performance period on 31 March 2014 and will vest at 49.0% on 1 August 2014. The amount of shares vesting will be pro-rated to reflect the portion of the performance period completed between the grant date and the date of retirement from the Company. The value of the shares expected to vest on 1 August 2014 is £128,000 using the 3 month average share price to 31 March 2014 (£6.09). Further details of R J E Marsh's PSP vesting are shown on page 56.

Directors' Shareholdings and Options

Scheme interests awarded in the year

On 10 July 2013, executive directors were granted the following PSP awards.

Executive director	Number of PSP awards	Basis[1]	Face value[2]
P R M Vervaat	147,272	125% of base salary	£587,500
S J Kesterton	97,137	125% of base salary	£387,500

1 P R M Vervaat's grant as a percentage of base salary is calculated using the exchange rate on the date of grant (£1: €1.1600)

2 Based on a share price of 398.92p which was the average closing share price over five dealing days immediately prior to grant.

Performance conditions for the PSP awards made on 10 July 2013 are subject to targets for the performance period of 3 years ended 31 March 2016 as follows:

- Two thirds of an award: 20% of this part of an award will vest for annual adjusted EPS growth of CPI+5% p.a. increasing pro-rata to 50% of this part of an award vesting for annual adjusted EPS growth of CPI+9% p.a. (approx. 60% of the EPS growth range) increasing pro-rata to 100% vesting of this part of an award for annual adjusted EPS growth of CPI+12% p.a.
- One third of an award: 20% of this part of an award will vest if RPC's TSR is ranked at the median of the FTSE 250 (excluding investment trusts) increasing pro-rata to 100% vesting of this part of an award if RPC's TSR is ranked at or above the upper quintile. In addition, no part of this award may vest unless the Committee is satisfied that the vesting percentage produced by the TSR condition is reflective of the Group's underlying financial performance.

The directors' shareholdings and share interests

The Company operates a shareholding guideline of 100% of salary for the executive directors and directors are required to retain 50% of the net after tax cost of vested shares until the guideline is achieved. Only beneficially owned shares count towards the shareholding guideline percentage.

	Beneficially owned at 1 April 2013 (Number)	Beneficially owned at 31 March 2014 (Number)	Outstanding PSP awards (Number)	Outstanding Sharesave Scheme Options (Number)	Shareholding as a % of salary at 31 March 2014	Shareholding Guideline Achieved
Executive directors						
P R M Vervaat[1]	175,000	185,000	244,154	3,293	246.6%	Yes
S J Kesterton	–	–	97,137	–	–	No
R J E Marsh[2]	1,423,307	1,445,453	64,753	–	n/a	n/a
Non-executive directors						
J R P Pike	254,000	254,000	–	–	n/a	n/a
I Haaijer	–	–	–	–	n/a	n/a
S Rojahn	–	–	–	–	n/a	n/a
M G Towers	16,250	16,250	–	–	n/a	n/a

1 Shareholding as a percentage of salary is calculated using the exchange rate on 31 March 2014 (£1: €1.2074) and average share price over the 30 days to 30 March 2014 (622.78p).

2 Shareholding and interests at 30 September 2013 on retirement from the Company.

There have been no changes in the interests set out above between 31 March 2014 and the date of this report.

Share options

The following tables show details of the options held by the directors under the Company's share option schemes at 31 March 2014:

RPC Group 2003 Approved and Unapproved Executive Share Option Schemes

	Date of grant	Options at 1 April 2013	Exercised during the period	Options at 31 March 2014	Exercise price*	Option value*	Market price on date of exercise
R J E Marsh	25 Jul 07	100,272	100,272	–	234.56p	54p	405.02p

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

The options shown above were the maximum number that would vest provided the EPS growth target of at least an average of 5% p.a. in excess of RPI over a three year period from the date of grant was achieved. The performance conditions were met in full and R J E Marsh exercised the options before his retirement from the Board. The notional gain on the options exercised during the year was £170,924. R J E Marsh sold 78,126 shares on exercise for a consideration of 405.02p per share, which included a sufficient number of shares to cover the purchase cost, dealing expenses, income tax and National Insurance due on exercise.

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

	Date of grant	Options at 1 April 2013	Granted during the year	Exercised during the year	Options at 31 March 2014	Exercise price	Option value	First exercise date	Last exercise date
P R M Vervaat	18 Jan 12	3,293	–	–	3,293	273.00p	100p	1 March 2015	31 August 2015

The value of an option is calculated according to the Black-Scholes model. Information on the assumptions made in the option valuation is given in note 24 to the financial statements.

There have been no changes in share options between 31 March 2014 and the date of this report.

Performance Share Plan

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

	Date of award	Interest at 1 April 2013	Awarded during the year	Vested during the year	Lapsed during the year	Interest at 31 March 2014	Market price on award date (pence)	Market price on vesting date (pence)	Vesting date/ Exercise period
P R M Vervaat	27 Jul 10	48,590	–	48,590	–	–	266.75	449.00	29 Jul 13
	1 Aug 11	51,541	–	–	–	51,541	359.80	–	1 Aug 14 – 31 Jul 21
	18 Jul 12	45,341	–	–	–	45,341	407.10	–	18 Jul 15 – 17 Jul 22
	10 Jul 13	–	147,272	–	–	147,272	413.50	–	10 Jul 16 – 9 Jul 23
S J Kesterton	10 Jul 13	–	97,137	–	–	97,137	413.50	–	10 Jul 16 – 9 Jul 23
R J E Marsh	27 Jul 10	90,326	–	90,326	–	–	266.75	449.00	29 Jul 13
	1 Aug 11	59,212	–	–	16,423	42,789	359.80	–	1 Aug 14 – 31 Jan 15
	18 Jul 12	54,659	–	–	32,695	21,964	407.10	–	18 Jul 15 – 17 Jan 16

The awards shown above are the maximum number of shares that will vest provided that the performance conditions are met. The awards granted after 2010 were made in the form of nil cost options.

Performance conditions for the PSP awards made in 2010, 2011 and 2012 were based on sliding scale EPS targets whereby 25% of awards vest for annual adjusted EPS growth of CPI+5% p.a. increasing pro-rata to 100% vesting for annual adjusted EPS growth of CPI+10% p.a.

The performance conditions for the PSP awards made in 2013 are outlined on page 58.

The performance conditions for the awards granted to executive directors on 27 July 2010 were met in full and the shares transferred from the RPC Group Employee Benefit Trust on the vesting date, 29 July 2013. On the same date, P R M Vervaat sold 38,590 shares for a consideration of 449p per share including sufficient shares to pay the income tax, social security and dealing expenses due following the vesting.

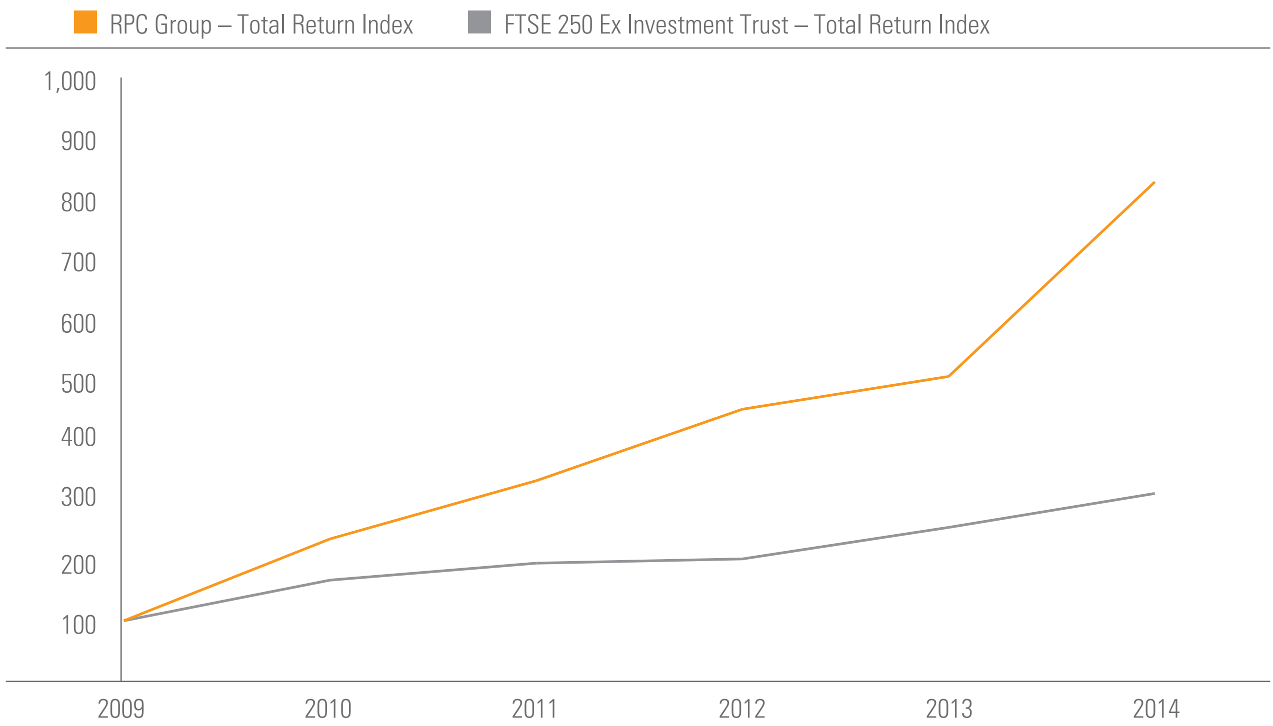
Following his retirement from the Company on 30 September 2013, R J E Marsh's PSP awards will vest at the normal vesting dates, subject to the relevant performance conditions being met and the application of time pro-rating to reflect the time elapsed from the grant date to the date of retirement from the Company. R J E Marsh will have 6 months to exercise any nil cost options which vest from the first exercise date.

The market price of an RPC Group Plc 5p ordinary share at 31 March 2014 was 631.5p and the range of prices during the year was 378p to 648p per share.

Directors' remuneration report: Annual report on remuneration (continued)

Total Shareholder Return Performance Graph and Remuneration Table

The graph below shows the total shareholder return on a holding of RPC shares compared with an equivalent holding in the FTSE 250 index (excluding investment trusts). This index has been chosen as it is a broad market index of which RPC is a constituent and is therefore considered to be the most relevant yardstick against which the Company's total shareholder return performance may be measured over the 5 years ended 31 March 2014.



Source: Thomson Reuters Datastream

This graph shows the value by 31 March 2014 of £100 invested in RPC Group Plc on 31 March 2009 compared with the value of £100 invested in the FTSE 250 index (excluding investment trusts). The other points plotted are the values at intervening financial year ends.

The table below shows the single total remuneration for the Chief Executive for the last five years, together with the proportion of the maximum annual bonus paid and vesting of the relevant long-term incentive plan.

	Year Ended 31 March	Total Remuneration £'000	Annual Bonus Paid % of Maximum	Long-Term Incentives Vested % of Maximum
P R M Vervaat[1]	2014	1,143	100%	49%
R J E Marsh[2]	2014	55	100%	–
R J E Marsh	2013	768	0%	100%
R J E Marsh	2012	851	75.4%	100%
R J E Marsh	2011	961	n/a	100%
R J E Marsh	2010	265	n/a	100%

1 Chief Executive from 1 May 2013. The remuneration shown represents amounts received for performing the role of Chief Executive. The amounts includes 11 month of salary, benefits and pension contributions; and also 11/12ths of the bonus received to reflect the amount of bonus received in respect of performing the role of Chief Executive for 11 months. The full amount of the PSP is included as this represents remuneration received for performance over a 3 year period.

2 Chief Executive to 1 May 2013. The remuneration shown represents amounts received for performing the role of Chief Executive. The amounts includes 1 month of salary, benefits and pension contributions; and also 1/6th of the bonus received for employment to 30 September 2013 to reflect the amount of bonus received in respect of performing the role of Chief Executive for 1 month. No amount is shown in respect of the PSP as this vested following retirement from the Company.

Prior to adopting the RPC Group Annual Bonus Plan for the year ended 31 March 2012 there was no bonus arrangement.

The first awards under the RPC Group 2008 Performance Share Plan vested in respect of the year ended 31 March 2011. Prior to this options were granted under the RPC Group 2003 Approved and Unapproved Executive Share Option Schemes. Although the options that vested in respect of the performance period ended 31 March 2010 vested in full, the market value of the options on the vesting date was less than the exercise price payable.

Percentage Change in Chief Executive's Remuneration

The table below shows the percentage change in the salary, taxable benefits and annual bonus from the year ended 31 March 2013 to the year ended 31 March 2014 compared with the average equivalent amount per employee for all UK participants in the Group's Annual Bonus Plan. This group of UK employees was considered a more appropriate comparator group given that the three elements required for comparison are present and that the Chief Executive's remuneration is based on UK remuneration practices.

	Chief Executive % change	UK employee comparator group % change
Salary	59.5%	9.5%
Taxable benefits	40.1%	8.0%
Annual bonus[1]	n/a	n/a

1 The maximum bonus is payable in respect of the year ended 2014 but no bonus was paid for the previous year. The percentage increase cannot be computed.

The change in the Chief Executive's remuneration is the result of comparing the remuneration for P R M Vervaat who became Chief Executive on 1 May 2013 with the remuneration of R J E Marsh who was Chief Executive prior to 1 May 2013. For historical reasons, the former Chief Executive's remuneration was not in line with Chief Executives of other companies of similar size and complexity. There have been a number of promotions within the more senior management throughout the Group including the UK which has resulted in the above inflation increase in the remuneration of the comparator group.

Relative Importance of Spend on Pay

The following table shows the Group's actual expenditure on pay for all its employees relative to other financial indicators:

	2014 £m	2013 £m	Change %
Staff costs	239.3	231.8	3.2
Dividends	28.1	24.7	13.8
Revenue	1,046.9	982.3	6.6
Operating profit	73.2	62.0	18.1
Capital investment (including acquisitions)	184.5	72.5	254.5

Staff costs include salaries, fees, bonus and employer pension and social security contributions for directors. This is different from the remuneration given in the remuneration tables above.

Dividends comprise the interim paid and final proposed dividend payable for the relevant financial year.

The Role and Composition of the Remuneration Committee

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

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

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

The role of the Remuneration Committee is set out in its terms of reference which can be found on the Group's website. The Remuneration Committee meets at least twice each year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 43.

Directors' remuneration report: Annual report on remuneration (continued)

The Committee's principal responsibilities are:

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

During the year, New Bridge Street (NBS), a trading name of Aon Hewitt Limited, was engaged by the Committee to provide it with remuneration consultancy services. These services were provided to the Committee independently of pension consultancy, accounting and actuarial advice that Aon Hewitt Limited and associated companies provides to the Group. The terms of engagement between the Company and NBS are available from the Company Secretary on request. Fees charged by New Bridge Street for advice provided to the Committee for the year ended 31 March 2014 were £38,394. In addition, advice was sought from Ashurst LLP, the Company's legal advisers, and from Dutch law firm, Van Doorne NV in respect of the drafting of executive directors' service contracts. Fees charges by Ashurst and Van Doorne in respect of these services during the year were £79,919 and £12,276 respectively.

Shareholder Voting at the Last AGM

At the AGM held on 10 July 2013, the Directors' remuneration report received the following votes from shareholders:

	Total number of votes	% of votes cast
Votes cast in favour	124,114,760	98.6%
Votes cast against	1,747,946	1.4%
Total votes cast	125,862,706	100.0%
Votes withheld	9,243,370	

The Directors' remuneration report was approved by the Board on 9 June 2014 and has been signed on its behalf by:

S Rojahn
Chairman of the Remuneration Committee
09 June 2014

Audit committee report

M G Towers
Chairman of the Audit Committee

Dear Shareholder

On behalf of the Audit Committee, I am pleased to present the Audit Committee's report for the year ended 31 March 2014. This report describes the work of the Audit Committee, its responsibilities and key tasks as well as its major areas of activity and key considerations for the financial year.

Audit Committee

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

	From	To
M G Towers (Chairman)	1 April 2009	To date
S Rojahn	1 April 2009	To date
I Haaijer	30 May 2012	To date

The Board is satisfied that the Chairman, a chartered accountant, has recent and relevant financial experience and has extensive experience in senior finance roles. The Committee meets at least three times each year and thereafter as circumstances dictate. The number of meetings held during the year and the attendance of members of the Committee are shown in the table on page 43. The external auditor attends meetings of the Committee, other than when their appointment or performance is being reviewed. The Group Finance Director, other members of the Board, the Group Controller and the Group Internal Audit Manager attend Audit Committee meetings as appropriate. The Committee meets with the auditor without any other directors or management present at least twice each year.

The Audit Committee reviewed and updated its terms of reference in accordance with best practice in 2013. The revised terms are available on the Company's website www.rpc-group.com.

Key Responsibilities

The main responsibilities of the Audit Committee are to:

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

The Audit Committee fulfilled its responsibilities outlined above during the year.

The Committee, together with the Board, takes care when reviewing the annual report and accounts and half yearly, interim and other relevant published reports to ensure that a fair, balanced and understandable assessment of the Company's position and prospects is presented and that information necessary for shareholders to assess the Company's performance, business model and strategy is provided.

Audit committee report (continued)

Main Activities of the Audit Committee in the Year

The Audit Committee met on three occasions during the year and dealt with the following matters:

	May	November	January
Financial reporting and significant judgements			
Full year results and announcement	✓		
Half year results and announcement		✓	
Going concern report	✓		
External audit			
Review and consideration of Audit Highlights Memorandum	✓	✓	
Board representation letter	✓	✓	
Evaluation of external audit function	✓		
Reappointment recommendation to Board	✓		
Fees for non-audit activities	✓	✓	✓
External audit plan			✓
Separate meeting with External Auditor	✓	✓	
Internal audit			
Internal controls & risk management report	✓		
Internal controls & risk management update		✓	
Internal audit update	✓	✓	
Evaluation of Internal audit function		✓	
2014 Internal audit plan		✓	
Other			
Annual review of terms of reference			✓
Annual evaluation of committee			✓
Compliance with UK Corporate Governance and other	✓		

The Committee's monitoring and review role during the year has been particularly focused on the financial impacts of the Fitter for the Future programme, particularly following the launch of Phase 2 of the programme and the subsequent decision to sell the Cobelplast businesses which are disclosed as Discontinued Operations, and the accounting for the two acquisitions in the year, M&H Plastics and Helioplast. The Committee also considered recent EU directives on external auditor tenure and how this might impact the Group going forward.

In addition to the above meetings in 2013/14, at its meeting in May 2014 the Committee reviewed the Group's financial statements and other relevant disclosures in the Annual Report and Accounts.

Financial Reporting and Significant Financial Judgements

The Committee is responsible for reviewing whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements in the preparation of the financial statements. In respect to the financial statements for the year ended 31 March 2014, the significant issues reviewed and how these issues were addressed are summarised below:

Restructuring and closure costs, impairment losses and other exceptional items

Note 4 on page 91 of the financial statements describes the nature of the £26.7m of non-recurring and exceptional items recognised in the year, relating to the Fitter for the Future business optimisation programme and additional costs arising from other one-off events. The Committee considered the accounting treatment and disclosure of these costs in the financial statements through a detailed review of management's plans in respect to the programme, and also sought the views of the external auditor as to the appropriateness and consistency of the accounting treatment and disclosures. On the basis of this review the Committee concluded that the accounting treatment and disclosure of these items were appropriate.

Valuation of assets and liabilities held for sale

Note 18 on page 101 describes the basis on which certain Assets and Liabilities held for sale have been valued. As a result of the launch of Phase 2 of the Fitter for the Future programme, the Board announced a plan to dispose of certain assets and liabilities of the Group. The carrying amount of these assets and liabilities will be recovered principally through a sales transaction and have been presented separately in the balance sheet. The Committee considered and critically reviewed the assumptions used in management's calculations of the fair value of these assets and liabilities and considered the views of the external auditor in this issue. On the basis of this review, the Committee concluded that the accounting treatment and disclosures were appropriate.

Valuation of acquired intangibles

In December 2013, the Group acquired two businesses, M&H Plastics for £103m and Helioplast for £8m. IFRS 3 requires assets and liabilities acquired to be recorded at fair value and to separately identify intangible assets from goodwill, initially measuring each group of intangible assets at fair value. For RPC these intangible assets were customer relationships. There is judgement involved in estimating fair value, particularly in relation to identifiable intangible assets, which requires the directors to estimate the useful economic life of each asset and the future cash flows expected to arise from each asset and to apply a suitable discount rate. The Group adopted a methodology which has been consistently applied to all acquisitions in recent years. The auditor provided the Committee with their review of the fair value exercise and following discussion the Committee was satisfied that the assumptions used were appropriate and that the resultant fair values were reasonable. Details of how this acquisition has been accounted for are set out in note 25 of the financial statements

In addition the Audit Committee is responsible for ensuring that the results communications are fair, balanced and understandable, and review the results announcements and annual report and accounts to ensure that this is the case.

External Auditor

KPMG has been the Company's external auditor since 1999 with the lead audit partner changing every five years. There was a new lead audit partner for the year ended 31 March 2012. In early 2012, the Audit Committee conducted an external audit tender. Four audit firms including KPMG LLP were invited to participate in the process. The tender documents and presentations were carefully scrutinised and the candidates assessed according to a range of selection criteria. At the conclusion of the process, the Committee recommended and the Board approved that KPMG LLP be proposed for reappointment as the Company's external auditor. The Committee policy is to put the external audit contract out to tender at least every ten years in accordance with the 2012 edition of the Code, but given the recent EU directives on auditor rotation and the length of tenure of KPMG the Committee plans to undertake another tender during the current financial year to take effect from 2015/16. The Committee will continue to monitor best practice developments in the Code and related guidance and any changes at EU level.

The Committee has conducted a detailed review of non-audit fees paid to the external auditor and reviewed monitoring and approval procedures during the year. It is satisfied that the level of fees for non-audit services has not impaired auditor objectivity and independence based on the principles adopted in the Group policy on the engagement of the external auditors to supply non-audit services. Under the policy, the auditor may not be engaged to audit their own work, make management decisions for the Group, have a mutual financial interest with the Group or be put in the role of advocate for the Group. Prior approval of the Audit Committee is required for non-audit services where the fees are likely to exceed specified limits both for individual assignments and in the aggregate. Details of the amounts payable to the external auditors during the year for audit and other services are set out in note 3 to the financial statements. The Committee is monitoring developments in the EU regarding limitations on the provision of non-audit services and will review its policy accordingly.

In addition to its review of non-audit fees, the Committee has conducted its annual assessment of the external auditor, including matters that might have a bearing on their independence, objectivity and effectiveness of their audit. The assessment takes into account the systems and procedures adopted by KPMG and the results of internal questionnaires. The Committee is satisfied that the external audit process remains effective and that auditor objectivity and independence is properly safeguarded.

Internal Audit

The Group Internal Audit Manager is invited to attend Audit Committee meetings where external audit and internal control matters are considered and to report on the results of internal audits and progress on the implementation of recommendations directly to the Committee. The internal audit process has become well-established and has continued to develop to take into account the expansion of the Group and new responsibilities, such as Bribery Act 2010 compliance and IT audits. During the year, the Committee approved the annual internal audit plans and the scope of audits. It also reviewed the results of audits and the internal audit resources in respect of the Group.

Audit committee report (continued)

Risk Management and Internal Control

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

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

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

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

The internal audit function has performed reviews at a number of the Group's sites during the year. In addition, the Group has identified a number of risks faced by the business, requiring particular attention to control and monitoring, and these are held in a Group risk register. Details of the specific risks that are seen as particularly important at the current time are given in the Principal Risks on pages 18 and 19.

The directors confirm that they have carried out their annual review of the effectiveness of the system of internal control as it has operated throughout the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts. The directors also confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

M G Towers
Chairman of the Audit Committee
09 June 2014

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2014.

This Annual Report and Accounts 2014 has been prepared solely for RPC Group Plc's shareholders. The Company, its directors, employees, agents or advisers do not accept responsibility to any other person and any such responsibility or liability is expressly disclaimed. The Report and Accounts contains forward-looking statements, which

- have been made by the directors in good faith based on the information available to them up to the time of their approval of the Report and Accounts; and
- should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

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

Acquisitions and Disposals

On 9 December 2013 the Group acquired effective control of 100% of the share capital of Helioplast d.o.o. based in Bosnia-Herzegovina from its owner managers for a consideration of £8.4m. Helioplast is a supplier of injection moulded rigid plastic packaging for the consumer food markets in the Balkan region with an annual turnover of approximately £7.0m.

On 16 December 2013 the Group acquired effective control of 100% of the share capital of UK based Maynard & Harris Group Ltd (M&H Plastics) for a consideration of £102.9m from investment funds advised by Caird Capital LLP and the company's management. The goodwill arising was £76.4m and the acquisition was funded from the Group's existing debt facilities. M&H is a supplier of injection moulded and blow moulded rigid plastic packaging to the personal care, healthcare and selected food segments with manufacturing facilities in the UK and USA. The annual turnover of the M&H Group is approximately £80.0m.

On 1 May 2014 RPC announced the proposed acquisition of Ace Corporation Holdings Ltd (Ace) for an initial consideration of US$301m (£178m) and a total consideration of up to US$430m (£255m) to be finance by a placing of 12.5m shares, the issue of 8.5m Consideration Shares and bank debt. The acquisition was approved by the Company's shareholders at a General Meeting held on 19 May 2014 and was completed on 2 June 2014. Ace is one of the Far East's industry leaders in the manufacture of plastic injection moulded components and injection moulding tools for niche segments within the packaging, lifestyle, medical, power and automotive end markets. It is headquartered in Hong Kong with five plants in mainland China. Turnover for the year ended 31 December 2013 was HK$1,355.0m (£104.0m).

Further information on acquisitions is given in the Strategic Report and in note 25 to the financial statements.

Details of the initial and final phases of the Group's Fitter for the Future business optimisation programme, including the closure of operations at Antwerp (Belgium), Beuningen (Netherlands) and Troyes (France), the proposed closure of the factory at Tenhult (Sweden), the sale of Offenburg (Germany) and the intended sale of the Cobelplast cluster are given in the Strategic Report.

Share Capital

The Company had 166,566,789 ordinary 5p shares in issue at 31 March 2014.

On 1 May 2014 the Company issued 12,500,000 ordinary shares by way of a placing at a price of 600p per share. The proceeds of the placing net of costs were £73.5m. On 2 June 2014, 8,509,841 ordinary shares ("Consideration Shares") were issued as part of the consideration for the acquisition of Ace. The Consideration Shares are subject to restrictions such that the 50% may not be sold or transferred within 12 months of completion and the remainder may not be sold or transferred within 24 months of completion. In all other respects the placing and Consideration Shares rank pari passu with the other shares in issue.

Full details of the Company's issued share capital together with the rights, obligations and restrictions attaching to the shares are set out in note 24 to the financial statements.

Dividends

An interim dividend of 4.5p per ordinary share was paid on 24 January 2014. The directors are recommending a final dividend of 11.0p per ordinary share to be paid on 5 September 2014, subject to approval at the forthcoming Annual General Meeting (AGM) of the Company, to shareholders on the register on 8 August 2014 making the total dividend for the year 15.5p per share (2013: 14.9p). Full details of dividends in respect of the year ended 31 March 2014 are given in note 8 to the financial statements.

Directors' report (continued)

Financing

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

The main risks arising from the Group's borrowings are market risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks. The policies, which have been applied throughout the year, are set out in note 22 to the financial statements.

Directors

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

J R P Pike
I Haaijer
S J Kesterton
S Rojahn
M G Towers
P R M Vervaat
R J E Marsh (retired 10 July 2013)

On 1 April 2013 S J Kesterton was appointed as a director initially as Group Finance Director (designate) and taking up the role of Group Finance Director of the Company from 1 May 2013. On 1 May 2013 R J E Marsh stepped down as Chief Executive and P R M Vervaat acceded to the role. R J E Marsh did not seek re-election and retired from the Board at the conclusion of the AGM held on 10 July 2013. On 3 June 2014 the Board announced the appointment of L Drummond and G S Wong as non-executive directors with effect from 16 July 2014. There have been no further changes to the Board since 31 March 2014 up to the date of this report.

The rules regarding the appointment and replacement of directors are contained in the Company's Articles of Association. The Articles require that any director who has been appointed by the Board since the last AGM must retire from office but is eligible to submit themself for election by the shareholders. Accordingly, resolutions to elect L Drummond and G S Wong as directors will be proposed at the forthcoming AGM on 16 July 2014.

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

Biographical details of the directors are given on pages 40 and 41 and the Board's recommendations for their election and re-election are given in the explanatory notes to the Notice of AGM. A performance evaluation is conducted for all directors prior to recommendation for reappointment or re-election.

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

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

Powers of Directors

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

Directors' Indemnities

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

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

Substantial Shareholdings

The Company has received notification under the Disclosure and Transparency Rules of the Financial Conduct Authority of direct and indirect interests in 3% or more of the issued share capital and voting rights in the Company from the following financial institutions at 6 June 2014. The number of shares and the percentage of issued share capital given are as disclosed at the date of the notification.

	Date of notification	Number of shares	% of issued share capital
AXA Investment Managers SA[1]	28 October 2013	16,101,068	9.68
Ameriprise Financial Inc[1]	17 March 2014	9,160,283	5.50
Standard Life Investments Ltd	8 May 2014	8,896,723	4.97
Aberforth Partners LLP	16 May 2014	8,232,273	4.94
SVG Investment Managers Ltd[1]	14 April 2011	7,375,919	4.57
Legal & General Group PLC[1]	1 May 2013	6,013,470	3.62
Aviva plc[1]	2 May 2014	5,725,775	3.44

1 The date of notification was prior to the issue of 12,500,000 shares following the placing on 7 May 2014.

Significant Agreements

The Company is required to disclose any significant agreements that take effect, alter or terminate upon a change of control of the Company. Some commercial agreements with customers and suppliers allow the counterparties to alter or terminate the agreement in these circumstances. The Company's £200m multi-currency revolving credit facility agreement (RCF) contained a change of control clause whereby a participating bank may cancel its commitment and require the Company to prepay outstanding loans and interest. The £200m RCF was replaced by a new £350m RCF at 30 April 2014. The same change of control terms apply to the new RCF and in respect of a £60m bilateral term loan. In addition, a holder of the US$216m or €60m seven year or ten year notes issued in the US Private Placement market under the terms of the note purchase agreement has the option to redeem any note at 100% of its principal amount together with interest accrued and other charges in the event of a change of control.

There are no change of control provisions in directors' service contracts. There are provisions for the vesting of share options and awards in certain circumstances in the event of a change in control under the rules of the Company's employee share-based payment schemes.

Qualifying Pension Scheme Indemnity

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

Research and Development

The Group's research and development activities ensure that it stays at the forefront of rigid plastic packaging technology and innovation with regards to design, functionality, aesthetics and specification with particular attention to weight reduction and the incorporation of recycled materials. Expenditure on research and development for the year ended 31 March 2014 can be found in note 3 to the financial statements.

Employees

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

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

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

The Board does not tolerate any sexual, physical or mental harassment of its employees. It promotes equal opportunities for all present and potential employees and does not discriminate on grounds of colour, ethnic origin, age, gender, race, religion, political or other opinion, disability or sexual orientation. Information on gender diversity within the Group can be found in the Strategic report on page 39.

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

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

Directors' report (continued)

Corporate Governance Statement

The corporate governance statement on compliance with the UK Corporate Governance Code (the Code), and information on how the Company has applied the Main Principles of the Code in accordance with the Listing Rules and sections 7.1 and 7.2 of the Disclosure and Transparency Rules of the Financial Conduct Authority and other corporate governance matters, can be found in the Corporate governance report on pages 42 to 48 which is incorporated into this Director's report by reference.

Strategic Report and Corporate Responsibility

Information concerning likely future developments, greenhouse gas emissions, environmental matters, business ethics, health and safety, employees, customers, suppliers and the community is contained in the Strategic report on page 23 and the Corporate responsibility report on pages 32 to 39.

Directors' Statement on Disclosure of Information to the Auditor

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

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating Review on pages 20 to 27 and the principal risks and uncertainties on pages 18 and 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 28 to 31. In addition, note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk objectives, details of its financial instruments and hedging activities, and its exposures to credit and liquidity risk.

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

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

International Financial Reporting

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

Directors' and Auditor's Responsibilities

A statement by the directors on their responsibilities in respect of the annual report and the financial statements is given on page 72 and a statement by the auditor on their responsibilities is given on pages 73 to 75.

Purchase of Own Shares

The Companies Act 2006 and the Company's Articles of Association permit shareholders to give authority to the Company to purchase its own shares. The current authority, approved by shareholders at the 2013 AGM, permits the Company to purchase 16.6m of its own shares (10% of the issued share capital). No shares have been purchased or contracts made to purchase shares by the Company during the year or since 31 March 2014 up to the date of this report. The directors are seeking to renew this authority to purchase up to 18.8m of the Company's own shares (10% of the issued share capital) at the forthcoming AGM.

Annual General Meeting

The Notice of the Company's AGM to be held on 16 July 2014 and related explanatory notes are included after the financial statements.

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

The Board is recommending proposals to renew the directors' authority to allot shares up to one third of issued share capital and for authority to allot an additional one third of issued share capital in connection with a pre-emptive offer by way of rights issue to existing shareholders. The Board is also recommending special resolutions to renew the directors' power to disapply pre-emption rights and the authority for the Company to purchase its own shares.

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

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

Auditor

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

BY ORDER OF THE BOARD

R K Joyce
Company Secretary
09 June 2014

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

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

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

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

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

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

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and corporate governance statement that complies with that law and those regulations.

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

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

A statement in relation to the adoption of the going concern basis in preparing the financial statements appears on page 70.

By order of the Board

J R P Pike
Chairman
09 June 2014

P R M Vervaat
Chief Executive
09 June 2014

Independent auditor's report to the members of RPC Group Plc only

Opinions and Conclusions Arising from our Audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of RPC Group Plc for the year ended 31 March 2014 set out on pages 76 to 122. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Presentation of costs as restructuring and closure costs, impairment losses and other exceptional items (£26.7 million)

Refer to page 64 (Audit Committee statement), page 83 (accounting policy) and page 91 (financial disclosures).

The risk – The Group is undertaking a restructuring programme, Fitter for the Future. This has resulted in restructuring and closure costs, impairment losses and other exceptional items directly incurred as a result of the restructuring process being presented as non-recurring in the income statement. The non-recurring costs also include, amongst others, costs incurred in respect of which an insurance recovery is being pursued following a flood at an operating site included in the restructuring program. The amount of the insurance recovery is uncertain and as a result judgement is required in determining the amount recognised in the financial statements.

These costs represent the difference between operating profit under EU-IFRS and underlying operating profit. Significant judgement is required in the allocation of costs as non-recurring and given the scrutiny of underlying profit by external parties, there is a risk that underlying profit could be under or overstated. The allocation of expenses to non-recurring items is therefore a key judgemental area that our audit is concentrated on.

Our response – Our audit procedures included, amongst others: obtaining a breakdown of non-recurring costs recognised in the period; agreeing amounts back to available evidence, particularly payroll records and leasing documentation; inspecting the Board approved documents which detail the nature and expected amount of such costs and comparing the actual costs recognised to these documents for consistency; discussion with personnel responsible for the operational delivery of the restructuring project; and challenging the Group's classification of these items as separate from underlying operating profit. In addition, we considered the reasonableness of the Group's assessment of the recovery of costs and losses incurred following the flood by inspecting correspondence with the insurer, reviewing summaries of the costs incurred and expert reports as to the value of the assets damaged. We also considered whether; (a) appropriate prominence was given in the Annual Report to the EU-IFRS financial information and related commentary compared to the "underlying" financial information and related commentary; (b) whether the differences between the EU-IFRS and the underlying financial information were explained with sufficient prominence. ; (c) whether the basis of the "underlying" financial information was clearly and accurately described; and (d) whether the "underlying" financial information was not otherwise misleading in the form and context in which it appears in the Annual Report.

Valuation of assets and liabilities held for sale (£14.7 million)

Refer to page 65 (Audit committee statement) and page 101 (financial disclosures).

The risk – As a result of a strategic review the Board announced a plan to dispose of three businesses and one property of the Group. Accounting standards require these items to be recorded at the 31 March 2014 at the lower of the carrying amount and fair value less costs to sell. They should be presented separately in the financial statements. Where a formal offer has been received, the Board consider this to represent the fair value less costs to sell. Otherwise, the fair value less costs to sell is considered to be a multiple of forecast earnings before interest, taxation, depreciation and amortisation. The calculation of forecast earnings involves a number of assumptions about the expected trading and financial performance of the business in future periods and is therefore subject to a high degree of estimation. Further, the multiple used is highly subjective. There is therefore a risk that the value of the assets and liabilities recorded at 31 March 2014 are materially different to the amount ultimately recovered through a future sales transaction.

Due to the significant level of judgement involved, this is one of the key areas of judgement on which our audit is concentrated.

Independent auditor's report to the members of RPC Group Plc only (continued)

Our response – Our audit procedures included, amongst others, an assessment of the Board's fair value calculations. We inspected formal and indicative purchase offers received from third parties, which represents 82% of the balance, and compared this to the assessment of fair value. Where an offer had not been received, we inspected and challenged the forecast earnings and the multiple applied. We challenged the Board's assessment of forecast earnings by comparing the actual results of the cash generating units holding the assets held for sale, in the second half of the year ended 31 March 2014, to forecasts previously made for that period. We inspected the terms of engagement of the external expert engaged by the directors to advise on appropriate earnings multiples. We evaluated the skills, experience and key assumptions made by the external expert in performing this role and obtained the report direct from the expert. We inspected any correspondence between the sales agents and the directors for any indication that the best estimate of the fair value less costs to sell significantly differed from the amount recorded in the financial statements. We also considered the adequacy of the Group's disclosures in respect of the key assumptions and judgements relating to the assets and liabilities held for sale.

Fair value of acquired assets, liabilities and intangibles (£26.5 million)

Refer to page 65 (Audit Committee statement) and page 113 (financial disclosures).

The risk – During the year, the Group purchased a controlling interest in M&H Group Limited. Under the relevant accounting standard, assets and liabilities acquired in a business combination are measured at their fair value. This includes a requirement to identify and recognise intangibles that may not have been previously recognised by the acquired business, and to recognise assets and liabilities in the acquired balance sheet at fair value. The identification and valuation of the acquired tangible and intangible assets and liabilities as separate items from goodwill can have a material impact as intangible items are amortised to the income statement over a defined period whilst goodwill is subject to an annual impairment review. This is therefore a significant risk on which our audit is concentrated.

Our response – Our audit procedures included, amongst others, consideration of the completeness of the fair value calculations of the acquired assets, liabilities and intangibles. We reviewed the environmental, legal and financial due diligence reports performed on the acquiree, which were commissioned by the Board to assist in arriving at an appropriate purchase price, for any matters raised that had not been considered by the Board in assessing fair values. We assessed the skills and expertise of the due diligence practitioners. We reviewed the reporting from, and held a discussion with, our component audit team who performed a full scope audit on Maynard & Harris Plastics Limited, the main trader of the M&H Group, for the year ended 31 March 2014.

We reviewed the completeness and accuracy of the adjustments recorded by the Board, agreeing key items back to underlying data and challenging key judgements. We re-performed the calculations of certain fair value adjustments. We assessed the skills and experience of the Board in performing the fair value exercise. We also considered the adequacy of disclosures in these financial statements.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £5.3 million. This has been determined with reference to a benchmark of Group profit before taxation which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the Group. Materiality represents 9.0% of Group profit before tax and 6.2% of Group profit before tax adjusted for restructuring and closure costs, impairment and other exceptional items as disclosed on the face of the income statement.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.3 million either individually or in aggregate, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for Group reporting purposes were performed by component auditors at the key reporting components in the following countries: the United Kingdom, Germany, France, and by the Group audit team in the United Kingdom. Specified audit procedures were performed by component auditors in Belgium, Denmark, Spain, Sweden and France. These procedures covered 78.0% of total Group revenue; 70.4% of Group operating profit; and 72.6% of total Group assets.

The Group audit team also performed desktop reviews on components in France, Poland, Belgium, Italy, the Netherlands, Tunisia and the United States of America. These procedures covered 22.0% of total Group revenue; 29.6% of Group operating profit; and 25.7% of total Group assets.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from £0.5 million to £4.0 million.

Detailed audit instructions were sent to all the auditors in these locations. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team visited certain sites in the following locations: Germany, France and the United Kingdom to meet with the relevant component audit teams and attend audit completion meetings for these countries.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

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

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the section of the annual report describing the work of the Group Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 70, in relation to going concern; and
- the part of the corporate governance statement on page 42 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review; and

We have nothing to report in respect of the above responsibilities.

Scope and Responsibilities

As explained more fully in the Directors' responsibilities statement set out on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Greg Watts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow HIll Queensway
Birmingham
B4 6GH

09 June 2014

Consolidated income statement

for the year ended 31 March 2014

	Notes	2014 £m	2013 restated £m
Continuing operations			
Revenue	2	**1,046.9**	982.3
Operating costs	3	**(973.7)**	(920.3)
Operating profit		**73.2**	62.0
Analysed as:			
Operating profit before:	2	**101.3**	91.6
Restructuring, impairments and other exceptional items	4	**(26.7)**	(28.4)
Amortisation of acquired intangibles		**(0.8)**	(0.6)
Pension administration expense	27	**(0.6)**	(0.6)
Operating profit		**73.2**	62.0
Financial income	6	**8.7**	4.8
Financial expenses	6	**(20.5)**	(16.5)
Employee benefit net finance expense	6	**(2.4)**	(2.1)
Net financing costs	6	**(14.2)**	(13.8)
Profit before taxation	2	**59.0**	48.2
Taxation	7	**(15.3)**	(14.2)
Profit for the period attributable to equity shareholders – continuing operations		**43.7**	34.0
Discontinued operations			
Loss for the period attributable to equity shareholders – discontinued operations	10	**(15.7)**	(9.3)
Total profit for the period attributable to equity shareholders	2	**28.0**	24.7
Continuing operations			
Basic earnings per ordinary share	11	**26.5p**	20.6p
Diluted earnings per ordinary share	11	**26.3p**	20.5p
Adjusted basic earnings per ordinary share	11	**41.1p**	36.9p
Adjusted diluted earnings per ordinary share	11	**40.8p**	36.7p
Total Group			
Basic earnings per ordinary share	11	**17.0p**	15.0p
Diluted earnings per ordinary share	11	**16.9p**	14.9p

Consolidated statement of comprehensive income

for the year ended 31 March 2014

	Notes	2014 £m	2013 restated £m
Profit for the period		**28.0**	24.7
Items that will not be reclassified subsequently to profit and loss			
Actuarial losses on defined benefit pension plans	27	**(3.6)**	(5.6)
Deferred tax on actuarial losses		**(0.3)**	1.1
		(3.9)	(4.5)
Items that may be reclassified subsequently to profit and loss			
Foreign exchange translation differences		**(6.3)**	6.0
Effective portion of movement in fair value of interest rate swaps		**5.6**	(5.0)
Deferred tax on above		**(1.3)**	1.2
		(2.0)	2.2
Other comprehensive expense		**(5.9)**	(2.3)
Total comprehensive income for the period		**22.1**	22.4

Consolidated balance sheet

at 31 March 2014

	Notes	2014 £m	2013 restated £m
Non-current assets			
Goodwill	12	**169.8**	93.1
Other intangible assets	12	**10.4**	8.6
Property, plant and equipment	13	**418.0**	395.3
Derivative financial instruments	22	**8.2**	15.1
Deferred tax assets	23	**26.9**	24.5
Total non-current assets		**633.3**	536.6
Current assets			
Inventories	16	**146.4**	149.1
Trade and other receivables	17	**190.8**	179.3
Cash and cash equivalents		**2.6**	23.7
Derivative financial instruments	22	**–**	0.1
Assets held for sale	18	**38.4**	4.7
Total current assets		**378.2**	356.9
Current liabilities			
Bank loans and overdrafts	19	**(1.1)**	(2.5)
Trade and other payables	19	**(305.2)**	(290.6)
Current tax liabilities		**(9.4)**	(9.2)
Employee benefits	27	**(4.1)**	(5.8)
Provisions and other liabilities	23	**(6.6)**	(1.7)
Derivative financial instruments	22	**–**	(0.4)
Liabilities held for sale	18	**(23.7)**	–
Total current liabilities		**(350.1)**	(310.2)
Net current assets		**28.1**	46.7
Total assets less current liabilities		**661.4**	583.3
Non-current liabilities			
Bank loans and other borrowings	20	**(270.0)**	(207.7)
Employee benefits	27	**(72.5)**	(62.7)
Deferred tax liabilities	23	**(36.7)**	(35.3)
Provisions and other liabilities	23	**(5.0)**	(0.6)
Derivative financial instruments	22	**(5.6)**	(5.3)
Total non-current liabilities		**(389.8)**	(311.6)
Net assets		**271.6**	271.7
Equity			
Called up share capital	24	**8.3**	8.3
Share premium account		**93.4**	92.3
Capital redemption reserve		**0.9**	0.9
Retained earnings		**144.4**	143.6
Cash flow hedging reserve		**(0.1)**	(4.4)
Cumulative translation differences reserve		**24.7**	31.0
Total equity attributable to equity shareholders of the parent		**271.6**	271.7

The financial statements on pages 76 to 122 were approved by the Board of Directors on 9 June 2014 and were signed on its behalf by:

J R P Pike
Chairman

S J Kesterton
Group Finance Director

Consolidated cash flow statement

for the year ended 31 March 2014

	Notes	2014 £m	2013 restated £m
Cash flows from operating activities			
Profit before tax – continuing operations		**59.0**	48.2
Loss before tax – discontinued operations	10	**(15.4)**	(8.9)
Net financing costs	6	**14.2**	13.8
Profit from operations		**57.8**	53.1
Adjustments for:			
Impairment loss on intangible assets	12	**1.8**	6.3
Amortisation of intangible assets	12	**2.8**	3.3
Impairment loss on property, plant and equipment	13	**4.7**	4.4
Impairment loss on assets held for sale		**13.2**	–
Depreciation	13	**43.5**	45.8
Share-based payments	24	**1.9**	1.4
Loss on disposal of property, plant and equipment	3	**0.2**	0.3
Decrease in provisions		**(5.6)**	(7.8)
Other non-cash items		**(2.4)**	(0.3)
Operating cash flows before movements in working capital		**117.9**	106.5
Increase in inventories		**(2.4)**	(0.9)
(Increase)/decrease in receivables		**(15.9)**	10.5
Increase/(decrease) in payables		**30.3**	(7.9)
Cash generated by operations		**129.9**	108.2
Taxes paid		**(12.5)**	(10.7)
Interest paid		**(12.4)**	(12.0)
Net cash from operating activities		**105.0**	85.5
Cash flows from investing activities			
Interest received		**0.5**	0.1
Proceeds on disposal of property, plant and equipment		**4.7**	0.7
Acquisition of property, plant and equipment		**(70.2)**	(63.4)
Acquisition of intangible assets	12	**(3.0)**	(3.7)
Acquisition of businesses	25	**(111.3)**	(5.4)
Proceeds on disposal of business		**–**	0.2
Net cash flows from investing activities		**(179.3)**	(71.5)
Cash flows from financing activities			
Dividends paid	8	**(25.1)**	(23.9)
Purchase of own shares	24	**(0.8)**	(1.2)
Proceeds from the issue of share capital	24	**1.1**	1.9
New bank loans raised		**74.7**	2.5
Net cash flows from financing activities		**49.9**	(20.7)
Net decrease in cash and cash equivalents		**(24.4)**	(6.7)
Cash and cash equivalents at beginning of period		**23.7**	34.3
Effect of foreign exchange rate changes		**5.7**	(3.9)
Classified as held for sale		**(2.4)**	–
Cash and cash equivalents at end of period		**2.6**	23.7
Cash and cash equivalents comprise:			
Cash at bank		**2.6**	23.7
		2.6	23.7

Consolidated statement of changes in equity

for the year ended 31 March 2014

restated	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2012	8.3	90.4	0.9	25.0	(0.6)	147.4	271.4
Profit for the period	–	–	–	–	–	24.7	24.7
Actuarial losses	–	–	–	–	–	(5.6)	(5.6)
Deferred tax on actuarial losses	–	–	–	–	–	1.1	1.1
Exchange differences on foreign currencies	–	–	–	6.0	–	–	6.0
Movement in fair value of swaps	–	–	–	–	(5.0)	–	(5.0)
Deferred tax on hedging movements	–	–	–	–	1.2	–	1.2
Total comprehensive income/(expense) for the period	–	–	–	6.0	(3.8)	20.2	22.4
Issue of shares	–	1.9	–	–	–	–	1.9
Equity-settled share-based payments	–	–	–	–	–	1.4	1.4
Deferred tax on equity-settled share-based payments	–	–	–	–	–	(0.3)	(0.3)
Purchase of own shares	–	–	–	–	–	(1.2)	(1.2)
Dividends paid	–	–	–	–	–	(23.9)	(23.9)
Total transactions with owners recorded directly in equity	–	1.9	–	–	–	(24.0)	(22.1)
At 31 March 2013	8.3	92.3	0.9	31.0	(4.4)	143.6	271.7

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2013	**8.3**	**92.3**	**0.9**	**31.0**	**(4.4)**	**143.6**	**271.7**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**28.0**	**28.0**
Actuarial losses	**–**	**–**	**–**	**–**	**–**	**(3.6)**	**(3.6)**
Deferred tax on actuarial losses	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Exchange differences on foreign currencies	**–**	**–**	**–**	**(6.3)**	**–**	**–**	**(6.3)**
Movement in fair value of swaps	**–**	**–**	**–**	**–**	**5.6**	**–**	**5.6**
Deferred tax on hedging movements	**–**	**–**	**–**	**–**	**(1.3)**	**–**	**(1.3)**
Total comprehensive (expense)/income for the period	**–**	**–**	**–**	**(6.3)**	**4.3**	**24.1**	**22.1**
Issue of shares	**–**	**1.1**	**–**	**–**	**–**	**–**	**1.1**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**1.9**	**1.9**
Current tax on equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Deferred tax on equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**0.4**	**0.4**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(0.8)**	**(0.8)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(25.1)**	**(25.1)**
Total transactions with owners recorded directly in equity	**–**	**1.1**	**–**	**–**	**–**	**(23.3)**	**(22.2)**
At 31 March 2014	**8.3**	**93.4**	**0.9**	**24.7**	**(0.1)**	**144.4**	**271.6**

Company balance sheet

at 31 March 2014

	Notes	2014 £m	2013 £m
Non-current assets			
Investment in subsidiaries	14	**160.2**	158.3
Derivative financial instruments	22	**8.2**	15.1
Deferred tax assets	23	**0.1**	2.0
Total non-current assets		**168.5**	175.4
Current assets			
Trade and other receivables	17	**743.9**	628.3
Current tax assets		**1.1**	1.1
Derivative financial instruments	22	**–**	0.1
Total current assets		**745.0**	629.5
Current liabilities			
Bank loans and overdrafts	19	**(18.9)**	(17.4)
Trade and other payables	19	**(278.0)**	(214.3)
Derivative financial instruments	22	**–**	(0.4)
Total current liabilities		**(296.9)**	(232.1)
Net current assets		**448.1**	397.4
Total assets less current liabilities		**616.6**	572.8
Non-current liabilities			
Bank loans and other borrowings	20	**(255.3)**	(191.4)
Derivative financial instruments	22	**(5.6)**	(5.3)
Total non-current liabilities		**(260.9)**	(196.7)
Net assets		**355.7**	376.1
Equity			
Called up share capital	24	**8.3**	8.3
Share premium account		**93.4**	92.3
Capital redemption reserve		**0.9**	0.9
Retained earnings		**253.9**	279.8
Cash flow hedging reserve		**(0.1)**	(4.5)
Cumulative translation differences reserve		**(0.7)**	(0.7)
Total equity attributable to equity shareholders		**355.7**	376.1

The financial statements on pages 76 to 122 were approved by the Board of Directors on 9 June 2014 and were signed on its behalf by:

J R P Pike
Chairman

S J Kesterton
Group Finance Director

Registered Number
2578443

Company cash flow statement

for the year ended 31 March 2014

	Notes	2014 £m	2013 £m
Cash flows from operating activities			
(Loss)/profit before tax		**(2.0)**	0.1
Net financing costs		**(2.0)**	(4.6)
Loss from operations		**(4.0)**	(4.5)
Operating cash flows before movements in working capital		**(4.0)**	(4.5)
Increase in receivables	17	**(92.5)**	(17.6)
Increase in payables		**63.9**	25.9
Cash generated by operations		**(32.6)**	3.8
Interest paid		**(11.5)**	(10.2)
Net cash from operating activities		**(44.1)**	(6.4)
Cash flows from investing activities			
Interest received		**2.7**	1.5
Net cash flows from investing activities		**2.7**	1.5
Cash flows from financing activities			
Dividends paid	8	**(25.1)**	(23.9)
Proceeds from the issue of share capital	24	**1.1**	1.9
New bank loans raised		**63.9**	8.7
Net cash flows from financing activities		**39.9**	(13.3)
Net decrease in cash and cash equivalents		**(1.5)**	(18.2)
Cash and cash equivalents at beginning of period		**(17.4)**	0.8
Cash and cash equivalents at end of period		**(18.9)**	(17.4)
Cash and cash equivalents comprise:			
Bank overdraft		**(18.9)**	(17.4)
		(18.9)	(17.4)

Company statement of changes in equity

for the year ended 31 March 2014

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2012	8.3	90.4	0.9	(0.7)	(0.7)	303.5	401.7
Loss for the period	–	–	–	–	–	(1.2)	(1.2)
Movement in fair value of swaps	–	–	–	–	(5.0)	–	(5.0)
Deferred tax on hedging movements	–	–	–	–	1.2	–	1.2
Total comprehensive expense for the period	–	–	–	–	(3.8)	(1.2)	(5.0)
Issue of shares	–	1.9	–	–	–	–	1.9
Equity-settled share-based payments	–	–	–	–	–	1.4	1.4
Dividends paid	–	–	–	–	–	(23.9)	(23.9)
Total transactions with owners recorded directly in equity	–	1.9	–	–	–	(22.5)	(20.6)
At 31 March 2013	8.3	92.3	0.9	(0.7)	(4.5)	279.8	376.1
At 1 April 2013	**8.3**	**92.3**	**0.9**	**(0.7)**	**(4.5)**	**279.8**	**376.1**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(2.7)**	**(2.7)**
Movement in fair value of swaps	**–**	**–**	**–**	**–**	**5.7**	**–**	**5.7**
Deferred tax on hedging movements	**–**	**–**	**–**	**–**	**(1.3)**	**–**	**(1.3)**
Total comprehensive income/(expense) for the period	**–**	**–**	**–**	**–**	**4.4**	**(2.7)**	**1.7**
Issue of shares	**–**	**1.1**	**–**	**–**	**–**	**–**	**1.1**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**1.9**	**1.9**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(25.1)**	**(25.1)**
Total transactions with owners recorded directly in equity	**–**	**1.1**	**–**	**–**	**–**	**(23.2)**	**(22.1)**
At 31 March 2014	**8.3**	**93.4**	**0.9**	**(0.7)**	**(0.1)**	**253.9**	**355.7**

Notes to the financial statements

for the year ended 31 March 2014

1. Principal Accounting Policies

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

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

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

Basis of Preparation

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

With effect from 1 April 2013 the Group has adopted International Accounting Standard (IAS) 19 (Revised 2011) 'Employee Benefits'. The revised standard has retrospective application and the impact is shown in note 27.

Except as described above, the accounting policies, presentation and methods of computation applied by the Group and Company in these financial statements are the same as those applied in the 2012/13 financial statements.

Key Estimates and Assumptions

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

Impairment of tangible and intangible assets

Intangible assets are tested at least annually for impairment and the Group's tangible assets other than inventories, financial assets within the scope of (IAS) 39 and deferred tax assets, are tested when there is an indication of impairment in accordance with the accounting policy set out below and in note 12 to the financial statements. The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of estimates which include cash flow projections for each cash-generating unit and discount rates based on a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the cash-generating unit (CGU).

Retirement benefit obligations

The costs and present value of any related pension assets and liabilities depend upon such factors as life expectancy of the members, wage rate increases of current employees, the returns that the Schemes' assets generate and the discount rate used to calculate the present value of the pension liabilities. The Group uses estimates based on past experience and actuarial advice in determining these future cash flows and in determining the discount rate. The accounting policy is set out under Employee Benefits below and details of the assumptions used are set out in note 27 to the financial statements.

Taxation

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

Non-GAAP Measures

The Group presents adjusted operating profit, adjusted profit before tax and adjusted earnings per share information as it believes these measures provide a helpful indication of its performance and underlying trends. The term adjusted refers to the relevant measure being reported before exceptional items, the amortisation of acquired intangible assets, pension administration expenses and fair value changes on unhedged foreign currency instruments and employee benefit net finance expenses. The terms adjusted and exceptional items are not defined terms under IFRS and may, therefore, not be comparable to similarly titled measures reported by other companies. They are not intended to be a substitute for GAAP measurements of performance.

Notes to the financial statements (continued)

for the year ended 31 March 2014

1. Principal Accounting Policies (continued)

Basis of Consolidation

The consolidation includes the financial statements of the Company and its subsidiaries made up to 31 March 2014. Where subsidiaries are acquired during the year, their results are included in the Group's financial statements from the date of control. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation.

Joint ventures are those entities over whose activities the Group has joint control. Joint ventures are proportionately consolidated from the date the joint venture control commences until the date that joint control ceases.

New Standards and Interpretations

During the period the Group adopted IAS 19 (Revised 2011) 'Employee Benefits'. There were no other new standards adopted that had a material impact on the Group results.

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

IFRS 11 'Joint Arrangements' will be adopted for the year ending 31 March 2015. The impact of this is not expected to be material.

Foreign Currencies

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

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

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

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

Goodwill

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

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

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

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

Research and Development Expenditure

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

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

Other Intangible Assets

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

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

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

Investments in Subsidiaries

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

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 12 years
Moulds	3 to 5 years
Motor vehicles	4 years

Freehold land is not depreciated.

Impairment of Tangible and Intangible Assets

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

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

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

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

Assets and Liabilities Classified as Held for Sale

Assets and liabilities classified as held for sale are available for immediate sale in their present condition and a sale is highly probable within one year. They are stated at the lower of carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are not depreciated or amortised and any write down to fair value less costs to sell is recognised as an impairment loss.

Inventories

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

Financial Assets

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

Notes to the financial statements (continued)

for the year ended 31 March 2014

1. Principal Accounting Policies (continued)

Trade and Other Receivables

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

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

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

Cash and Cash Equivalents

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

Trade and Other Payables

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

Bank Borrowings

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

Derivative Financial Instruments

Derivative financial instruments are measured at fair value and include interest rate swaps, cross currency swaps and forward foreign exchange contracts. The fair values are determined by reference to the market prices available from the market on which the instruments involved are traded. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Fair value of Level 2 financial instruments is determined using valuation techniques.

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

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

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

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

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

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

Provisions

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

Employee Benefits

Retirement benefit obligations

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

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

The costs of providing accrued service benefits are charged to operating expenses. Employee benefit net finance expense is included in net financing costs.

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

Termination benefits

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

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

Other employee benefits

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

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

Leasing

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

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

Discontinued Operations

Operations are classified as discontinued when they are either disposed of or are part of a single coordinated plan to dispose, and represent a major line of business or geographical area of operation. During the financial year, the Board approved a plan to dispose of its operations in the Cobelplast cluster. The net results for the year are presented within discontinued operations in the Consolidated income statement (for which the comparatives have been reclassified) and the assets and liabilities of the businesses are presented separately in the Consolidated balance sheet. See note 10 for further details.

Revenue

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

Notes to the financial statements (continued)

for the year ended 31 March 2014

1. Principal Accounting Policies (continued)

Exceptional Items

Items which are exceptional are presented separately from underlying business performance in the consolidated income statement due their materiality, nature or infrequency. The separate reporting of exceptional items helps facilitate comparison with prior periods and assess trends in financial performance. The principal events which may give rise to exceptional items include business restructuring and closure costs, including related asset impairments and trading losses during the closure period, business acquisition and integration costs, gains or losses on the disposal businesses and property, goodwill impairments, significant litigation and tax claims and other losses which, in the directors' judgement, could distort an assessment of underlying business performance.

Taxation

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

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

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

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

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

Equity-Settled Share-Based Payments

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

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

Related Party Disclosures

Transactions between the Group and any related parties which require disclosure under IAS 24 'Related Party Disclosures' are given in note 28.

2. Operating Segments

The information reported to the Group's Board of Directors, considered to be the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance, is based on manufacturing conversion process. The businesses that use these processes can be found in the Operating review on page 21.

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

Segment Revenues and Results

The accounting policies of the reportable segments are the same as the Group's accounting policies in note 1. Segment profit represents the profit earned by each segment with an allocation of central items. Pricing of inter-segment revenue is on an arm's length basis.

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

	Injection Moulding		Thermoforming		Blow Moulding		Total	
	2014 £m	2013 restated £m	2014 £m	2013 restated £m	2014 £m	2013 restated £m	2014 £m	2013 restated £m
Revenue								
External sales	**692.4**	628.3	**182.0**	184.1	**172.5**	169.9	**1,046.9**	982.3
Inter-segment sales	**3.1**	3.3	**0.6**	0.2	**0.9**	1.0		
Total revenue	**695.5**	631.6	**182.6**	184.3	**173.4**	170.9		
Segmental results								
Segment operating profit	**70.1**	63.7	**19.1**	17.1	**12.1**	10.8	**101.3**	91.6
Restructuring, impairments and other exceptional items							**(26.7)**	(28.4)
Amortisation of acquired intangibles							**(0.8)**	(0.6)
Pension administration expense							**(0.6)**	(0.6)
Finance costs							**(14.2)**	(13.8)
Profit before tax							**59.0**	48.2
Tax							**(15.3)**	(14.2)
Profit for the period – continuing operations							**43.7**	34.0
Discontinued operations							**(15.7)**	(9.3)
Profit after tax							**28.0**	24.7
Segment assets	**725.2**	557.4	**111.9**	176.4	**114.2**	114.0	**951.3**	847.8
Unallocated assets							**21.8**	41.0
Discontinued operations							**38.4**	4.7
Total assets							**1,011.5**	893.5
Segment net operating assets	**299.5**	251.0	**52.6**	57.0	**57.5**	59.1	**409.6**	367.1
Unallocated net operating assets							**40.4**	66.0
Total net operating assets							**450.0**	433.1

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

Additions to non-current assets	**53.4**	41.3	**7.1**	9.8	**9.0**	8.6	**69.5**	59.7
Depreciation and amortisation	**33.3**	34.0	**5.9**	6.7	**6.3**	6.7	**45.5**	47.4
Impairment charge	**1.2**	2.3	**5.4**	2.6	**0.8**	–	**7.4**	4.9

Notes to the financial statements (continued)

for the year ended 31 March 2014

2. Operating Segments (continued)

Geographical Information

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

2014

	UK £m	Germany £m	France £m	Other £m	Mainland Europe* £m	Total £m
External sales	**269.8**	**342.5**	**152.4**	**282.2**	**777.1**	**1046.9**
Operating profit	**29.9**				**71.4**	**101.3**
Return on sales	**11.1%**				**9.2%**	**9.7%**
Non-current assets	**207.6**	**128.1**	**50.5**	**212.0**	**390.6**	**598.2**

2013 restated

	UK £m	Germany £m	France £m	Other £m	Mainland Europe* £m	Total £m
External sales	234.4	319.8	147.5	280.6	747.9	982.3
Operating profit	22.6				69.0	91.6
Return on sales	9.6%				9.2%	9.3%
Non-current assets	101.0	123.3	55.1	217.6	396.0	497.0

* Mainland Europe also includes two sites (2013: one site) in the USA whose sales are predominantly sourced from intra-group supplies manufactured in Europe.

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

Major Customer

No single customer accounts for more than 10% of Group revenue in either 2014 or 2013.

3. Operating Costs

	2014 £m	2013 restated £m
Raw material and consumables	**518.9**	500.6
Own work capitalised	**(2.1)**	(1.8)
Changes in stock of finished goods and work in progress	**5.1**	(1.2)
Other external charges	**112.5**	95.3
Carriage	**47.5**	44.6
Staff costs (note 5)	**239.3**	231.8
Depreciation of property, plant and equipment	**42.9**	44.3
Amortisation of intangibles	**2.8**	3.1
Impairment losses	**7.4**	4.9
Other operating income	**(0.6)**	(1.3)
	973.7	920.3

	2014 £m	2013 £m
Other external charges include the following:		
Operating lease rentals:		
Hire of plant and machinery	**5.2**	8.4
Other operating leases	**2.7**	2.0
Research and development	**0.9**	0.3
Foreign exchange losses	**0.7**	0.1
Other operating income includes:		
Loss on disposal of property, plant and equipment	**0.2**	0.3
Loss on disposal of business	**–**	1.4

The analysis of auditor's remuneration is as follows:

	2014 £m	2013 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.1**	0.1
Fees payable to the Company's auditor and their associates for other services to the Group:		
– the audit of the Company's subsidiaries pursuant to legislation	**0.7**	0.7
– tax compliance services	**0.1**	0.1
– tax advisory services	**0.3**	0.1
– other assurance services	**0.2**	0.2

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

4. Restructuring, Closure Costs and Other Exceptional Items

	2014 £m	2013 restated £m
Closure costs	**12.0**	14.0
Restructuring of operations	**5.0**	6.3
Integration/acquisition costs	**1.4**	2.8
Impairment loss on intangible assets	**1.8**	0.5
Impairment loss on property, plant and equipment	**4.7**	4.4
Impairment loss on assets held for sale	**0.8**	–
Other exceptional items	**1.0**	0.4
	26.7	28.4

2014

The closure costs comprise the costs of closing the sites at Antwerp (Belgium) and Beuningen (Netherlands) which formed the basis of the yellow fats production rationalisation under the Fitter for the Future business optimisation programme, and the costs of closure of the Troyes (France) site following the flood in May 2013, net of insurance claims. In addition there were restructuring costs under this programme at other sites, including Kutenholz (Germany), Rushden (UK), Bremervörde (Germany), Oakham (UK) and Madrid (Spain). Integration / acquisition costs comprise the costs relating to the acquisitions of M&H Plastics and Helioplast and the integration costs of these business and Manuplastics which was acquired in the previous year. They also include the acquisition costs incurred in 2013/14 in connection with the acquisition of Ace Corporation Holdings Ltd. The impairment losses comprise goodwill written off relating to the disposables business at Offenburg, and impairments to property, plant and equipment at Offenburg, Troyes and other sites as a result of restructuring activities under the Fitter for the Future programme. The £0.8m impairment on assets held for sale relates to property impairments for the surplus properties marketed for sale.

2013

The closure costs in the previous year comprise the costs of the withdrawal from the vending cup business in mainland Europe and the closure and sale of the automotive parts business in Germany, together with the closure costs of the operations at Antwerp and Beuningen which commenced in 2012/13 under the Fitter for the Future business optimisation programme. In addition there were restructuring costs under this programme at other sites, including Bremervörde and Madrid. Integration/acquisition costs comprise the final closure costs at Runcorn (UK) and transfers of business to UKIM sites, together with other integration costs associated with Superfos. The impairment loss on intangible assets related to Offenburg and the impairment losses on property, plant and equipment included impairments on buildings held for sale and plant and equipment written down as a result of restructuring activities under the Fitter for the Future programme.

Notes to the financial statements (continued)

for the year ended 31 March 2014

5. Staff Costs

Number of Personnel

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

	2014 Number	2013 restated Number
Production	**6,216**	5,865
Selling	**381**	379
Administration	**699**	725
Continuing	**7,296**	6,969
Discontinued	**197**	219
	7,493	7,188

Staff Costs

Staff costs for the above personnel were:

	2014 £m	2013 restated £m
Wages and salaries	**188.5**	180.5
Restructuring and closure costs	**6.0**	6.5
Termination benefits	**(0.3)**	0.2
Social security costs	**38.4**	37.1
Share-based payments (note 24)	**1.9**	1.4
Pension costs – defined contribution plans	**4.8**	4.6
Pension costs – defined benefit plans (note 27)	**–**	1.5
	239.3	231.8

The Company had no employees.

Emoluments of the Directors

Disclosures of directors' emoluments, share options and pension costs are given in the Directors' remuneration report.

6. Financial Income and Expenses

	2014 £m	2013 restated £m
Interest receivable on cash at bank	**(0.5)**	(0.1)
Fair value adjustment to borrowings	**(8.2)**	–
Mark to market gain on foreign currency hedging instruments	**–**	(4.7)
Total financial income	**(8.7)**	(4.8)
Interest payable on bank loans and overdrafts	**3.1**	3.1
Interest payable on bonds and US private placement notes	**7.0**	7.0
Mark to market loss on foreign currency hedging instruments	**8.2**	–
Fair value adjustment to borrowings	**–**	4.7
Other interest payable and similar charges	**2.2**	1.7
Total financial expenses	**20.5**	16.5
Defined benefit pension scheme finance expense	**2.4**	2.1
Net financial expense	**14.2**	13.8

7. Taxation

	2014 £m	2013 restated £m
United Kingdom corporation tax at 23% (2013: 24%):		
Current year	**1.1**	–
Adjustments in respect of prior years	**0.6**	(0.2)
Overseas taxation:		
Current year	**10.5**	9.2
Adjustments in respect of prior years	**0.7**	0.7
Total current tax	**12.9**	9.7
Deferred tax (note 23):		
United Kingdom:		
Current year	**0.6**	2.8
Adjustments in respect of prior years	**(0.7)**	0.7
Overseas:		
Current year	**1.1**	5.6
Adjustments in respect of prior years	**1.4**	(4.6)
Total tax expense in the Consolidated income statement	**15.3**	14.2

Tax Reconciliation:

	2014 £m	2013 restated £m
Profit before taxation	**59.0**	48.2
Current tax at 23% (2013: 24%)	**13.6**	11.6
Expenses not deductible for tax purposes	**2.7**	1.7
Local tax incentives	**(1.7)**	(0.6)
Net losses utilised/not provided	**(3.4)**	2.7
Tax rate differential	**2.1**	2.2
Adjustments in respect of prior years	**2.0**	(3.4)
Total tax expense in the Consolidated income statement	**15.3**	14.2

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the UK future current tax charges accordingly. The UK deferred tax temporary differences at 31 March 2014 have been calculated based on the tax rate of 20% substantively enacted at the balance sheet date.

8. Dividends

	2014 £m	2013 £m
Dividends on ordinary shares:		
Interim for 2013/14 paid of 4.5p per share	**7.5**	–
Final for 2012/13 paid of 10.6 per share	**17.6**	–
Interim for 2012/13 paid of 4.3p per share	–	7.1
Final for 2011/12 paid of 10.2 per share	–	16.8
	25.1	23.9

The proposed final dividend for the year ended 31 March 2014 of 11.0p per share with an estimated total cost of £20.6m has not been included as a liability as at 31 March 2014.

Notes to the financial statements (continued)

for the year ended 31 March 2014

9. Profit for the Financial Year

As permitted by section 408 of the Companies Act 2006, the holding Company's income statement has not been included in these financial statements. The profit after taxation within these financial statements includes a loss of £2.7m (2013: loss £1.2m) for the Company. There were no intercompany dividends received in 2014 or 2013.

Of the retained earnings of the Company of £253.9m (2013: £279.8m), £194.4m (2013: £194.4m) is classed as non-distributable.

10. Discontinued Operations

Cobelplast, the RPC business which manufactures extruded sheet, is currently being marketed for sale. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', it has been classified in the Consolidated balance sheet within assets and liabilities held for sale and reported as discontinued operations (see note 18).

The Consolidated income statement with respect to total discontinued operations is set out below:

	2014 £m	2013 £m
Discontinued operations		
Revenue	67.6	69.0
Operating costs	(83.0)	(77.9)
Operating loss	(15.4)	(8.9)
Analysed as:		
Operating profit/(loss) before restructuring and impairment losses	0.1	(1.3)
Restructuring and closure costs	(3.1)	(1.8)
Impairment losses	(12.4)	(5.8)
Operating loss	(15.4)	(8.9)
Loss before taxation	(15.4)	(8.9)
Taxation	(0.3)	(0.4)
Loss for the period attributable to equity shareholders – discontinued operations	(15.7)	(9.3)
Basic loss per ordinary share (note 11)	(9.5)p	(5.6)p
Diluted loss per ordinary share (note 11)	(9.4)p	(5.6)p
Cash generated from discontinued operations:		
Operating activities	(0.5)	(1.3)
Investing activities	(1.4)	(3.7)
Financing activities	(0.7)	–
Total cash generated from discontinued operations:	(2.6)	(5.0)

Restructuring costs during the year relate to redundancy and restructuring costs at Lokeren. Impairment losses relate to impairment of the assets of the Cobelplast business at the time the business was classified as held for sale.

During the year £12.4m of impairment losses were included in exceptional costs relating to the measurement to fair value less cost to sell. The tax impact of this was £nil.

11. Earnings Per Share

Basic

Earnings per share has been computed on the basis of earnings of £28.0m (restated 2013: £24.7m) and on the weighted average number of shares in issue during the year of 165,360,202 (2013: 164,882,119). The weighted average number of shares excludes shares held by the RPC Group Employee Benefit Trust to satisfy future awards in respect of incentive arrangements.

Diluted

Diluted earnings per share is earnings per share after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the year of 1,111,941 (2013: 761,052). The number of shares used for the diluted calculation for the year was 166,472,143 (2013: 165,643,171).

Adjusted

The directors believe that the presentation of an adjusted basic earnings per ordinary share assists with the understanding of the underlying performance of the Group. For this purpose the restructuring, impairment and other exceptional items, amortisation of acquired intangibles and pension administration expense identified separately on the face of the Consolidated income statement together with the debit or credit for the foreign currency hedging instruments and exchange differences on bonds and employee benefit net finance expense, adjusted for the tax thereon, have been excluded.

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

	2014 £m	2013 restated £m
Profit after tax as reported in the Consolidated income statement	43.7	34.0
Restructuring, impairments and other exceptional items	26.7	28.4
Amortisation of acquired intangibles	0.8	0.6
Pension administration expense	0.6	0.6
Employee benefit net finance expense	2.4	2.1
Tax adjustments on above	(6.2)	(4.9)
Adjusted profit after tax	**68.0**	60.8

Adjusted Basic Earnings Per Share

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

	2014	2013 restated
Weighted average number of shares	165,360,202	164,882,119
Adjusted basic earnings per share	41.1p	36.9p

Adjusted Diluted Earnings Per Share

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

	2014	2013 restated
Weighted average number of shares (basic)	165,360,202	164,882,119
Effect of share options in issue	1,111,941	761,052
Weighted average number of shares (diluted)	166,472,143	165,643,171
Adjusted diluted earnings per share	40.8p	36.7p

Notes to the financial statements (continued)

for the year ended 31 March 2014

12. Intangible Assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 April 2012	102.2	11.1	113.3
Additions internally developed	–	3.7	3.7
Acquisitions	0.7	0.2	0.9
Reclassifications	–	1.9	1.9
Disposals	–	(0.7)	(0.7)
Exchange differences	0.9	0.3	1.2
At 31 March 2013	103.8	16.5	120.3
At 1 April 2013	**103.8**	**16.5**	**120.3**
Additions internally developed	**–**	**3.0**	**3.0**
Acquisitions	**80.4**	**2.0**	**82.4**
Reclassifications	**–**	**(0.1)**	**(0.1)**
Disposals	**–**	**(0.1)**	**(0.1)**
Exchange differences	**(1.9)**	**(0.4)**	**(2.3)**
At 31 March 2014	**182.3**	**20.9**	**203.2**
Amortisation			
At 1 April 2012	4.9	3.7	8.6
Charge for the year	–	3.3	3.3
Reclassifications	–	0.8	0.8
Impairment charge	5.8	0.5	6.3
Disposals	–	(0.6)	(0.6)
Exchange differences	–	0.2	0.2
At 31 March 2013	10.7	7.9	18.6
At 1 April 2013	**10.7**	**7.9**	**18.6**
Charge for the year	**–**	**2.8**	**2.8**
Impairment charge	**1.8**	**–**	**1.8**
Exchange differences	**–**	**(0.2)**	**(0.2)**
At 31 March 2014	**12.5**	**10.5**	**23.0**
Net book value at 31 March 2014	**169.8**	**10.4**	**180.2**
Net book value at 31 March 2013 and 1 April 2013	93.1	8.6	101.7
Net book value at 1 April 2012	97.3	7.4	104.7

The Company had no intangible assets at either year end.

The impairment charge of £1.8m (2013: £6.3m) relates to write down of goodwill in trading disposables business at Offenburg (Germany). During 2013 the £5.8m related to a write down of goodwill held within the Cobelplast cluster, and £0.5m relates to the Offenburg. More information is given on impairments in note 4.

Goodwill

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

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

	2014 £m	2013 £m
UK Injection Moulding	**4.9**	4.9
Blow Moulding	**–**	–
Bramlage-Wiko	**81.0**	4.6
Bebo	**5.1**	5.2
Cobelplast	**–**	–
Tedeco-Gizeh	**–**	1.9
Superfos	**78.8**	76.5
	169.8	93.1

During 2013/14 the goodwill relating to the Tedeco-Gizeh CGU was impaired following a value in use calculation. The directors had determined that no further impairment was required as the recoverable amounts were in excess of the carrying value.

The recoverable amounts of the CGUs are determined from their value in use. The cash flow projections used in these calculations cover a three year period based on the 2014/15 budget and the outline plans for 2015/16 and 2016/17 approved by the Board together with terminal values which assume zero growth.

The key assumptions used in the recoverable amount calculations include:

(i) Sales. Forecasts are based on cluster level analysis of sales, markets, competitors and prices for the budget period. Consideration is given to past experience, knowledge of future contracts and expectations of future potential changes in the markets.

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

A pre-tax discount rate of 9% (2013: 9%) was used to discount the expected cash flows of the cash-generating units. As each CGU is considered to have similar risks the same discount rate has been applied. The Group's impairment review is sensitive to a change in the key assumptions used, most notably the discount rate. Based on the Group's sensitivity analysis, an increase in the discount rate to 29% would indicate a potential impairment in one or more of the CGUs.

Other Intangible Assets

Other intangible assets include customer contacts with a net book value of £3.9m (2013: £2.9m), patents with a net book value of £nil (2013: £0.1m) and development costs with a net book value of £6.5m (2013: £5.6m).

Notes to the financial statements (continued)

for the year ended 31 March 2014

13. Property, Plant and Equipment

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

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant, equipment, moulds and vehicles £m	Total £m
Cost				
At 1 April 2012	219.5	4.5	561.4	785.4
Exchange differences	3.5	0.1	10.7	14.3
Additions	7.2	0.8	52.0	60.0
Acquisitions	4.2	–	1.7	5.9
Reclassifications	(0.8)	1.2	(2.3)	(1.9)
Transfer to assets held for sale	(8.6)	–	–	(8.6)
Disposals	(1.0)	–	(50.8)	(51.8)
At 31 March 2013	224.0	6.6	572.7	803.3
At 1 April 2013	**224.0**	**6.6**	**572.7**	**803.3**
Exchange differences	**(5.4)**	**(0.1)**	**(18.5)**	**(24.0)**
Additions	**9.8**	**0.1**	**57.9**	**67.8**
Acquisitions	**13.6**	**0.3**	**19.6**	**33.5**
Reclassifications	**0.4**	**0.1**	**(0.5)**	**–**
Transfer to assets held for sale	**(16.8)**	**–**	**(46.9)**	**(63.7)**
Disposals	**(3.9)**	**–**	**(37.7)**	**(41.6)**
At 31 March 2014	**221.7**	**7.0**	**546.6**	**775.3**
Depreciation				
At 1 April 2012	46.4	1.5	356.3	404.2
Exchange differences	1.1	–	8.1	9.2
Charge for the year	5.0	0.2	40.6	45.8
Impairment charge	2.0	0.5	1.9	4.4
Reclassifications	(0.1)	0.2	(0.9)	(0.8)
Transfers to assets held for sale	(4.0)	–	–	(4.0)
Disposals	(0.9)	–	(49.9)	(50.8)
At 31 March 2013	49.5	2.4	356.1	408.0
At 1 April 2013	**49.5**	**2.4**	**356.1**	**408.0**
Exchange differences	**(1.2)**	**–**	**(16.2)**	**(17.4)**
Charge for the year	**4.4**	**0.1**	**39.0**	**43.5**
Impairment charge	**–**	**0.1**	**4.6**	**4.7**
Reclassifications	**(0.1)**	**–**	**0.1**	**–**
Transfer to assets held for sale	**(5.3)**	**–**	**(35.8)**	**(41.1)**
Disposals	**(3.3)**	**–**	**(37.1)**	**(40.4)**
At 31 March 2014	**44.0**	**2.6**	**310.7**	**357.3**
Net book value at 31 March 2014	**177.7**	**4.4**	**235.9**	**418.0**
Net book value at 31 March 2013 and 1 April 2013	174.5	4.2	216.6	395.3
Net book value at 1 April 2012	173.1	3.0	205.1	381.2

The value relating to land not depreciated is £40.9m (2013: £42.3m).

From 1 April 2013 the useful economic life for key production line machinery was increased from 10 years to 12 years. This reduced the depreciation charge for the year by £3.7m.

The reclassification in the prior year relates to development costs which are now shown as intangible assets.

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

The impairment charge of £4.7m (2013: £4.4m) relates to charges taken in association with sites that have been or are in the process of being closed or sold. More information is given on the impairments in note 4.

The Group's obligations under finance leases (see note 20) are secured against the leased assets and have a carrying value at 31 March 2014 of £0.9m (2013: £1.7m).

14. Investment in Subsidiaries

RPC Group Plc owns 100% of Rigid Plastic Containers Holdings Limited and 10% of RPC Packaging Holdings Limited share capital directly. Rigid Plastic Containers Holdings Limited is a holding company which holds 100% of the share capital of RPC Containers Limited and the remaining 90% of the share capital of RPC Packaging Holdings Limited. The nature of the business carried on by RPC Containers Limited is the manufacture and sale of rigid plastic packaging. RPC Packaging Holdings Limited is a holding company through which the shares in subsidiaries in mainland Europe and the USA are owned. These subsidiaries are principally involved in the manufacture and sale of rigid plastic packaging and are listed on pages 123 and 124.

	Company	
	2014 £m	2013 £m
At 1 April	**158.3**	156.9
Cost of share options (note 24)	**1.9**	1.4
At 31 March	**160.2**	158.3

15. Jointly Controlled Entities

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

	2014 £m	2013 £m
Non-current assets	**1.9**	2.1
Current assets	**2.9**	3.0
Total assets	**4.8**	5.1
Non-current liabilities	**(1.3)**	(1.0)
Current liabilities	**(0.8)**	(1.4)
Total liabilities	**(2.1)**	(2.4)
Income	**4.5**	5.1
Expenses	**(4.2)**	(4.7)

16. Inventories

The amounts attributable to the different categories are as follows:

	2014 £m	2013 £m
Raw materials and consumables	**57.8**	59.6
Finished goods and goods for resale	**88.6**	89.5
	146.4	149.1

The Company had no inventories at either year end.

During the year there were write downs of £1.6m (2013: £3.8m) arising from the closure of the sites at Antwerp, Beuningen and Troyes, which are included in restructuring costs detailed in note 4.

Notes to the financial statements (continued)

for the year ended 31 March 2014

17. Trade and Other Receivables

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Trade receivables	**159.8**	166.8	**–**	–
Amounts owed by Group undertakings	**–**	–	**742.6**	626.6
Other debtors	**22.6**	6.6	**1.3**	1.7
Prepayments and accrued income	**8.4**	5.9	**–**	–
	190.8	179.3	**743.9**	628.3

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

Trade receivables are denominated in the following currencies:

	2014 £m	2013 £m
Euro	**107.6**	106.2
Sterling	**27.9**	30.5
Others	**24.3**	30.1
	159.8	166.8

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

	2014 £m	2013 £m
As at 1 April	**5.8**	6.6
Charge for the year	**3.5**	1.6
Amounts written off	**(1.6)**	(0.8)
Unused amounts reversed	**(1.0)**	(1.6)
Exchange differences	**(0.1)**	–
At 31 March	**6.6**	5.8

As at 31 March 2014, the analysis of trade receivables that were past due but not impaired is as follows:

	Total £m	Neither past due nor impaired £m	Less than 30 days £m	31–60 days £m	More than 60 days £m
31 March 2014	**159.8**	**144.7**	**11.2**	**3.4**	**0.5**
31 March 2013	166.8	154.1	10.7	1.8	0.2

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

18. Assets and Liabilities Held for Sale

	2014 £m	2013 £m
Property, plant and equipment	**10.6**	4.7
Inventories	**10.4**	–
Trade receivables	**15.0**	–
Cash and cash equivalents	**2.4**	–
Assets classified as held for sale	**38.4**	4.7
Trade payables	**(22.2)**	–
Employee benefits and provisions	**(1.5)**	–
Liabilities classified as held for sale	**(23.7)**	–
	14.7	4.7
Continuing operations:		
Buildings classified as held for sale	**2.7**	4.7
Other net assets classified as held for sale	**2.9**	–
Discontinued operations:		
Cobelplast business	**9.1**	–
	14.7	4.7

The assets and liabilities held for sale include the Cobelplast extruded sheet business (at Lokeren, Belgium and Montonate, Italy) which is classified as a discontinued operation, the trading disposables business at Offenburg, Germany, and a surplus property in the Netherlands. In 2013 this related to three properties being marketed for sale.

19. Trade and Other Payables

	Group		Company	
	2014 £m	2013 restated £m	2014 £m	2013 £m
Bank loans, finance leases and overdrafts (note 20)	**1.1**	2.5	**18.9**	17.4
Payments received on account	**22.3**	10.7	**–**	–
Trade payables	**192.3**	201.0	**3.1**	3.3
Amounts owed to Group undertakings	**–**	–	**274.9**	211.0
Other payables	**41.1**	37.5	**–**	–
Accruals	**49.5**	41.4	**–**	–
	305.2	290.6	**278.0**	214.3

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

20. Non-Current Liabilities

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Bank loans and other borrowings (see below)	**269.7**	206.8	**255.3**	191.4
Finance leases	**0.3**	0.9	**–**	–
	270.0	207.7	**255.3**	191.4

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

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Repayable as follows:				
In one year or less	**0.5**	1.7	**–**	–
Between one and two years	**18.9**	1.5	**16.7**	–
Between two and five years	**61.4**	1.8	**59.8**	–
Greater than five years	**189.4**	203.5	**178.8**	191.4
	270.2	208.5	**255.3**	191.4

Notes to the financial statements (continued)

for the year ended 31 March 2014

20. Non-Current Liabilities (continued)

These facilities comprised:

(i) a multi-currency revolving credit facility of up to £200m at normal commercial interest rates falling due on 30 September 2015;
(ii) a bilateral term loan of £60m expiring on 31 January 2017;
(iii) US private placement notes of US$92m and €35m expiring on 15 December 2018;
(iv) US private placement notes of US$124m and €25m expiring on 15 December 2021;
(v) uncommitted overdraft facilities of £10m, €30.5m and other smaller local facilities; and
(vi) mortgages secured on manufacturing facilities totalling £13.8m (2013: £14.5m) as at 31 March 2014.

Finance lease liabilities are repayable as set out below:

	Group	
	2014 £m	2013 £m
Repayable as follows:		
In one year or less	**0.6**	0.8
Between one and two years	**–**	0.6
Between two and five years	**0.1**	0.1
Greater than five years	**0.2**	0.2
	0.9	1.7

There were no finance leases in the Company at either year end. The fair value of the Group's lease obligations is approximately equal to their carrying amount.

The currency and interest rate profile of the Group's net debt, after taking account of the impact of interest rate swaps and net debt included in assets held for sale, is as follows:

	Fixed rate 2014 £m	**Floating rate 2014 £m**	**Cash/overdraft 2014 £m**	**Total 2014 £m**	Fixed rate 2013 £m	Floating rate 2013 £m	Cash/overdraft 2013 £m	Total 2013 £m
Sterling	**–**	**67.6**	**(10.5)**	**57.1**	–	–	(9.6)	(9.6)
Euro	**50.0**	**8.8**	**11.3**	**70.1**	52.7	–	10.0	62.7
US dollar	**69.7**	**60.1**	**2.5**	**132.3**	76.6	66.0	(0.1)	142.5
Other	**–**	**14.9**	**(5.9)**	**9.0**	0.1	14.8	(24.0)	(9.1)
	119.7	**151.4**	**(2.6)**	**268.5**	129.4	80.8	(23.7)	186.5

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

	2014 £m	2013 restated £m
Net decrease in cash and cash equivalents	**24.4**	6.7
Cash inflow from movements in borrowings and finance leases	**74.7**	2.5
Change in net debt resulting from cash flows	**99.1**	9.2
Translation movements	**11.3**	9.4
Movement in derivative instruments	**(15.4)**	(7.2)
Movement in net debt in the period	**95.0**	11.4
Net debt at the beginning of the year	**171.4**	160.0
Net debt at the end of the year	**266.4**	171.4
Analysis of net debt		
Cash and cash equivalents	**(2.6)**	(23.7)
Bank loans and overdrafts	**1.1**	2.5
Derivative instruments classified as debt	**0.3**	(15.1)
Non-current bank loans and other borrowings	**270.0**	207.7
Net debt included in assets held for sale	**(2.4)**	–
Net debt at the end of the year	**266.4**	171.4

22. Derivative Financial Instruments

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

The Group's financial derivatives in the Group and Company balance sheet as at 31 March 2014 comprise the following:

Group

	Assets £m	Liabilities £m	Net £m
Cross currency interest rate swaps	5.3	(5.6)	(0.3)
Financing derivatives	2.9	–	2.9
	8.2	(5.6)	2.6

Company

	Assets £m	Liabilities £m	Net £m
Cross currency interest rate swaps	5.3	(5.6)	(0.3)
Financing derivatives	2.9	–	2.9
	8.2	(5.6)	2.6

During the year the Group had in place derivative transactions in the form of one interest rate swap for the purpose of managing interest rate risk on borrowings and 10 cross currency interest rate swaps for the purpose of managing interest rate and exchange rate risk on the US private placement (USPP) notes that were issued in 2011. Of these derivatives £2.2m will expire in 2018 and £0.4m in 2021.

Policies and Risks Associated With Derivatives and Financial Instruments

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

(a) Market risk

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

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

(b) Interest rate risk

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

The interest rate profile of the Group's borrowings at the year end is given in note 20. An increase of 1% in the interest rate charged during the year on borrowings after the effect of interest rate swaps would have reduced profits before tax by approximately £1.4m (2013: £1.3m) before accounting for exchange differences.

(c) Liquidity risk

In order to improve liquidity and ensure continuity of funding, the Group had a credit agreement with nine recognised international banks providing a £200m multi-currency revolving credit facility, maturing in September 2015. In April 2014 this credit agreement was replaced with a £350m multi-currency revolving credit facility, maturing in April 2019 with seven recognised international banks. During 2011 Group issued US$92m and €35m USPP notes expiring in December 2018 and US$124m and €25m USPP notes expiring in December 2021.

Short-term flexibility in liquidity management is achieved through additional overdraft facilities.

Notes to the financial statements (continued)

for the year ended 31 March 2014

22. Derivative Financial Instruments (continued)

(d) Foreign currency risk

Of the Group's net assets, 60.0% (2013: 73.9%) before borrowings are in non sterling currencies, mainly linked with the euro and held by subsidiaries located in mainland Europe.

In December 2011 the Company issued US$216m and €60m fixed rate USPP notes. In order to manage the interest rate and foreign exchange exposure, 10 cross currency interest swaps were taken out totalling US$200m. These swapped US$100m fixed rate into euro fixed rate, and US$100m fixed rate into euro variable floating rate finance, including a change of principle currencies that will reverse on redemption. In order to achieve hedge effectiveness these derivatives were designated into cash flow hedges for the US dollar/sterling foreign exchange exposure and fair value hedges for the interest rate element as appropriate and a net investment hedge of the sterling/euro foreign exchange exposure. The remaining US$16m and €60m were designated as net investment hedges. During the year the mark to market losses on foreign currency hedging instruments designated as fair value hedges taken to the income statement was £8.2m (2013: £4.7m gain) and the fair value adjustment on the related USPP notes was a gain of £8.2m (2013: £4.7m loss).

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

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

The Group is exposed to fluctuations in exchange rates on the translation of profits earned by its overseas subsidiaries. The estimated impact of the change in average exchange rates between 2013 and 2014 on the profit before tax has resulted in a net increase to the 2014 result of approximately £1.0m (2013: net reduction of £1.3m). The main currency that drives this change is the euro. Movements in US dollar and other exchange rates were less significant.

(e) Credit risk

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

The methods used to evaluate customers' credit worthiness are described in more detail in note 17.

Capital Management

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

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

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

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

The Company is not subject to externally imposed capital requirements.

Interest Rate Risk Profile of Financial Assets and Liabilities

The interest rate profile of the Group's net debt is shown in note 20.

The Group's floating rate loans bear interest based on Libor or Euribor. The floating rate borrowings under the banking facilities are typically rolled over for a period of three months or less, based on the appropriate Libor/Euribor rate. During the year the Group had in place floating to fixed interest rate swaps for euros. No swaps were in place at the year end. .

With respect to the USPP notes, US$100m of the US$216m issued in December 2011 was converted from fixed US dollar to floating euro by the use of five cross currency interest rate swaps; three of these swaps totalling US$50m expire in December 2018 with the remaining two, totalling US$50m, expiring in December 2021. These were in place at the year end with a market value of £(0.3)m (2013: £15.1m).

An increase of 1% in the interest rate charged during the year on borrowings not fixed by interest rate swaps would have reduced profit before tax by approximately £1.4m (2013: £1.3m) before accounting for exchange differences, and would reduce net equity by approximately £1.0m (2013: £1.0m).

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

	2014			2013		
	Sterling %	**Euro %**	**US dollar %**	Sterling %	Euro %	UD dollar %
Fixed interest rate	**n/a**	**4.3-4.8**	**4.8**	n/a	4.3-4.8	4.8
Floating rate interest margin above:						
– Euribor	**n/a**	**1.4-2.2**	**n/a**	n/a	1.4-2.2	n/a
– Libor	**0.8-1.4**	**n/a**	**n/a**	1.4-1.6	n/a	n/a

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

Currency Exposures

In order to help mitigate the risk on translation of the value of non-UK operations into sterling for reporting purposes, a proportion of debt is borrowed in currencies which match or are closely linked to the currencies of those overseas operations. The exchange gains or losses on these borrowings are included in the Consolidated statement of comprehensive income. As at 31 March 2014 non-derivative financial instruments amounting to £263.2m (2013: £196.7m) were designated by the Group as net investment hedges in its subsidiaries, primarily in the Eurozone and USA. During the year £nil (2013: £nil) was taken to the income statement relating to any inefficiency of this net investment hedge.

A movement of 1% in the value of sterling against other foreign currencies (mainly the euro) would result in a translational impact on the Group's profit before tax of approximately £0.6m (2013: £0.4m) and on the Group's net assets of £1.1m (2013: £1.4m).

The closing rate of exchange for the euro at 31 March 2014 was €1.21 (2013: €1.18) and for the US dollar was $1.66 (2013: $1.51). The average rate of exchange for the euro for 2014 was €1.19 (2013: €1.23) and for the US dollar $1.59 (2013: $1.58).

Maturity of Financial Liabilities

The maturity profile of the Group's undrawn borrowing facilities in respect of which all conditions precedent have been met at 31 March 2014 is as follows:

	2014 £m	2013 £m
Expiring in one to two years	**182.7**	–
Expiring in more than two years	**58.2**	336.5
	240.9	336.5

The maturity of bank loans and overdrafts is set out in note 20.

Notes to the financial statements (continued)

for the year ended 31 March 2014

22. Derivative Financial Instruments (continued)

Fair Values of Financial Assets and Liabilities

Set out below are the carrying values of the financial assets and liabilities of the Group and Company at 31 March 2014:

Group

	2014 £m	2013 £m
Cash and cash equivalents	2.6	23.7
Trade receivables and other debtors	190.8	179.3
Bank loans and overdrafts	(1.1)	(2.5)
Trade and other payables	(305.2)	(290.6)
Primary financial instruments held to finance the Group's operations:		
Long-term borrowings	(270.0)	(207.7)
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps	–	(5.7)
Derivative financial instruments held to manage foreign currency exposures and the interest rate profile:		
Cross currency interest rate swaps	2.6	15.2

Company

	2014 £m	2013 £m
Trade receivables and other debtors	743.9	628.3
Bank loans and overdrafts	(18.9)	(17.4)
Trade and other payables	(278.0)	(214.3)
Primary financial instruments held to finance the Group's operations:		
Long-term borrowings	(255.3)	(191.4)
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps	–	(5.7)
Derivative financial instruments held to manage foreign currency exposures and the interest rate profile:		
Cross currency interest rate swaps	2.6	15.2

There were no significant differences between the carrying and fair values of any of the financial assets or liabilities included in either the Group or Company balance sheet as at 31 March 2014 and 31 March 2013.

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

The fair values of the interest rate, foreign currency and cross currency interest rate swaps have been determined by reference to the market price available from the market on which the instruments are traded. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. In both 2014 and 2013, all financial instruments measured at fair value are categorised as Level 2 in the fair value hierarchy, whereby the fair value is determined using valuation techniques. The Group does not hold any Level 1 or Level 3 financial instruments measured at fair value.

The movement on the fair value of the interest rate and cross currency interest rate swaps that are designated as cash flow hedges is debited or credited to equity in the Consolidated statement of comprehensive income. During the year £(5.3)m (2013: £5.4m) movement in the cash flow hedging reserve (before tax) was a result of cash flow hedges relating to the USPP notes and £(0.3)m (2013: £(0.4)m) relating to existing interest rate swaps. During the year a gain of £1.1m (2013: gain £0.8m) was recycled through the profit and loss account relating to cash flow hedges. The movement of the fair value of the foreign currency and cross currency interest rate swaps that are designated as fair value hedges is debited or credited to the income statement.

Gains and Losses on Hedges

The Group uses interest rate swaps to manage its interest rate profile. Changes in the fair value of these financial instruments are recognised in the financial statements. During the period the net gain from financial instruments entered into totalled £1.1m (2013: gain £0.8m). A gain of £1.2m will arise in the year ending 31 March 2015 assuming interest rates remain at year end levels. During the year £nil (2013: £nil) was taken to the income statement relating to any ineffectiveness of the cash flow hedges.

23. Provisions and Other Liabilities

Deferred Tax

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

Restated	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2013	**31.7**	**(10.8)**	**(3.5)**	**(6.6)**	**10.8**
Adjustment in respect of prior years	**1.0**	**0.3**	**0.2**	**(0.8)**	**0.7**
Charge to income	**0.6**	**1.9**	**0.5**	**(1.3)**	**1.7**
Charge/(credit) to equity	**(0.1)**	**(0.7)**	**–**	**0.8**	**–**
Acquisitions	**0.3**	**(3.2)**	**–**	**–**	**(2.9)**
Exchange differences	**(0.8)**	**0.2**	**–**	**0.1**	**(0.5)**
At 31 March 2014	**32.7**	**(12.3)**	**(2.8)**	**(7.8)**	**9.8**
Deferred tax liabilities	**32.7**	**–**	**–**	**4.0**	**36.7**
Deferred tax assets	**–**	**(12.3)**	**(2.8)**	**(11.8)**	**(26.9)**
	32.7	**(12.3)**	**(2.8)**	**(7.8)**	**9.8**

Restated	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2012	28.0	(10.7)	(7.4)	(2.8)	7.1
Adjustment in respect of prior years	0.2	0.8	–	(4.9)	(3.9)
Charge to income	1.8	0.4	3.8	2.4	8.4
Charge/(credit) to equity	1.0	(1.1)	–	(1.2)	(1.3)
Acquisitions	0.2	(0.1)	–	–	0.1
Exchange differences	0.5	(0.1)	0.1	(0.1)	0.4
At 31 March 2013	31.7	(10.8)	(3.5)	(6.6)	10.8
Deferred tax liabilities	31.7	–	–	3.6	35.3
Deferred tax assets	–	(10.8)	(3.5)	(10.2)	(24.5)
	31.7	(10.8)	(3.5)	(6.6)	10.8

Accelerated capital allowances relate to property, plant and equipment.

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

The Group has deferred tax assets of £23.0m (2013: £21.1m) in respect of tax losses of £84.4m (2013: £77.2m) that have not been recognised as their recoverability is uncertain. Of these amounts deferred tax assets of £6.6m (2013: £5.1m) in respect of losses of £19.8m (2013: £15.5m) relate to discontinued operations.

The aggregate amount of temporary differences associated with investments in subsidiaries for which no deferred tax has been provided is £121.2m (2013: £113.3m). No taxation is expected to arise in respect of these temporary differences.

Notes to the financial statements (continued)

for the year ended 31 March 2014

23. Provisions and Other Liabilities (continued)

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

	Other temporary differences 2014 £m	Other temporary differences 2013 £m
Deferred tax assets at 1 April	**(2.0)**	(2.7)
Charge to income	**0.6**	1.9
Charge/(credit) to equity	**1.3**	(1.2)
Deferred tax assets at 31 March	**(0.1)**	(2.0)

Other temporary differences relate to hedging movements and tax losses.

Provisions and Other Liabilities

	Deferred consideration payable £m	**Termination and restructuring provisions £m**	**Contract provisions £m**	**Other provisions and liabilities £m**	**Total £m**
At 1 April 2013	**–**	**0.2**	**–**	**2.1**	**2.3**
Acquired in the year	**4.4**	**–**	**3.3**	**1.7**	**9.4**
Provided in the year	**–**	**1.5**	**–**	**–**	**1.5**
Utilised in the year	**–**	**–**	**(0.6)**	**(0.6)**	**(1.2)**
Released in the year	**–**	**(0.2)**	**–**	**(0.2)**	**(0.4)**
At 31 March 2014	**4.4**	**1.5**	**2.7**	**3.0**	**11.6**
Current at 31 March 2014	**0.4**	**1.3**	**1.9**	**3.0**	**6.6**
Non-current at 31 March 2014	**4.0**	**0.2**	**0.8**	**–**	**5.0**
	4.4	**1.5**	**2.7**	**3.0**	**11.6**

restated	Termination and restructuring provisions £m	Contract provisions £m	Other provisions and liabilities £m	Total £m
At 1 April 2012	1.2	1.9	5.1	8.2
Acquired in the year	–	0.1	0.2	0.3
Utilised in the year	(0.2)	(1.9)	(0.3)	(2.4)
Released in the year	(0.8)	–	(2.8)	(3.6)
Exchange differences	–	(0.1)	(0.1)	(0.2)
At 31 March 2013	0.2	–	2.1	2.3
Current at 31 March 2013	0.2	–	1.5	1.7
Non-current at 31 March 2013	–	–	0.6	0.6
	0.2	–	2.1	2.3

The termination and restructuring provisions relate to the closure and restructuring of certain activities detailed further in note 4. Of this balance £1.3m is expected to be utilised within the next 12 months.

Contract provisions and Other provisions and liabilities are adjustments relating to the acquisition of Superfos, Helioplast and M&H and represent mainly out of market contract adjustments and provisions for property and legal claims. Of the Contract provisions £1.9m are expected to be utilised within the next 12 months. The Other provisions and liabilities, provided for at their estimated settlement value, will be utilised as claims are resolved.

24. Share Capital

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

	2014 Number	2013 Number
In issue at 1 April	166,112,355	165,096,254
Exercise of employee share options	454,434	1,016,101
In issue at 31 March	166,566,789	166,112,355

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

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

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

The interests of the directors in the ordinary shares of the Company are shown in the Directors' remuneration report.

Share-Based Payments

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

Share Options

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

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

Notes to the financial statements (continued)

for the year ended 31 March 2014

24. Share Capital (continued)

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

	2014		2013	
	Average exercise price	**Number of options**	Average exercise price	Number of options
Outstanding at 1 April	**297p**	**3,893,969**	256p	4,389,921
Granted	**397p**	**655,000**	399p	709,000
Forfeited	**320p**	**(57,308)**	305p	(55,144)
Exercised	**225p**	**(454,434)**	195p	(1,016,101)
Lapsed	**325p**	**(72,283)**	224p	(105,185)
Cancelled	**273p**	**(41,736)**	273p	(28,522)
Outstanding at 31 March	**322p**	**3,923,208**	297p	3,893,969
Exercisable at 31 March	**224p**	**445,618**	221p	880,564

The weighted average share price in respect of options exercised during the year was 456p per share (2013: 411p).

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

	Number of options 2014	**Option price range 2014**	**Weighted average remaining contractual life (years) 2014**	Number of options 2013	Option price range 2013	Weighted average remaining contractual life (years) 2013
RPC Group 2003 Sharesave Scheme	**1,462,467**	**273p**	**1.4**	1,566,410	273p	2.4
RPC Group 2003 Executive Share Option Schemes	**2,460,741**	**175.2p–399p**	**7.0**	2,327,559	167.94p–399p	6.6
Outstanding at 31 March	**3,923,208**			3,893,969		

The number of options and their exercise prices in respect of grants made prior to the rights issue were adjusted to take account of the diluting effect of the 2011 rights issue.

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

	RPC Group 2003 Sharesave Scheme	**RPC Group 2003 Executive Share Option Schemes**				
Date of grant	18.01.12	25.07.07	03.12.07	01.08.11	18.07.12	10.07.13
Share price at date of grant	382p	294p	233p	357p	407p	414p
Original exercise price	273p	294p	233p	356p	399p	397p
Fair value of options	100p	51p*	41p*	94p	76p	98p
Expected volatility	30%	20%	20%	35%	30%	35%
Dividend yield	3.4%	3.5%	3.5%	3.0%	3.7%	3.6%
Annual risk-free interest rate	0.6%	6.3%	5.4%	2.1%	0.8%	1.6%
Option life	3.25 years	6.1 years	7.0 years	6.0 years	6.0 years	9.0 years

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

The volatility, measured as the standard deviation of expected share price returns, is based on statistical analysis of the Company's historical share price.

The option life allows for the vesting period and time to exercise. There are no market conditions associated with the share option grants.

Performance Share Plan

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

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

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

	Number of shares 2014	Number of shares 2013
Outstanding at 1 April	**900,794**	1,182,515
Granted	**525,463**	290,176
Transferred or exercised	**(340,459)**	(532,257)
Lapsed	**(49,118)**	(39,640)
Outstanding at 31 March	**1,036,680**	900,794
Exercisable at 31 March	**–**	–
Weighted average remaining contractual life	**8.6 years**	5.6 years

The market price of the shares transferred on vesting during the year was 414p per share (2013: 413p). The fair value of the nil cost options granted during the year under the Performance Share Plan and the key inputs using the Black-Scholes valuation model were as follows:

Date of grant	**10.07.13**	**18.07.12**	**01.08.11**
Share price at date of grant	**414p**	**407p**	**357p**
Fair value of award	**239p**	**326p**	**298p**
Expected volatility	**30%**	**30%**	**35%**
Dividend yield	**3.6%**	**3.7%**	**3.0%**
Annual risk-free interest rate	**0.6%**	**0.8%**	**2.1%**
Expected life of award	**3 years**	**6 years**	**6 years**

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

Date of grant	**27.07.10**
Share price at date of grant	**267p**
Fair value of award*	**189p**
Dividend yield	**4.0%**
Expected life of award	**3 years**

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

There is no entitlement to dividends during the vesting period.

Notes to the financial statements (continued)

for the year ended 31 March 2014

24. Share Capital (continued)

RPC Group Employee Benefit Trust

The Company operates an employee benefit trust, the RPC Group Employee Benefit Trust, which was established in 2008 to purchase shares to satisfy awards under the Performance Share Plan and the share matching arrangement. Purchases are funded using interest free loans from the Company. As at 31 March 2014 the Employee Benefit Trust held 554,798 (2013: 711,838) shares in the Company acquired at an average cost of 280p (2013: 297p) per share including the take-up in full of its entitlement to shares under the rights issue. The investment in the shares is included in the Consolidated balance sheet within retained earnings at a cost of £1.6m (2013: £1.8m). The market value of the shares held by the trust at 31 March 2014 was £3.5m. The trust has waived dividends receivable on the shares held during the year.

Share-Based Payment Expense

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

	2014 £m	2013 £m
RPC Group 2008 Performance Share Plan	**0.8**	0.5
RPC Group 2003 Executive Share Option Schemes	**0.6**	0.3
RPC Group 2003 Sharesave Scheme	**0.5**	0.6
Total included in staff costs (note 5)	**1.9**	1.4

25. Acquisition of Subsidiary Undertakings

Helioplast

On 9 December 2013 the Group acquired effective control of 100% of the share capital of Helioplast d.o.o, a manufacturing company based in Bosnia-Herzegovina. This transaction has been accounted for using the acquisition method of accounting.

The book and fair value of the net assets of the acquired business were as follows:

	Book value £m	Fair value adjustments £m	Fair value total £m
Intangible assets	–	**0.4**	**0.4**
Property, plant & equipment	**4.5**	**0.2**	**4.7**
Inventories	**0.8**	–	**0.8**
Trade and other receivables	**1.2**	–	**1.2**
Trade and other payables	**(2.4)**	**(0.1)**	**(2.5)**
Provisions and taxes	**(0.2)**	–	**(0.2)**
	3.9	**0.5**	**4.4**
Goodwill			**4.0**
Consideration payable			**8.4**

The acquisition balance sheet has been adjusted to reflect fair value adjustments.

The adjustment to intangible assets represents customer contacts acquired with Helioplast and will be amortised over the life of the relationships. The adjustment to property, plant and equipment represents the difference between book value and market value of the assets. The adjustment to provisions relates to out of market contracts and other necessary provisions. Adjustment to taxes relates to additional tax provisions and deferred tax on the fair value adjustments.

Of the directors' best estimate of the fair value of the total consideration of £8.4m, £4.0m was paid in cash on 7 December 2013. The remaining balance will be paid over the next 3 years, including £2.2m that is subject to a contractual earn out clause contingent on performance.

Since the acquisition date, Helioplast contributed £0.1m to operating profit. If the acquisition of Helioplast had taken place on 1 April 2013, the Group adjusted operating profit would have been £101.6m and revenue for continuing operations would have been £1,050.9m. In addition, acquisition costs of £0.1m have been expensed and reported as exceptional costs.

The goodwill recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, its assembled workforce and access to new markets. The goodwill recognised is not deductible for tax purposes.

M&H Group

On 16 December 2013 the Group acquired effective control of 100% of the share capital of Maynard and Harris Group Ltd (M&H), the holding company for the M&H group of companies. M&H is a leading company specialising in the design and manufacture of high quality containers using extrusion blow moulding, injection stretch blow moulding, injection blow moulding, injection moulding and flexible tubes. Products cover the personal care, healthcare, pharmaceutical, nutritional, pet care, automotive and household products markets. This transaction has been accounted for using the acquisition method of accounting.

The book and fair value of the net assets of the acquired business were as follows:

	Book value £m	Fair value adjustments £m	Fair value total £m
Intangible assets	–	1.6	1.6
Property, plant & equipment	29.2	(0.4)	28.8
Inventories	7.9	0.5	8.4
Trade and other receivables	13.5	–	13.5
Trade and other payables	(8.4)	–	(8.4)
Provisions	–	(4.9)	(4.9)
Pension	(13.6)	(2.5)	(16.1)
Taxes	1.4	2.2	3.6
	30.0	(3.5)	26.5
Goodwill			76.4
Consideration paid			102.9

The acquisition balance sheet has been adjusted to reflect fair value adjustments.

The adjustment to intangible assets represents customer contacts acquired with M&H and will be amortised over the life of the relationships. The adjustment to property, plant and equipment represents the difference between book value and market value of the assets. The adjustment to provisions relates to out of market contracts and other necessary provisions. Adjustment to taxes relates to additional tax provisions and deferred tax on the fair value adjustments.

Total consideration of £102.9m was paid in cash on 16 December 2013. In addition, acquisition costs of £0.4m have been expensed and reported as exceptional costs.

Since the acquisition date, M&H Group contributed £3.4m to operating profit. If the acquisition of M&H Group had taken place on 1 April 2013, the Group adjusted operating profit would have been £110.1m and revenue for continuing operations would have been £1,101.0m.

The goodwill recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the considerable skills and experience of the assembled workforce and the increase in scale and future growth opportunities that it provides to the Group's operations. The goodwill recognised is not deductible for tax purposes.

Notes to the financial statements (continued)

for the year ended 31 March 2014

25. Acquisition of Subsidiary Undertakings (continued)

Manuplastics

On 21 November 2012 the Group acquired 100% of the share capital of BPSW 19 Ltd, the holding company for the Manuplastics group of companies. Manuplastics is a leading UK company specialising in the design and manufacture of high quality injection moulded containers for the personal healthcare, food and pharmaceutical industries. This transaction has been accounted for using the acquisition method of accounting.

The book and fair value of the net assets of the acquired business were as follows:

	Book value £m	Fair value adjustments £m	Fair value total £m
Intangible assets	–	0.2	0.2
Property, plant & equipment	6.8	(0.9)	5.9
Inventories	0.4	–	0.4
Trade and other receivables	1.7	–	1.7
Trade and other payables	(1.0)	–	(1.0)
Provisions	(0.1)	(0.2)	(0.3)
Pension	(0.5)	–	(0.5)
Taxes	(0.3)	(0.7)	(1.0)
	7.0	(1.6)	5.4
Goodwill			0.7
Consideration paid			6.1

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

There have been no subsequent changes to the fair value of the net assets acquired at the time of purchase.

26. Commitments and Contingent Liabilities

	2014 £m	2013 £m
Expenditure contracted for but not provided	**14.6**	14.1

Financial Commitments

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

	2014 £m	2013 £m
Within one year	**5.3**	6.4
Between one and five years	**9.0**	8.7
After five years	**0.5**	0.9
	14.8	16.0

The Company had no commitments at either year end.

Contingent Liabilities

The Group had contingent liabilities in respect of bank guarantees issued in the ordinary course of business amounting to £5.5m (2013: £5.4m), and for the Company this amounted to £1.1m (2013: £1.1m).

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

	Maximum amount guaranteed
RPC Containers Limited	**£10.0m**
RPC Packaging Holdings BV	**€40.5m**

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

The Company has given a guarantee to the trustee of the RPC Containers Limited Pension Scheme (the 'Scheme') in respect of RPC Containers Limited and RPC Tedeco-Gizeh (UK) Limited up to a maximum underfunded amount. The underfunded amount is 105% of the Scheme's liabilities, calculated according to section 179 of the Pensions Act 2004 (the 'Act') less the value of the Scheme's assets. As at 31 March 2014, the underfunded amount in excess of the provision in the Consolidated balance sheet based on the most recent section 179 valuation as at 31 March 2014 was £69.6m (2013: £62.5m). In addition, the Company has given a capped guarantee in respect of any additional buy-out liabilities calculated in accordance with section 75 of the Act in respect of the Scheme. As at 31 March 2014 the guarantee was capped at £27.6m (2013: £16.4m). The cap will increase annually by 25% of the average of the Company's consolidated profit before tax for the three preceding financial years.

In 2012 RPC Superfos a/s extended guarantees up to the value of the section 75 buy-out deficit given to the trustees of the Superfos Runcorn Limited Pension Fund and the Peerless Limited Pension Scheme in respect of Superfos Runcorn Limited and Superfos Tamworth Limited. As at 31 March 2014 the total of the buy-out deficits, calculated at the latest valuations dates, in excess of the provision in the Consolidated balance sheet for these schemes was £10.6m (2013: £6.1m).

27. Employee Benefits

	2014 £m	2013 restated £m
Retirement benefit obligations	**69.2**	58.0
Termination benefits	**1.2**	1.6
Other long-term employee Benefit liabilities	**2.1**	3.1
Employee benefits due after one year	**72.5**	62.7
Restructuring termination cost provision due within one year	**4.1**	5.8
Total employee benefits	**76.6**	68.5

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

Retirement Benefit Obligations

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

As at 31 March 2014	UK £m	Netherlands £m	Germany £m	France £m	Other mainland Europe £m	Group £m
Present value of funded obligations	**205.1**	**22.5**	–	–	**0.1**	**227.7**
Fair value of plan assets	**(158.4)**	**(19.8)**	–	–	**(0.1)**	**(178.3)**
Net funded obligations	**46.7**	**2.7**	–	–	–	**49.4**
Present value of unfunded obligations	–	–	**14.9**	**4.7**	**0.2**	**19.8**
Liability in the Consolidated balance sheet	**46.7**	**2.7**	**14.9**	**4.7**	**0.2**	**69.2**

As at 31 March 2013 restated	UK £m	Netherlands £m	Germany £m	France £m	Other mainland Europe £m	Group £m
Present value of funded obligations	137.7	22.9	–	–	0.1	160.7
Fair value of plan assets	(104.2)	(19.3)	–	–	(0.1)	(123.6)
Net funded obligations	33.5	3.6	–	–	–	37.1
Present value of unfunded obligations	–	–	15.1	5.2	0.6	20.9
Liability in the Consolidated balance sheet	33.5	3.6	15.1	5.2	0.6	58.0

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

	2014 £m	2013 restated £m
Fair value of plan assets	**(178.3)**	(123.6)
Present value of defined Benefit obligations	**247.5**	181.6
Balance sheet liability	**69.2**	58.0

Notes to the financial statements (continued)

for the year ended 31 March 2014

27. Employee Benefits (continued)

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

	2014 £m	2013 restated £m
Current service cost	0.3	0.9
Pension administration costs	0.6	0.6
Past service cost	(0.8)	–
Settlement cost	(0.1)	
Total included in staff costs (note 5)	–	1.5
Defined benefit pension scheme finance expense (note 6)	2.4	2.1
Total amount recognised in the Consolidated income statement	2.4	3.6

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

	2014 £m	2013 restated £m
At 1 April	34.4	28.8
Actuarial losses recognised during the year	3.6	5.6
At 31 March	38.0	34.4

The actuarial losses recognised during the year were:

	2014 £m	2013 restated £m
Experience gains on plan assets	(1.3)	(7.3)
Experience (gains)/losses on liabilities	(0.7)	1.7
Losses on change of financial assumptions	5.7	11.0
Losses on change of demographic assumptions	(0.1)	0.2
	3.6	5.6

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

	2014 £m	2013 restated £m
Defined benefit obligations at 1 April	181.6	162.0
Obligations acquired on acquisition	60.0	3.1
Current service cost	0.3	0.9
Past service cost	(0.8)	–
Interest cost	8.4	7.3
Contributions by participants	0.2	0.1
Actuarial losses on liabilities	4.9	12.9
Net benefits paid	(5.3)	(5.2)
Settlements	(0.4)	–
Transfer to liabilities held for sale	(0.4)	–
Exchange differences	(1.0)	0.5
Defined benefit obligations at 31 March	247.5	181.6

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

	2014 £m	2013 restated £m
Fair value of assets at 1 April	123.6	110.4
Assets acquired on acquisition	43.9	2.6
Expected return on assets	6.0	5.2
Actuarial gains on assets	1.3	7.3
Contributions by employer	10.1	3.7
Contributions by participants	0.2	0.1
Net benefits paid	(5.3)	(5.2)
Settlements	(0.3)	–
Administration expense	(0.6)	(0.6)
Exchange differences	(0.6)	0.1
Fair value of assets at 31 March	**178.3**	123.6

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

	2014 £m	2013 restated £m
Liability at 1 April	58.0	51.6
Net liabilities acquired on acquisition	16.1	0.5
Total expense charged to the Consolidated income statement	2.4	3.6
Actuarial losses recognised in the Consolidated statement of comprehensive income	3.6	5.6
Contributions and benefits paid	(10.1)	(3.7)
Transfer to liabilities held for sale	(0.4)	–
Exchange differences	(0.4)	0.4
Liability at 31 March	**69.2**	58.0

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

	2014 UK	2014 Netherlands	2014 Group	2013 UK	2013 Netherlands	2013 Group
Equities	48%	–	42%	47%	–	40%
Property	4%	–	4%	6%	–	5%
Government and corporate bonds	43%	–	38%	44%	–	37%
Other (including insurance policies)	5%	100%	16%	3%	100%	18%

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

	2014		2013	
	UK	Mainland Europe	UK	Mainland Europe
Discount rate	4.4%	3.3%	4.6%	3.5%
Inflation rate	2.4%	2.0%	2.6%	2.0%
Increase in benefits in payment	3.1%	1.9%	3.0%	1.9%
Salary increases	3.1%	2.3%	3.4%	2.3%

Notes to the financial statements (continued)

for the year ended 31 March 2014

27. Employee Benefits (continued)

The mortality assumptions used allow for future mortality improvements in valuing the defined benefit obligations and are based on standard mortality tables used by the actuarial profession in the relevant countries adjusted, where appropriate, to reflect the circumstances of the relevant scheme's membership. In the UK the mortality assumptions applied as at 31 March 2014 in respect of the main pension scheme are based on the S1PXA tables, as adopted by the UK actuarial profession, using each individual member's year of birth with a scaling factor of 105% and allowance for future mortality improvements of 80% of the Long Cohort for males and 60% of the Long Cohort for females subject to a minimum annual improvement of 1.25% for both males and females. The life expectancies from the age of 65 of scheme members assumed at the balance sheet date in years were as follows:

	2014 UK	2013 UK
Current age:		
Aged 65:		
Male	**22**	22
Female	**25**	24
Aged 45:		
Male	**24**	24
Female	**26**	26

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

The weighted average duration of the defined benefit obligation is 18 years.

Funded Retirement Benefit Obligations

United Kingdom

The main retirement benefit obligation in the UK is a defined benefit pension scheme, called the RPC Containers Limited Pension Scheme. This provides retirement benefits to some former employees and approximately 33% (2013: 33%) of current UK employees. The scheme provides members with benefits based on a three-year average of final pensionable salary and total pensionable service. The assets of the scheme are held in a separate trustee-administered fund to meet long-term liabilities for past and present employees. The corporate trustee, which is independent from the Group, has a duty to act in the best interest of the scheme's beneficiaries. The appointment of trustee directors is determined by the scheme's corporate and trust documentation and by statute. All trustee directors are members of the pension scheme and one-third are nominated by current and pensioner members.

Subject to statute, the principal employer, RPC Containers Limited, on the advice of the scheme actuary and in consultation with the trustee, determines the contributions to the scheme. In addition, in the event that any of the members' employing companies are unable to pay their contributions, the trustee may call upon guarantees provided by RPC Group Plc in respect of certain present and future liabilities of the members' employing companies in the UK. This pension scheme was closed to new entrants and to existing members for future service accrual on 31 July 2010 and was replaced with a contract based defined contribution pension plan for future service.

The deficit in the fund calculated in accordance with IAS 19 on accounting for employee benefits as at 31 March 2014 was £32.3m (2013: £29.0m). The last completed triennial valuation performed by an independent actuary for the trustee of the scheme was carried out as at 31 March 2012. The valuation, which is calculated on an ongoing funding basis and is different from that prescribed by IAS 19, showed a deficit of £45.4m. The Company agreed to make contributions to cover the scheme's expenses and pay monthly deficit reduction contributions of £3.0m each year increasing by 3% per annum until 31 March 2016, and £2.1m each year increasing by 3% per annum from 01 April 2016 with the aim of eliminating the deficit over 10.5 years from 01 April 2013. Previously the deficit reduction contributions had been approximately £1.9m per annum.

As a result of the acquisition of Superfos Industries a/s, the Group acquired two closed trustee-administered defined benefit pension arrangements in the UK providing benefits based on final pensionable salary and pensionable service. The Superfos Runcorn Limited Pension Fund was closed to future accrual on 5 April 2010. The deficit in the fund calculated in accordance with IAS 19 as at 31 March 2014 was £2.9m (2013: £3.1m). The most recent triennial actuarial valuation as at 31 March 2010 showed a funding deficit of £3.1m. The defined benefit section of the Peerless Limited Pension Scheme was closed to future accrual in 1994. The IAS 19 accounting deficit at 31 March 2014 was £0.9m (2013: £0.9m). The most recent triennial actuarial valuation as at 31 August 2010 showed a funding deficit of £1.1m. The Company agreed to pay combined annual deficit reduction contributions and expenses for both plans of £0.4m increasing by an allowance for inflation each year.

As a result of the acquisition of the Manuplastics Group of companies, the Group acquired one trustee-administered defined benefit pension arrangement in the UK providing benefits based on final pensionable salary and pensionable service. The Pension Fund was closed to new entrants on 6 April 2010. The deficit in the fund calculated in accordance with IAS 19 as at 31 March 2014 was £0.5m (2013: £0.5m). The most recent triennial actuarial valuation as at 6 April 2010 showed a funding deficit of £0.2m.

As a result of the acquisition of the M&H Plastics Group of companies, the Group acquired one trustee-administered defined benefit pension arrangement in the UK providing benefits based on final pensionable salary and pensionable service. The Pension Fund was closed to new entrants on 1 August 2005. The deficit in the fund calculated in accordance with IAS 19 was £16.1m as at the acquisition date and as at 31 March 2014 was £10.1m. The most recent triennial actuarial valuation as at 30 September 2013 showed a funding deficit of £6.1m.

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

The Netherlands

In the Netherlands there are a number of defined benefit retirement plans. These are funded by contributions to insurance policies or a separately administered fund. There were five pension plans in the Netherlands providing career average (four plans) or final salary (one plan) pensions and disability benefits under contracts with insurance companies. Active employees pay a proportion of the premiums charged by the insurance company.

One of the defined benefit plans is in respect of a single key employee. Although this is a defined benefit plan, the company has a contractual agreement with the employee which places a monetary cap on the employer contribution. This cap was exceeded in 2013. Consequently, RPC is no longer expected to be exposed to any material actuarial risks in relation to the accrued benefits in this plan. The plan has therefore been treated as a Defined Contribution plan with effect from 1 April 2013 and the balance sheet liability at that date has been eliminated via a settlement gain. This results in a one-off credit of £0.1m being recognised in 2014.

The IAS 19 liability and service costs for the remaining DB plans are calculated by local actuaries by rolling forward the latest data available from the insurance companies and current salary data from the relevant RPC subsidiary. Following the closure of Halfweg and Ravenstein during the 2009 financial year, their plans became fully funded and consequently the deficits reduced to nil. One of the plans was acquired as a result of the acquisition of Superfos Industries a/s in respect of a former business in the Netherlands and current Dutch employees of Superfos's German operation. The deficit recognised in the balance sheet at 31 March 2014 in respect of all continuing defined benefit plans was £2.4m (2013: £3.4m).

The separately administered RPC Tedeco-Gizeh Deventer Pension Plan was closed with effect from 1 January 2007 and all accrued past service benefits and certain early retirement benefits were transferred to the Dutch Plastics Industry Pension Plan. As part of the arrangements, RPC agreed to make additional contributions to make up the deficit in the funding of certain early retirement and pre-pension benefits. The deficit included in the retirement benefit obligations as at 31 March 2014 was £0.7m (2013: £0.6m).

Notes to the financial statements (continued)

for the year ended 31 March 2014

27. Employee Benefits (continued)

Unfunded Retirement Benefit Obligations

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

All the Group's subsidiaries in France, including those acquired in the acquisition of Superfos Industries a/s, provide unfunded retirement indemnities according to the applicable collective agreement. The benefit takes the form of a lump sum payable on reaching retirement age. During the year ended 31 March 2009, a change in the indemnities payable under the Plasturgie collective agreement, which applied to four of the Group's operations at the time, resulted in an unrecognised past service cost which is being amortised over the expected period to vesting. Due to the closure of Troyes announced under the Fitter for the Future Programme, a past service cost gain of £0.8m has been recognised.

RPC's Italian businesses are required to provide termination benefits payable on leaving service, including retirement. The termination benefit amounts to one month's deferred pay per year of service revalued each year. For RPC Superfos Italy, a small sales office, this benefit continues to accrue. For employees of the larger RPC Cobelplast Montonate, service accrual ceased from 1 January 2007 when new regulations replaced this benefit with defined contribution pension arrangements. This liability was transferred to liabilities held for sale in the year. The current and revalued past service liability for continuing operations included in the defined benefit obligation as at 31 March 2014 was £0.1m (2013: £0.5m).

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

The Group expects to contribute approximately £5.7m (2013: £5.5m) to its defined benefit plans in the next financial year. This includes proposed contributions to the main UK pension scheme described above of £3.5m (2013: £3.4m).

Multi-Employer Plans

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

	Number of current employees participating	
Pension Plan Name	**2014**	2013
Stichting Beheer Personeelsvoorziening OWASE	**35**	130
NRK-Werkgeversvereniging Branche Pensioenregeling (Dutch Plastics Industry Plan)	**56**	53
Swedish ITP2 Plan	**22**	19

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

The core participating companies in the OWASE plan comprise the former owner of RPC Bebo Nederland, Goor prior to its acquisition by RPC. It provides career weighted average salary pension benefits accrued at the rate of 1.75% of annual pensionable salary. The employer contributions are 22.5% of pensionable salary. The latest information available on the funding status of the OWASE plan on the local funding valuation basis according to Dutch law indicates that the plan is in surplus. Therefore, contributions for RPC are expected to remain at the current level.

The Plastics Industry Plan is a funded, defined benefit , career weighted average salary scheme providing benefits at the rate of 2.0% per annum of pensionable earnings. The employer contribution was 15.0% of pensionable earnings from 1 January 2014. The latest information available on the funding status of the Plastics Industry Plan is shown in the table below.

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

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

	2014		2013	
	Date	Funding Level	Date	Funding Level
OWASE	31 March 2013	116.5%	31 March 2013	110.8%
Plastics Industry Plan	31 December 2013	105.3%	31 December 2011	109.9%
ITP2 Plan	31 March 2014	147.0%	31 March 2013	135.0%

The expense recognised in the Consolidated income statement for these multi-employer plans is equal to the contributions due for the year and is not included in the above retirement benefit obligations. The cost for the year of £0.6m (2013: £0.8m) is included in defined contribution plan charges in staff costs (note 5).

Termination Benefits

Termination benefit provisions consist of German Altersteilzeit employee incentives (a part-time early retirement scheme described in note 1) and Belgian and Dutch contractual pre-retirement termination Benefits.

Other Long-Term Employee Benefit Liabilities

These consist of deferred salaries for German Altersteilzeit employees and provision for long-service awards.

Risk Management

Typically trustees or similar bodies manage the defined benefit plans and agree the contribution rates based on independent actuarial advice. The Group seeks to maintain a good working relationship with trustees through regular meets and communications.

There is a risk that changes in the discount rate, price inflation and life expectancy could lead to a material deficit. Any funding deficit that arises will be financed over a period negotiated between the Group and the Trustees. The impact of a change of assumption on the material schemes in the Group are as follows:

	RPC Containers Limited Pension Scheme £m	M&H Plastics Pension Scheme £m
0.1% decrease in discount rate	(2.3)	(1.4)
0.1% increase in inflation	(1.8)	(0.7)
1 year increase in life expectancy	(3.3)	(1.7)

IAS 19 (Revised 2011) 'Employee Benefits'

With effect from 1 April 2013, the Group adopted IAS 19 (Revised 2011) 'Employee Benefits' which requires that previously unrecognised past service costs of £0.7m are recognised on the balance sheet, plan administration expenses are charged to operating profit and the finance income from plan assets and finance expense from pension liabilities is replaced by a net finance cost (based on expected return on plan assets less interest on present benefit obligations) which is computed based on a discount rate only.

The impact of adopting IAS 19 (Revised 2011) on the consolidated financial statements is set out below:

	2014 £m	2013 £m
Income statement – continuing operations		
Operating profit	(0.6)	(0.6)
Retirement benefit obligations net interest cost	(0.7)	(0.4)
Tax thereon	0.3	0.2
Net income statement	**(1.0)**	(0.8)
Other comprehensive income	1.0	0.8
Employee benefit liability	(0.7)	(0.7)
Deferred tax asset	0.2	0.2
Net balance sheet	**(0.5)**	(0.5)

Notes to the financial statements (continued)

for the year ended 31 March 2014

28. Related Parties

Group

Identity of related parties

The Group has a related party relationship with its subsidiaries (see pages 123 and 124) and with its key management personnel, who are considered to be its directors. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed in this note.

Transactions with key management personnel

Disclosures relating to directors are set out in the Directors' remuneration report. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

The remuneration of the key management personnel of the Group is as follows:

	2014 £m	2013 £m
Salaries and other short-term employee benefits	**1.8**	1.0
Post-employment benefits	**0.2**	0.1
Share-based payments	**0.1**	0.2
	2.1	1.3

Company

The amounts due to and from the Company in respect of its subsidiaries are set out in notes 17 and 19. The transactions entered into between the Company and its subsidiaries were as follows:

	2014 £m	2013 £m
Cash received from Group undertakings	**325.3**	244.3
Cash paid to Group undertakings	**(292.4)**	(260.0)
Net interest payable	**(0.1)**	(0.3)
Net interest receivable	**13.9**	14.9

29. Post Balance Sheet events

On 1 May 2014 RPC announced the proposed acquisition of Ace Corporation Holdings Ltd, a China based and Hong Kong headquartered manufacturing business. The transaction was completed on 2 June 2014. Due to the limited time available between the acquisition and the approval of these financial statements, the Group has not yet established the fair value of the assets and liabilities acquired.

On 1 May 2014 the Group successfully completed the placing of 12,500,000 new ordinary shares raising gross proceeds of £75m.

On 22 May 2014 the Group sold the disposables business of Offenburg for €3m to HOSTI International GmbH.

Principal subsidiaries

The following companies are those whose results or financial position, in the opinion of the directors, principally affected the figures shown in these accounts and are the principal trading subsidiaries of RPC Group Plc as at 31 March 2014. All of the companies are wholly owned (except where indicated) and the Group's interests are in ordinary shares or their equivalent. All of the companies are involved in the rigid plastic packaging market.

Company	Address and Country of Incorporation
RPC Containers Limited	Sapphire House, Crown Way, Rushden, Northants, NN10 6FB, United Kingdom
RPC Tedeco-Gizeh SASU	Zone Industrielle, BP30, F-67330 Bouxwiller, France
RPC Tedeco-Gizeh GmbH	Robert Bosch Straße 16, D-77656 Offenburg, Germany
RPC Tedeco-Gizeh Troyes SASU	22 ZAC de l'Ecluse des Marots, 10800 Saint Thibault, France
RPC Cobelplast NV	Antwerpse Steenweg 14, B-9160 Lokeren, Belgium
RPC Cobelplast Montonate S.r.l.	Via Sandroni 40, I-21040 Sumirago, Varese, Italy
RPC Bebo Plastik GmbH	Lloydstraße 6, D-27432 Bremervörde, Germany
RPC Bebo Polska Sp. z o.o.	ul. Ledóchowskiej 33/35, PL-60-462 Poznan, Poland
RPC Packaging Europe BV	Bergweidedijk 1 NL-7418 AB Deventer, The Netherlands
RPC Bramlage GmbH	BrägelerStraße 70, D-49393 Lohne, Germany
RPC Bramlage Werkzeugbau GmbH & Co, KG	BrägelerStraße 70, D-49393 Lohne, Germany
RPC Bramlage Food GmbH	Bremer Weg 205, D-29223 Celle, Germany
RPC Bramlage Vel'ký Meder s.r.o.	Okocská 74, 932 01 Vel'ký Meder, Slovak Republic
RPC Bebo Print Patent GmbH	Lloydstraße 6, D-27432 Bremervörde, Germany
RPC Verpackungen Kutenholz GmbH	Industriestraße 3, D-27449 Kutenholz, Germany
RPC Envases SA	Avenida de Madrid 68-70, E-28500 Arganda del Rey, Madrid, Spain
RPC Packaging Gent NV	Singel 20, Havennr. 0955B, B-9000 Gent, Belgium
RPC Packaging Kerkrade BV	Spekhofstraat 16, NL-6466 LZ Kerkrade, The Netherlands
RPC Emballages Montpont SAS	Les Touppes, F-71470 Montpont en Bresse, France
RPC Emballages Moirans SAS	BP30, Z.I. du Vernoire, F-39260 Moirans en Montagne, France
RPC Wiko GmbH	Donatusstraße 102, D-50259 Pulheim, Germany
RPC Formatec GmbH	Stockheimer Straße 30, D-97638 Mellrichstadt, Germany
RPC Bramlage Wiko USA Inc.	1075 Hemlock Road, Morgantown, PA, 19543, United States of America
RPC beauté Marolles SAS	Z.I.1 La Touche, F-72260 Marolles Les Braults, France
RPC Superfos a/s	Spotorno Allé 8, 2630 Høje,Taastrup, Denmark
RPC Superfos Sweden AB	Verkstadsvägen 14 560 27 Tenhult, Sweden

Principal subsidiaries (continued)

Company	Address and Country of Incorporation
RPC Superfos Wetteren NV	Biezeweg 19 9230 Wetteren, Belgium
RPC Superfos Besançon SAS	Rue La Fayette 11 25000 Besançon, France
RPC Superfos La Genête SAS	La Genête 71290 Cuisery, France
RPC Superfos Poland Sp. z o.o.	Kaliska 140 87 840 Lubien Kujawski, Poland
Helioplast d.o.o. (80% owned, effective control over remaining 20%)	Barnilaca grada b.b. Gračanica, 75320, Bosnia-Herzegovina
RPC Superfos Pamplona SA	Poligono Industrial, Comarca n1, Calle L 14-16 E-31 160 Orcoyen (Navarra), Spain
RPC Superfos Ambalaj San. Tic. Ltd. Sti. (51% owned)	Atasehir Bulvari Ata 3/3 Plaza NO 43 Atasehir, Turkey
Manuplastics Limited	Sapphire House, Crown Way, Rushden, Northants, NN10 6FB, United Kingdom
Maynard & Harris Plastics (70% owned, effective control over remaining 30%)	Sapphire House, Crown Way, Rushden, Northants, NN10 6FB, United Kingdom
M&H Plastics USA Inc	485 Brooke Rd, Winchester, VA, 22603, USA

In addition, RPC Group Plc is the ultimate parent company of Rigid Plastic Containers Holdings Limited and RPC Packaging Holdings Limited (companies incorporated in England and Wales and located at Sapphire House, Crown Way, Rushden, Northants, NN10 6FB), RPC Packaging Holdings BV (a company incorporated in The Netherlands and located at Bergweidedijk 1, NL-7418 AB Deventer), RPC Packaging Holdings (Deutschland) BV & Co. KG and RPC Packaging (Deutschland) BV & Co. KG (companies incorporated in Germany and located at Lloydstraße 6, D-27432 Bremervörde), RPC Packaging Holdings US Inc. (a company incorporated in the United States of America and located at 1075 Hemlock Road, Morgantown, PA, 19543), and Maynard & Harris Group Limited, located at Sapphire House, Crown Way, Rushden, Northants, NN10 6FB),. These companies are all intermediate holding companies and are included within the consolidation. All United Kingdom companies are registered in England and Wales.

Ten year financial record

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Turnover[1]	**1,046.9**	982.3	1,056.0	752.2	660.9	703.3	641.1	587.2	548.3	456.5
Adjusted operating profit[1]	**101.3**	91.6	95.5	56.0	40.9	34.7	39.0	38.2	34.3	29.6
Profit/(loss) before taxation[1]	**59.0**	48.2	60.9	34.0	19.2	(5.3)	8.2	19.0	23.9	24.1
Profit/(loss) after taxation[1]	**43.7**	34.0	46.0	25.0	13.2	(8.5)	2.8	13.2	16.8	18.1
Net assets employed	**271.6**	271.7	271.9	264.0	156.4	170.9	179.7	158.5	152.2	133.9
Capital additions	**67.8**	60.0	71.4	50.1	27.8	30.4	35.1	33.4	51.0	34.7
Cash generated by operations	**129.9**	108.2	115.2	80.9	71.4	115.2	63.5	40.9	64.5	53.3
Basic earnings/(loss) per share (p)[1 2]	**26.5**	20.6	28.3	19.2	10.7	(6.8)	2.4	10.6	14.0	16.5
Adjusted basic earnings per share (p)[1 2]	**41.1**	36.9	38.2	30.0	21.1	13.8	16.1	16.5	15.7	15.0
Dividend per share (p)[2]	**15.5**	14.9	14.4	11.5	8.4	7.4	7.2	6.7	6.1	5.7
Average number of employees[1]	**7,296**	6,969	7,110	5,878	5,881	6,346	6,668	6,414	6,325	5,983

[1] Results restated for current continuing operations.

[2] Earnings per share and dividends per share have been restated after adjusting for the bonus element of the 5 for 8 rights issue in 2011.

Results for 2014 and 2013 are under IAS 19 (Revised 2011). Results for 2012 and earlier have not been restated.

Financial calendar

Annual General Meeting	16 July 2014
Payment of final dividend	05 September 2014
Announcement of half year results	November 2014
Payment of interim dividend	January 2015
Announcement of final results	June 2015

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you have any doubts about what action you need to take, you should contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all your shares in RPC Group Plc please forward this Notice, together with the accompanying document(s), as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee.

RPC Group Plc

Registered Number 2578443

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at Stationers' Hall, Ave Maria Lane, London EC4M 7DD on 16 July 2014 at 12:00 noon to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 16 to 18 inclusive as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary Business

1. To receive and adopt the financial statements and the reports of the directors and auditor for the financial year ended 31 March 2014.
2. To approve the Directors' remuneration report (excluding the part containing the Directors' remuneration policy) for the financial year ended 31 March 2014 set out on pages 49 to 62 of the Annual Report and Accounts 2014.
3. To approve the Directors' remuneration policy, the full text of which is contained in the Directors' remuneration report as set out on pages 50 to 53 of the Annual Report and Accounts 2014.
4. To declare a final dividend on the ordinary shares of 11.0p per share in respect of the financial year ended 31 March 2014.
5. To re-elect Mr J R P Pike as a director of the Company.
6. To re-elect Ms I Haaijer as a director of the Company.
7. To re-elect Mr S Rojahn as a director of the Company.
8. To re-elect Mr M G Towers as a director of the Company.
9. To re-elect Mr P R M Vervaat as a director of the Company.
10. To re-elect Mr S J Kesterton as a director of the Company.
11. To elect Dr L Drummond as a director of the Company.
12. To elect Prof. Dr G S Wong as a director of the Company.
13. To reappoint KPMG LLP as auditor of the Company.
14. To authorise the directors to fix the auditor's remuneration.

Special Business

15. That the directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ('the Act'), to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:

    (a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £3,127,025 (such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum); and

    (b) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £6,254,051 (such amount to be reduced by any allotments or grants made under (a) above) in connection with or pursuant to an offer by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever, provided that these authorisations shall expire at the conclusion of the next Annual General Meeting of the Company (or if earlier on 30 September 2015), save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired.

16. That a General Meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

17. That, subject to the passing of resolution 15 above, the directors be and hereby are empowered pursuant to sections 570(1) and 573 of the Companies Act 2006 ('the Act') to:

    (a) allot for cash and make offers or agreements to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 15 above as if section 561 of the Act did not apply to any such allotment, and

    (b) sell ordinary shares (as defined in section 560(1) of the Act) in the Company if, immediately before the sale such shares are held by the Company as treasury shares (as defined in section 724(5) of the Act) (treasury shares) for cash (as defined in section 727(2) of the Act), as if section 561 of the Act did not apply to any such sale, provided that such power shall be limited to the allotment of equity securities and the sale of treasury shares:

        i) in connection with or pursuant to an offer of or invitation to acquire equity securities in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

        ii) in the case of the authorisation granted under resolution 15 above (or in the case of any transfer of treasury shares), and otherwise than pursuant to paragraph (i) of this resolution, up to an aggregate nominal amount of £469,053;

    such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or on 30 September 2015, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the directors may allot equity securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred thereby had not expired.

18. That the Company is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ('the Act') to make market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of any of its ordinary shares of 5p each in the capital of the Company (the ordinary shares), on such terms and in such manner as the directors may from time to time determine, subject to the following restrictions and provisions:

    a) the maximum number of ordinary shares hereby authorised to be purchased is 18,762,154;

    b) the minimum price which may be paid for an ordinary share is 5p, which shall be exclusive of expenses, if any;

    c) the maximum price which may be paid for an ordinary share is an amount equal to the higher of: (i) 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out, as stipulated by article 5(1) of the EU Buyback and Stabilisation Regulation 2003 (No. 2273/2003);

Notice of Annual General Meeting (continued)

d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the Annual General Meeting of the Company held in 2015 or on 30 September 2015, whichever is the earlier; and

e) the Company may make a contract to purchase ordinary shares under this authority before the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make such a purchase of ordinary shares pursuant to any such contract.

Recommendation

The directors of the Company believe that all the proposed resolutions to be considered at the Annual General Meeting as set out in this document are in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own shareholdings.

By order of the Board

R K Joyce
Company Secretary
09 June 2014

Registered Office:
Sapphire House
Crown Way
Rushden
Northants
NN10 6FB

Notes relating to the notice

1. Right to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360(b)(2) of the Companies Act 2006, the Company specifies that in order to have the right to attend and vote at the Annual General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on Monday 14 July 2014 or, in the event of any adjournment, at 6.00 p.m. on the date which is two days before the day of the adjourned Annual General Meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

2. Proxies

A member of the Company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the Annual General Meeting. A member may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A proxy need not be a member of the Company. A form of proxy for the Annual General Meeting is enclosed.

To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom or electronically at www.sharevote.co.uk using the Voting ID, Task ID and Shareholder Reference Number set out on the form(s) of proxy, in each case not later than 12.00 p.m. on Monday 14 July 2014. If you are a CREST member, see note 3 below.

Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the Annual General Meeting if he/she wishes to do so.

A "Vote Withheld" option is provided on the form of proxy which enables a member to abstain on any particular resolution. It should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" a resolution.

3. CREST members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars, Equiniti (ID RA19) by 12.00 p.m. on Monday 14 July 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

5. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Notes relating to the notice (continued)

6. Right to ask questions

Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

7. Documents on display

Copies of executive directors' service agreements and copies of the terms and conditions of appointment of non-executive directors are available for inspection at the Company's registered office during normal business hours from the date of this notice until the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

8. Website publication of audit concerns

Pursuant to requests made by members of the Company under section 527 of the Companies Act 2006 ("the Act"), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

9. Website address

A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.rpc-group.com.

10. Total number of shares and voting rights

As at 6 June 2014 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consists of 187,621,541 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 187,621,541.

11. Communication

You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice of Annual General Meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Explanatory notes to the resolutions

Resolution 1: To Receive and Adopt the Report and Accounts

The business of the Annual General Meeting (AGM) will begin with a resolution to receive the financial statements, together with the reports of the directors and auditor, in respect of the year ended 31 March 2014. The Annual Report and Accounts 2014 is available on the Company's website www.rpc-group.com and copies will be available at the AGM.

Resolution 2: To Approve the Directors' Remuneration Report

Shareholders will be requested to approve the Directors' remuneration report (excluding the Directors' remuneration policy) for the year ended 31 March 2014. The Directors' remuneration report is set out in full on pages 49 to 62 of the Annual Report and Accounts 2014. Alternatively, the Directors' remuneration report is obtainable on request from the Company Secretary at the registered office of the Company, or from the Company's website. This is an advisory vote and does not affect the directors' entitlement to remuneration in the future.

Resolution 3: To Approve the Directors' Remuneration Policy

In accordance with new regulations under the Companies Act 2006, shareholders will be asked to approve the Directors' remuneration policy which is set out in the Directors' remuneration report on pages 50 to 53 of the Annual Report and Accounts 2014. This vote is a binding vote and, subject to limited exceptions, no remuneration payment or loss of office payment may be made to a prospective, current or former director unless consistent with the approved remuneration policy (or otherwise specifically approved by shareholders). If the Directors' remuneration policy is approved by shareholders, all payments made to the directors and any past directors by the Company must be made in accordance with the policy (unless approved by a separate shareholder resolution). If approved, the policy will take immediate effect. This resolution should be put to the shareholders at least every three years as required by the Companies Act 2006.

Resolution 4: To Declare a Final Dividend

The Company paid an interim dividend of 4.5p per ordinary share on 24 January 2014. The directors recommend a final dividend of 11.0p per ordinary share bringing the total dividend for the year to 15.5p per ordinary share.

If Resolution 4 is approved by shareholders the final dividend for the year ended 31 March 2014 will be paid on 5 September 2014 to shareholders whose names are on the register of members at the close of business on 8 August 2014.

Resolutions 5 to 12: Re-election and Election of Directors of the Company

Resolutions 5 to 12 are concerned with the re-election and election of directors at this year's AGM.

Under the Company's Articles of Association, any director who was a director at the two preceding AGMs and who was not appointed or reappointed by the Company in general meeting at or since either such meeting, shall retire from office. Retiring directors are eligible for re-election. However, the Board has adopted a policy of annual re-election of all directors in accordance with the provisions of the UK Corporate Governance Code in respect of the re-election of directors of FTSE 350 companies. Consequently, all the directors will retire from office and, being eligible, submit themselves for re-election on an individual basis at the AGM.

The Company's Articles of Association permit any director appointed by the Board since the date of the last AGM to hold office only until the date of the next Annual General Meeting following their appointment. The director is then eligible for election by shareholders. L Drummond and G S Wong have been appointed by the Board as non-executive directors with effect from 16 July 2014 and being eligible, submit themselves for election at the AGM and annually thereafter.

The biographical details for each director and other relevant information can be found on pages 40 and 41 of the Annual Report and Accounts 2014. Details of the directors' service contracts or terms of appointment are described in the Directors' remuneration report on page 53 and the performance evaluation procedure is described in the Corporate governance report on page 47 of the Annual Report and Accounts 2014.

Following individual formal performance evaluation by the Chairman, or in the case of the Chairman, by the Senior Independent Director, the Board confirms that the performance of each director submitting themselves for re-election continues to be effective and to demonstrate commitment to the role and recommends them for re-election. The knowledge and experience and contribution made by each director to the Board is set out below:

- J R P Pike, Chairman, has made a significant contribution to the Group as a result of his experience in strategic and operational improvement and development in a range of UK and international businesses and through his effective leadership of the Board.
- I Haaijer, independent non-executive director, makes a valuable contribution to the Board as a result of her management and relevant international business and market experience.
- S Rojahn, independent non-executive director and Chairman of the Remuneration Committee, makes a valuable contribution to the Board through his engineering and management expertise and his experience in industry in Europe as well as in emerging markets including China, India and Latin America.
- M G Towers, Senior Independent Director, is a chartered accountant with extensive financial and managerial experience as finance director of a variety of businesses and has made a considerable contribution to the Company in his role as Chairman of the Audit Committee.

Explanatory notes to the resolutions (continued)

- P R M Vervaat, Chief Executive, joined the Board in 2007 with experience in various financial roles in the Netherlands, UK, Germany and Belgium. He acceded to the role of Chief Executive on 1 May 2013. He has strong strategic, business improvement and financial skills and has been instrumental in the formulation and the implementation of the Group's Vision 2020 strategy.
- S J Kesterton, Group Finance Director, who joined the Board on 1 April 2013 makes a valuable contribution to the Board as a result of his financial and commercial skills gained from operating in a competitive international manufacturing environment. He has extensive experience in leading acquisitions and has taken a leading role in the negotiations and due diligence for the acquisition of Ace Corporation Holdings Ltd.

The processes followed for the selection of L Drummond and G S Wong as non-executive directors can be found in the Nomination Committee section of the Corporate governance report on pages 45 and 46 of the Annual Report and Accounts 2014. Both new directors will undergo an induction programme over the course of the coming months. Their biographical details can be found on page 41 of the Annual Report and Accounts 2014 and the knowledge, experience and contribution that each director is expected to make to the Board is set out below:

- L Drummond, independent non-executive director, has experience in the pharmaceutical sector and in investment banking which will be of great benefit to the Company as it aims to implement the Vision 2020 Focused Growth strategy including the development of the Group's pharmaceutical presence.
- G S Wong, non-executive director, was a director and adviser to Ace Corporation Holdings Limited until it was acquired by RPC Group on 2 June 2014. His knowledge of doing business in China and broad international experience will help the Company in developing its presence outside Europe.

Your Board recommends their election as directors of the Company.

Resolution 13: To Reappoint KPMG LLP as the Company's Auditor

The auditor must be appointed at every AGM at which accounts are presented to the shareholders. KPMG LLP has advised its willingness to stand for reappointment as the auditor of the Company. The Board recommends their reappointment following recommendation by the Audit Committee which has conducted an evaluation of the auditor's effectiveness, independence and objectivity.

Resolution 14: To Authorise the Directors to fix the Auditor's remuneration

Shareholders will be asked to grant authority to the directors of the Company to determine the auditor's remuneration.

Resolution 15: Authority to Allot Shares

The directors of the Company may allot shares and grant rights to subscribe for, or convert any security into, shares only if authorised to do so by shareholders. The authority granted at the last AGM is due to expire at this year's AGM. Accordingly, Resolution 15 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares. If given, these authorities will expire at the AGM in 2015 or on 30 September 2015, whichever is the earlier.

Paragraph (a) of Resolution 15 will allow the directors to allot ordinary shares up to a maximum nominal amount of £3,127,025, representing one third of the Company's existing issued share capital calculated as at 6 June 2014 (being the latest practicable date prior to publication of this document). In accordance with the latest institutional guidelines issued by the ABI, paragraph (b) of Resolution 15 will also allow directors to allot, including the ordinary shares referred to in paragraph (a) of Resolution 15, further ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £6,254,051, representing approximately two thirds (66.67 per cent) of the Company's existing issued share capital calculated as at 6 June 2014. The directors have no immediate plans to make use of this authority with the exception of the issue of further ordinary shares to fulfil the Company's obligations under its various employee share option schemes. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use (including, where appropriate, the directors standing for re-election) as recommended by the ABI.

As at 6 June 2014 the Company holds no treasury shares.

Resolution 16: Notice of General Meetings other than Annual General Meetings

The notice period required by the Companies Act 2006 for general meetings of the Company is at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (AGMs must be held on at least 21 clear days' notice).

Previously, the Company was able to call general meetings other than an AGM on at least 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 16 seeks the necessary shareholder approval which will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Resolution 17: Disapplication of Pre-emption Rights

The directors of the Company also require additional authority from the shareholders to allot shares or grant rights over shares or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro-rata to their holdings. Resolution 17 seeks to renew the authority granted to the directors, at the AGM held on 10 July 2013, to allot securities of the Company up to a specified amount in connection with a rights issue without having to obtain prior approval from shareholders on each occasion, and also to allot a smaller number of these for cash or to sell treasury shares without first being required to offer such shares to existing shareholders. Resolution 17 will be proposed as a special resolution to grant such authority.

The number of shares which may be issued for cash under the latter authority will not exceed an aggregate nominal amount of £469,053, being approximately 5% of the total issued share capital of the Company as at 6 June 2014 (the last practicable day prior to the publication of this notice). In addition, the number of shares which may be issued for cash other than to existing shareholders, will not exceed 7.5% of the Company's total issued share capital in any rolling three year period without prior consultation with shareholders.

If given, the authority to disapply pre-emption rights will terminate not later than 30 September 2015.

Resolution 18: Purchase by the Company of its own Shares

The directors consider that there may be circumstances in which it would be desirable for the Company to purchase its own shares in the market. Although the directors have no plans to make such purchases they would like to be able to act if circumstances arose in which they considered such purchases to be desirable. Under Article 5 of the Company's Articles of Association, authority is granted to the Company to purchase its own shares subject to the provision of the Companies Act 2006. Resolution 18 proposes that the Company's authority to purchase up to 10% of the issued share capital of the Company be renewed by special resolution. The authority will terminate not later than 30 September 2015.

The authority is restricted to a maximum of 18,762,154 shares (which is equivalent to approximately 10% of the issued share capital of the Company as at 6 June 2014). The maximum and minimum prices are stated in this resolution.

The directors of the Company believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. In the event that shares are purchased, they may either be cancelled (and the number of shares in issue would be reduced accordingly) or retained as treasury shares. The Companies Act 2006 enable companies to hold shares repurchased as treasury shares with a view to possible re-sale at a future date rather than having to cancel them.

The Company will consider holding repurchased shares pursuant to the authority conferred by Resolution 18 as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10% anti-dilution limit set by the Association of British Insurers.

The directors of the Company will only exercise this authority to purchase shares if they are satisfied that a purchase would result in an increase in earnings per share and be in the best interests of shareholders generally. Incentive schemes for directors with earnings per share targets would be adjusted for any reduction in issued share capital.

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