GROUP PLC

ANNUAL REPORT AND ACCOUNTS 2017

RPC – THE ESSENTIAL INGREDIENT

IN THIS YEAR'S REPORT

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

SHAREHOLDER INFORMATION

VIEW FROM THE CHAIRMAN

DELIVERING VISION 2020

OPERATING REVIEW

BEING RESPONSIBLE

LIFT
HERE

Follow us on:

@rpc_group

STRATEGIC REPORT

RPC – THE ESSENTIAL INGREDIENT

RPC is a leading plastic product design and engineering company that works across a broad range of carefully selected industries from food to technical components, healthcare to industrial.

RPC is a global business with 185 operating sites in 33 countries that are well placed to support customers on a local, national and international basis, as well as providing multi-site security of supply. Our devolved structure of specialist operations means we have expertise in all five of the major conversion technologies allowing us to get close to our customers, understand their needs, and produce innovative products that add value.

We continue to grow and deliver returns to our shareholders through the successful application of our strategy.

For more information go to:
www.rpc-group.com

RPC – 25 YEARS IN THE MAKING

1991

RPC Containers Ltd established as an MBO of 5 manufacturing sites in the UK from SCA (Svenska Cellulosa Aktiebolaget)

RPC

1993

London Stock Exchange

RPC lists on London Stock Exchange

1994

First major acquisition with the purchase of the UK packaging business of McKechnie plc

1997

RPC acquires Continental Plastics Europe (12 sites) from Schmalbach-Lubeca, establishing a presence in mainland Europe

1998

RPC's pro-active strategy of acquiring complementary businesses continues with the purchase of Dutch thermoforming operation AEP Rigid Packaging

2000

RPC wins Rigid Plastic Supplier of the Year for the fourth year running at the Packaging Industry Awards

Acquisition of the Wiko Group of companies

2004

Acquisition of 11 manufacturing sites from Rexam and Nampak

Named Packaging Business of the Year at the Starpack Awards

2005

RPC's annual results see sales exceed £500 million for the first time

Opening of first manufacturing facility in the USA

2006

RPC beauté established following the acquisition of Crown Risdon Europe

2010

Launch of RPC 2010, a programme of amalgamations and divestments

2011

RPC acquires Superfos, increasing Group turnover to over £1bn

Admission to FTSE 250

2013

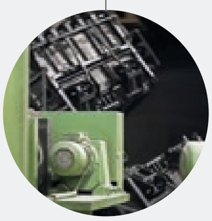
Launch of Vision 2020 strategy

RPC acquires M&H Plastics

2014

RPC acquires Ace Corporation, a Hong Kong company with five manufacturing sites in China

2015



RPC acquires Promens Group AS, which adds 40 operating sites to the Group

2016

The acquisition of Global Closure Systems and British Polythene Industries (bpi) sees RPC Group turnover surpass £2bn with the addition of closures and flexible films to its product portfolio

2017

The arrival of Letica in the USA, together with two Australian businesses, continues RPC's global expansion, while ESE World further extends its capabilities in non-packaging markets

the future

RPC will continue to develop and enhance its position as a major global plastics design and engineering Group

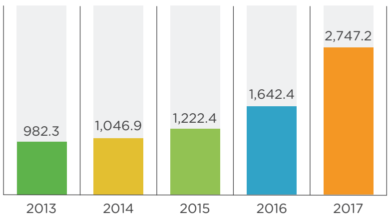
STRATEGIC REPORT

HIGHLIGHTS OF 2016/17

- Further progress in the implementation of the Vision 2020 strategy with solid underlying organic growth and value adding acquisitions, strengthening existing market positions and diversifying into adjacent markets with attractive return and growth profiles whilst enhancing the Group's overall strategic buying position;
- Integration of the GCS and BPI acquisitions completed with the more recent acquisitions bedding in well. Steady state cost synergies estimate for GCS / Promens / BPI increased by €5m to €105m;
- Good trading performance with revenue, profit and cash flow all reaching record levels;
- Revenues increased 67% reflecting a 3% like-for-like growth in sales and the contribution from acquisitions, with the return on sales improving to 11.2% (2016: 10.6%);
- Adjusted operating profit up 77% at £308.2m (2016: £174.3m) and adjusted EPS improved 54% to 62.2p (2016 restated: 40.4p) with the statutory basic earnings per share more than doubling;
- Strong cash generation with free cash flow improving by 95% at £239m (2016: £123m) and net cash flow from operating activities at £277m (2016: £151m);
- Statutory profit before tax of £154.7m (2016: £75.6m) increased by 105%;
- Final dividend of 17.9p recommended giving a total year dividend of 24.0p (restated and 2016 restated: 16.0p) representing a 50% increase over the previous year and in line with our progressive dividend policy.

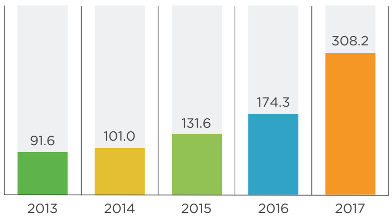
REVENUE £M

2,747.2 ↑ 67%



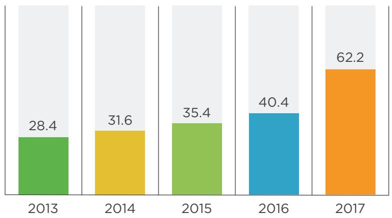
ADJUSTED OPERATING PROFIT £M[1]

308.2 ↑ 77%



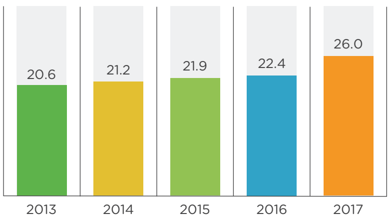
ADJUSTED BASIC EPS P[2,3]

62.2 ↑ 54%



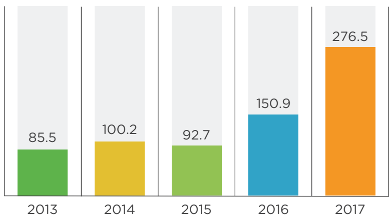
RONOA %[4]

26.0% ↑ 360bps



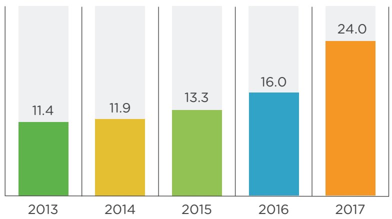
NET CASH FROM OPERATING ACTIVITIES £M

276.5m ↑ 83%



DIVIDEND PER SHARE P[3]

24.0p ↑ 50%



1 Adjusted operating profit is before restructuring, impairment charges, other exceptional and non-underlying items and amortisation of acquired intangibles.

2 Adjusted basic earnings per share is adjusted operating profit after interest and tax, excluding non-underlying finance costs and tax adjustments, divided by the weighted average number of shares in issue during the year.

3 Comparative restated for rights issue.

4 Excludes ESE, Letica and Amber (all acquired in last quarter of 2016/17) and comparative restated to include acquisitions on pro forma basis.

STRATEGIC REPORT

VIEW FROM THE CHAIRMAN

The implementation of the Vision 2020 strategy is going well, with record trading results and good cash flow generation.

JAMIE PIKE
Chairman

OVERVIEW OF THE YEAR

I am pleased to report another year of significant progress for the Group. The implementation of the Vision 2020 strategy is progressing well, with record trading results and good cash flow generation. The integration of the larger GCS and BPI acquisitions has been largely completed with a better than expected business performance. The Letica acquisition is making a good start under RPC's ownership, providing a platform for future organic growth in North America supported by the Group's extensive product range and customer relationships.

The results for the Group reflect good underlying organic growth and the realisation of synergies, supported by the full year effect of acquisitions and the translation effect of the weakening of sterling during the year (73% of the Group's turnover is reported in non-sterling currencies). Sales for continuing businesses grew to £2,747m (2016: £1,642m), adjusted operating profit[1] reached £308m (2016: £174m), whilst adjusted earnings per share[2] increased to 62.2p (2016 restated: 40.4p). Cash flow was robust, with net cash from operating activities at £277m (2016: £151m). Statutory net profit for the year was £132m (2016: £55m) with the basic earnings per share more than doubling. Return on capital employed (ROCE) at 15.1% (2016: 15.7%) remains at a robust level and is well ahead of the Group's weighted average cost of capital.

1 Adjusted operating profit is defined as operating profit for continuing operations before restructuring, impairment charges, other exceptional and non-underlying items and amortisation of acquired intangibles.

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

STRATEGY

The Group continues to deliver its Vision 2020 strategy, with its objectives of continuing focused organic growth based on innovation; selective consolidation of the European market through targeted acquisitions; creating a meaningful presence outside Europe where growth rates are considerably higher and pursuing added value opportunities in non-packaging markets. Acquisitions help to strengthen existing market positions and diversify into adjacent markets with attractive return and growth profiles whilst enhancing the Group's overall strategic buying position.

Underlying sales growth remained strong with like-for-like sales[3] 3% higher than the previous year, ahead of GDP, with continued investment and innovation driving organic growth. Significant capital expenditure has been committed to support future organic growth.

3 Adjusted for constant exchange rates and polymer prices, pro forma for acquisitions completed in 2016/17 and adjusted for businesses divested or exited.

Selective consolidation in Europe continued apace with the organisational integration of GCS completed and four further European based acquisitions made. The acquisition of BPI (August 2016) provides a successful entry into the flexibles packaging market, and the Group's platform in healthcare was enhanced by the acquisition of Plastiape (November 2016). The acquisitions of Sanders Polyfilms and Jagtenberg (both October 2016) strengthened the Group's existing European market positions.

The Group's presence outside of Europe has also been extended through the BPI acquisition (for example its agricultural films business in Canada), two small 'bolt-on' acquisitions in Australia and one in China. The acquisition of Letica Corporation (March 2017) has added a further 13 sites to the 4 existing businesses that RPC operate in the USA. In addition further internal investments have been made by the Ace Division in the Far East at Hefei in developing RPC's packaging sales presence whilst further investment has been made in the start-up business in Brazil in support of a major customer.

The non-packaging businesses have also grown in their respective markets, both through the acquisitions of ESE World, a leading European supplier of temporary waste storage solutions, and through organic growth, particularly in the horticulture and automotive sectors. Further growth is foreseen with the third electroplating line coming on stream in China.

The organisational integration of the GCS and BPI businesses are complete with synergy realisation activities nearing completion, and the more recent acquisitions bedding in well. The steady state cost synergies estimate for the GCS / BPI / Promens acquisitions has been increased by €5m to at least €105m by the end of 2018/19.

STRATEGIC REPORT

VIEW FROM THE CHAIRMAN

Continued

Since the Vision 2020 strategy was launched in 2013, the overall performance has improved considerably as evidenced by an increase of £1,765m in revenues whilst enhancing the return on sales from 9.3% to 11.2% and the RONOA from 20.6% to 26.0% when comparing the performance of 2016/17 with 2012/13. Underlying organic growth of 3% has been achieved over this period, ahead of GDP, and the strategic buying position of the Group enhanced by increasing the scale in polymer purchases from 310kt (2013/14) to 1,100kt. The anticipated return on acquisitions made since the launch of Vision 2020, based on expected full realisation of cost synergies, is estimated at 12% whilst the Group's overall market positions have been strengthened and diversified resulting in better cross-selling opportunities.

BOARD

I am pleased to welcome Dr Ros Rivaz who was appointed an independent non-executive director on 30 March 2017, and is a member of the Remuneration, Audit and Nomination Committees. Heike van de Kerkhof resigned on 24 November 2016. A key strength of the Board lies in its breadth of skills, experience, gender and nationality, and our discussions this year have benefited from this diversity. I have been well supported by the members of the Board and am grateful to them all for their valuable contributions.

GOVERNANCE

One of the main responsibilities of the Board is to ensure that the Group operates to the highest standards in all aspects of governance and risk management. The Board continues to focus on ensuring that the UK Corporate Governance Code's principles are applied. As corporate governance continues to evolve, emerging practice has remained a regular subject for discussion at the Board.

PEOPLE

Our employees are undoubtedly our most important asset and the opportunities for long-term growth within the Group, including for those within the newly acquired businesses, will ensure that they find RPC a place where they will continue to enjoy rewarding careers. The Board would like to welcome all of those new colleagues who have joined the Group, thank everyone who has contributed to what has been yet another successful year and look forward to their continued contribution in achieving our strategy going forward.

DIVIDEND

The Board considers the dividend to be an important component of shareholder returns and, as such, has a policy to deliver a progressive dividend year on year targeting a dividend cover of 2.5x adjusted earnings through the cycle. It is recommending a final dividend of 17.9p per share making a total for the year of 24.0p (restated and 2016 restated: 16.0p), which is a 50% increase on the previous year. This will be the 24th successive year of dividend progression since RPC's flotation. The total dividend and 2016 comparator have been adjusted for the bonus element of the rights issue made in the year in connection with the Letica acquisition.

Subject to approval at the forthcoming AGM, the final dividend will be paid on 1 September 2017 to ordinary shareholders on the register at 11 August 2017.

JAMIE PIKE
Chairman

7 June 2017

RPC
THE ESSENTIAL INGREDIENT

STRATEGIC REPORT

THE GLOBAL MARKETS WE SERVE

Group at a glance

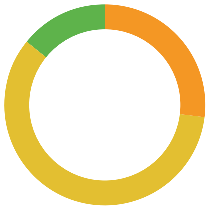
RPC is a leading design and engineering Company specialising in the production of plastic products. We have expertise in all methods of polymer conversion, and an increasingly extensive global presence, meaning that we can offer innovative consumer products and technical components to a wide range of industries around the world.

OUR MARKETS AND PRODUCTS

SALES BY END MARKET %

Food	27%
Non-food	23%
Healthcare	5%
Beverage	14%
Personal care	15%
Technical components	16%

SALES BY ORIGIN %



UK	27%
Mainland Europe	59%
Rest of the world	14%

FOOD

Packaging ranges across many consumer food markets, often involving complex, lightweight or functional value-added designs for markets including dairy and sauce often incorporating barrier technology for increased shelf-life.

NON-FOOD

Other non-food packaging product ranges – typically standard product ranges, including strong market positions in industrial containers as well as those for surface coatings.

HEALTHCARE

Inhalers, dose counters and other medical devices in addition to containers and closures for 'OTC' and prescription medicines.

BEVERAGE

Innovative caps and closures for sports drinks and other beverages; coffee capsules and other single serve systems.

PERSONAL CARE

Multi-part packaging including dispensing systems as well as standard product ranges designed and engineered primarily for the beauty and cosmetic markets.

TECHNICAL COMPONENTS

Complex engineered precision moulded components, products for serving the temporary waste solutions market; products manufactured using rotational moulding technology for materials handling and specialty vehicles markets.

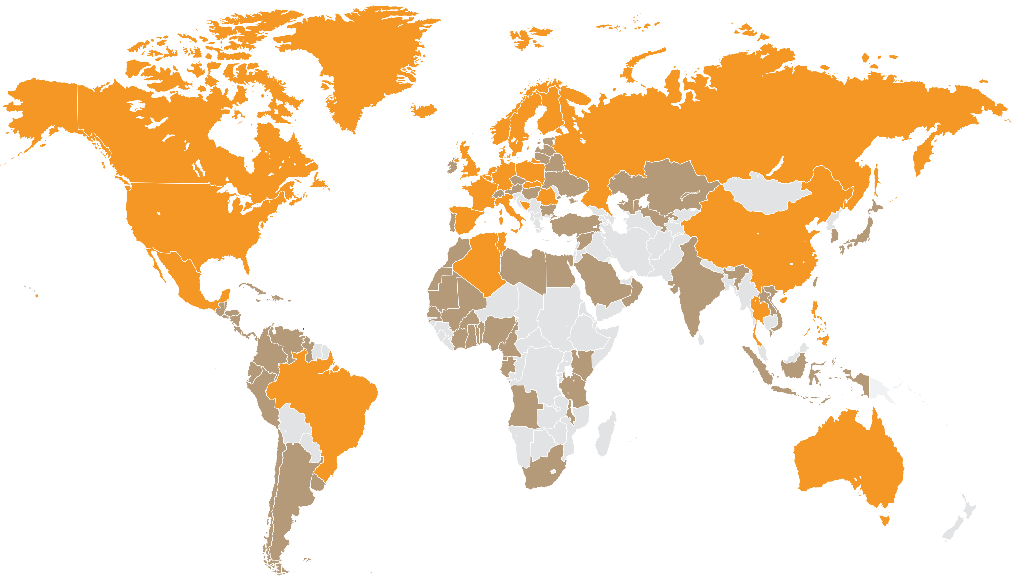
OUR DIVISIONS

Division	Strategic business units
RPC ACE	2
RPC BEBO	5
RPC BPI GROUP	4
RPC BRAMLAGE	5
RPC M&H	7
RPC PROMENS	5
RPC SUPERFOS	7

The 35 strategic business units within our seven divisions, each one a "mini RPC", combine sites with similar technologies whose expertise centres on specific product and market segments. At the same time the close working partnerships that exist throughout the Group provide a healthy and constant exchange of knowledge and ideas, and ensure that we will always develop the best and most appropriate product for each customer, utilising and combining the necessary skills from anywhere within the Group.

EXPANDING OUR GLOBAL FOOTPRINT

As we implement our Vision 2020: Focused Growth Strategy, RPC's world expands. Our customers are consolidating and globalising and therefore RPC is investing in the scale and coverage to follow them. We now have operations in 33 countries and during the year we have expanded our manufacturing footprint to now include acquisitions in Australia, as well as starting production at our new greenfield site in Brazil.



- Manufacturing countries
- Where we sell into

OUR VISION 2020 STRATEGY

OUR VISION 2020 STRATEGY CONTINUES TO DRIVE OUR PROGRESS

Find out more about its four core elements on: **Page 15**

CONTINUING FOCUS ON ORGANIC GROWTH

Plastic continues to advance at the expense of competing materials. Innovative solutions built on excellence in design and engineering combined with strong market positions in selected segments, positions RPC for organic growth above GDP.

SELECTIVE CONSOLIDATION IN EUROPE

With a limited number of consolidators, further acquisition opportunities exist in a segmented marketplace. RPC continues to seek opportunities that either enhance and strengthen its presence in existing markets or represent attractive complementary markets.

CREATING A MEANINGFUL PRESENCE OUTSIDE EUROPE

Packaging markets outside Europe are forecast to grow faster with multi-national customers indicating an increasing demand for RPC's leading design and engineering capabilities.

PURSUING ADDED VALUE OPPORTUNITIES IN NON-PACKAGING MARKETS

RPC can leverage its core competences of design and engineering of plastic products together with a competitive buying position of the main raw materials used, in a number of selected non-packaging markets. World class in-house mould making allows RPC to deliver technically challenging projects for its customers.

OUR COMMITMENT TO SUSTAINABILITY

At RPC we are committed to incorporating sustainability into our overall business strategy and to helping our customers achieve their environmental goals. We believe that plastic provides a light weight, durable, recyclable and low carbon option for packaging and non-packaging products.

More on: **Page 44**

OUR HIGHLY EXPERIENCED EXECUTIVE TEAM

Our experienced international management team collectively has over 350 years' experience within the plastic conversion industry.

More on: **Page 14**

STRATEGIC REPORT

WHY IS RPC THE ESSENTIAL INGREDIENT?

WHY INVEST IN RPC?

RPC has had another successful year, with adjusted operating profits up 77% driven by organic growth and successful integration of acquisitions into the Group. The key driver for the growth is the implementation of the four tenets of our Vision 2020 strategy through disciplined allocation of capital driving returns for shareholders.

ALL COMPLETED SINCE THE LAUNCH OF VISION 2020 IN NOVEMBER 2013

ACQUISITIONS	18
ADDITIONAL MANUFACTURING FACILITIES	120
TOTAL TRANSACTION VALUE	£2.2bn
NEW MANUFACTURING COUNTRIES	14
INCREMENTAL REVENUE	£2.3bn
EPS ACCRETION FROM COST SYNERGIES	17.6p
EMPLOYEES ADDED	17,000

LEADING DESIGN AND ENGINEERING BUSINESS IN A GROWING AND GLOBALISING MARKET

- Innovative design and engineering capabilities across all plastic conversion technologies;
- Strong market shares in chosen product market segments;
- Increasing demand for higher added value products in fast growing emerging markets;
- Cost leadership in both conversion cost and raw material buying.

CREATING VALUE THROUGH CONSOLIDATING FRAGMENTED MARKET IN EUROPE

- Leading industry consolidator in a highly segmented market;
- Strong track record of delivery;
- Strict acquisition criteria in place.

ATTRACTIVE DIVIDEND STREAMS

- Progressive dividend policy since flotation in 1993;
- Dividend cover targeted at 2.5x earnings through the cycle.

AWARDS

RPC continued its award-winning performance with a number of awards in 2016/17 both for its products and also the Group itself.

PLC AWARD 2016

Winner –
Best Investor Communication

FPA AWARD 2017

Katherine Fleet
(Group Sustainability Manager)
Winner – Rising Star

WORLDSTAR 2017

Winner – RPC Twist Cup
(RPC Superfos & RPC Promens)

UK PACKAGING AWARDS 2016

Winner – Rigid Plastic Pack of Year – Tesco Soup Pot (RPC Superfos) & Highly Commended for RPC Design – Design Team of Year

CRANFIELD UNIVERSITY NATIONAL APPRENTICESHIP COMPETITION 2017

Winner – UCP / Zeller Plastik for 3rd year in succession

STRATEGIC REPORT

MANAGING THE ESSENTIAL INGREDIENT

OUR MARKETPLACE

We serve an attractive and growing market with products made from the fastest growing substrate within the market;

Find out more about our market on:
Page 10

OUR STRATEGY: VISION 2020 FOCUSED GROWTH

Designed to build on our strong market positions and leading product and process innovation capabilities, our strategy is central to the progress of the Group since its launch in 2013;

Find out more about our strategy on:
Page 15

OUR BUSINESS MODEL

The application of our strategy by operating in niche product market segments and only selecting those where we can add value to offer investors attractive returns;

Find out more about our business model on:
Page 12

OUR KEY PERFORMANCE INDICATORS

How we monitor and communicate the success in implementing our strategy;

Find out more about our KPIs on:
Page 24

OUR RISK MANAGEMENT

How we consider and mitigate the risks which would prevent our strategy from being a success.

Find out more about our risks on:
Page 26

STRATEGIC REPORT

OPERATING IN A GLOBAL MARKETPLACE

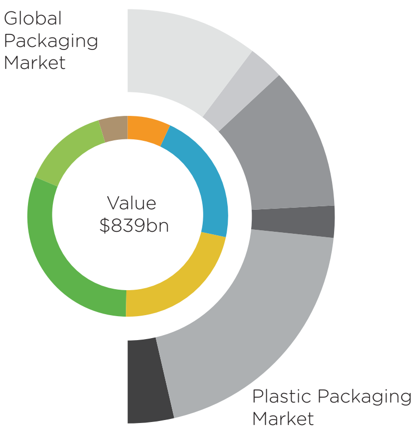
Our marketplace

Packaging is an essential everyday item with a global market estimated at $839bn and a wide variety of solutions solving many different requirements.

Multiple applications for packaging and end uses together with a need for regional tailoring drive a high level of variation. It therefore follows that there is no single driver of the trends observed in the marketplace which is expected to grow by 3.5% to $998bn by 2020.

RPC serves the market with innovative products manufactured from both rigid and flexible plastic. Plastic accounts for 37% of the packaging market and over the last five years this market has grown by 5.2% to $312bn in 2015. The market is currently expected to grow by 4.5% resulting in a market size of $389bn in 2020, the higher growth rate driven by market share gains from glass, paper and metal products by plastic.

THE PLASTIC PACKAGING MARKET



Glass	7.2%	Western Europe	20.8%
Rigid Plastic	21.4%	Eastern Europe	5.8%
Flexible Plastic	21.8%	North America	22.2%
Board	31.2%	South and Central America	5.0%
Metal	13.9%	Asia	39.1%
Other	4.5%	ROW	7.1%

Source: Smithers Pira

DEMOGRAPHY AND LIFESTYLE TRENDS

As countries in emerging markets grow their economies and urbanise, demand is created for basic packaging as distances between producers and consumers grow and the developing retail sector requires product protection and longer shelf-lives.

The rise of smaller households in the developed world drives demand for smaller, re-sealable packaging for convenience. The ageing population is fuelling demand for easier to open packaging as well as that with a traditional look and feel. Consumers are also demanding healthy products. Innovation is key to finding solutions to increase product life and reduce the use of preservatives. Increasing sophistication amongst retailers and consumers has resulted in the design of a products' packaging becoming an increasingly important on-the-shelf differentiator.

OUR RESPONSE

Key to RPC's customer proposition is design and innovation. Our 31 design and engineering innovation centres are experienced in understanding customers' needs and fashioning them into finished products. Since 2012 over 50 of our products have either won awards or been finalists and many of the new products we have developed, such as SuperLock®, Longlife™, AirFree® and Slidissime, are aimed at prolonging product life, reducing wastage, adding convenience to the end user whilst standing out on the shelf.

RPC's packaging solutions make an important contribution to preserving products and reducing waste. By using innovative multilayer packaging, we ensure that products have a prolonged shelf-life. This helps to reduce the energy demands on refrigeration in retail and home environments due to the product being able to be stored under ambient conditions whilst ensuring food remains fresh on shelf reducing spoilage.

Our product portfolio also extends to advanced decoration techniques through which customers can create the most effective brand image and product differentiation, and maximise consumer appeal.

SUSTAINABILITY

In regards to environmental responsibility, the move towards the principles of a circular economy and the responsible disposal of plastic has become a key driver for the industry. Plastic is recognised as a valuable resource, which should not be littered into the land or marine environment, but recycled to maintain its value and reduce the environmental impact of new products which incorporate recycled material.

OUR RESPONSE

At RPC we are committed to incorporating sustainability into our overall business strategy and to helping our customers achieve their environmental goals. We believe that plastic provides a light weight, durable, recyclable and low carbon option for packaging and non-packaging products.

We are active at all stages of our products lifecycle from material choice through to recycling at end-of-life to ensure that the products we manufacture contribute to a sustainable and circular future for plastic.

Some examples of this include:

- The development of products that use alternative sources of raw material such as biopolymers or recycled plastics.
- Products that are more resource efficient or have design characteristics that maintain the value of packaged products and reduce wastage throughout the supply chain.
- Working with external organisations such as INCPEN, EUPC, The Ellen McArthur Foundation and RECOUP on areas such as circular design principles, litter reduction and the recycling of plastic.
- The acquisition of bpi recycled products and ESE World which incorporate plastic recycling capabilities into the RPC Group. For more information see the case study on page 48.

EFFICIENCY IN SUPPLY CHAINS

Cost optimisation is increasingly important, further driving the lightweighting of packaging and reducing the amount of packaging required by combining primary and secondary packaging. This requires the packaging to both be stronger and to be shelf / display ready.

Retailing is changing as online sales take share from traditional bricks-and-mortar propositions. This shift necessitates packaging to be more robust for transportation and reusable for any returns. Products are sent in smaller, often individual, packaging rather than bulk packaged to sales outlets. Online penetration also results in products reaching a more international audience. Producers are therefore expecting packaging to be consistent across all geographies they serve, reducing regional differences.

OUR RESPONSE

The Group's strategy to increase its scale through organic growth and acquisitions has resulted in annualised polymer purchases since the commencement of Vision 2020 growing from 310kt to 1,100kt per annum further extending opportunities for procurement optimisation.

RPC has managed to reduce the weight of its products across all manufacturing processes through significant innovation investments in tooling, process changes and machinery, alongside developments in materials.

Our footprint of 185 operations across 33 countries allows us to provide global solutions to all customers whether they serve global, regional or local markets.

Through acquisition the Group has added coverage to 14 new geographies since Vision 2020. This increased scale allows us to follow customers as they expand into new countries, examples being our new greenfield manufacturing sites in Brazil and China.

COMPETITIVE ENVIRONMENT

The industry is immature in most parts of the world, largely developed during the 1960s and 1970s. Companies typically concentrated on serving a particular geography and market with a specific conversion technology. As founders seek to pass their business to the next generation the new managers have to decide whether to invest to cope with changes in the market or divest. These changes include:

- demand for packaging that is consistent across many markets;
- the cost of investment for innovation;
- constant pressures to optimise costs resulting from a competitive retail environment;
- input material cost volatility and supply issues favouring larger companies with power to hedge;
- lower demand in the developed world;
- an ability to follow customers globally as customers themselves consolidate and globalise; and
- increasingly sophisticated packaging solutions require several manufacturing processes.

It follows that the opportunities for consolidation are significant.

OUR RESPONSE

Since the launch of our strategy, Vision 2020: Focused Growth Strategy in 2013, we have completed 18 transactions, ranging in size from bolt-on businesses with 1 manufacturing site to transformational acquisitions of groups with 40+ sites and global coverage. In total these acquisitions have added 120 manufacturing sites across 14 countries, increasing employees by over 17,000. The synergies arising from these deals have added c.18p of EPS to the results of the Group. RPC remains disciplined in its allocation of capital with close to 300 potential deals having been rejected as not fulfilling the strict acquisition criteria we have in place. We maintain a good pipeline of opportunities, both large and small, and expect further growth through acquisitions.

TECHNICAL COMPONENTS

Technical components cover many different product and market combinations which are all linked by innovation, application of technical knowledge and consumption of polymer. It follows that the key driver for growth is the provision of our innovative product and process engineering skills to selected niche markets; it draws on our design and engineering capabilities as the packaging marketplace focuses on products and markets requiring higher value added products. Having in-house mould making enables our packaging and non-packaging businesses to control technically challenging customer projects with strict product specifications and maintains cutting-edge knowledge within a company. By increasing the range of products manufactured from polymer, scale advantage from increased purchases can be achieved.

OUR RESPONSE

Our technical components proposition has grown through acquisitions of Ace, Promens, Strata, and ESE World. This has resulted in the Group having a portfolio of branded products and services including mould making, materials handling, horticulture, fish handling tubs, temporary waste solutions, complex interior and exterior plastic components for the heavy truck industry, body panels for heavy construction machinery and fuel tanks. The breadth of the manufacturing processes has also been enhanced with roto moulding, reaction injection moulding and vacuum forming, with specialty vehicles, as well as our Asian precision engineering platform, allowing supply of co-engineered products. In addition to its mould making capability, the Group has developed in-house expertise in electroplating allowing it to supply high quality metallised finishes required for premium products.

By participating in this market RPC can undertake more complex, technically demanding projects combined with reduced time to market capability for the customer. It also enhances our competitive price offering due to the reduced reliance on third party moulds and the associated costs as well as reducing our reliance in third party purchases of electroplated parts.

STRATEGIC REPORT

INNOVATING IN A GLOBAL MARKET

Our business model

The core of all the businesses which make up the RPC Group is designing, engineering and manufacturing innovative plastic products for packaging and selected non-packaging markets. The non-packaging businesses also design and manufacture moulds which are primarily used in polymer conversion. Our operations have influence through every stage of the product lifecycle.

OUR INNOVATIVE OPERATIONS

INPUTS

Strategic

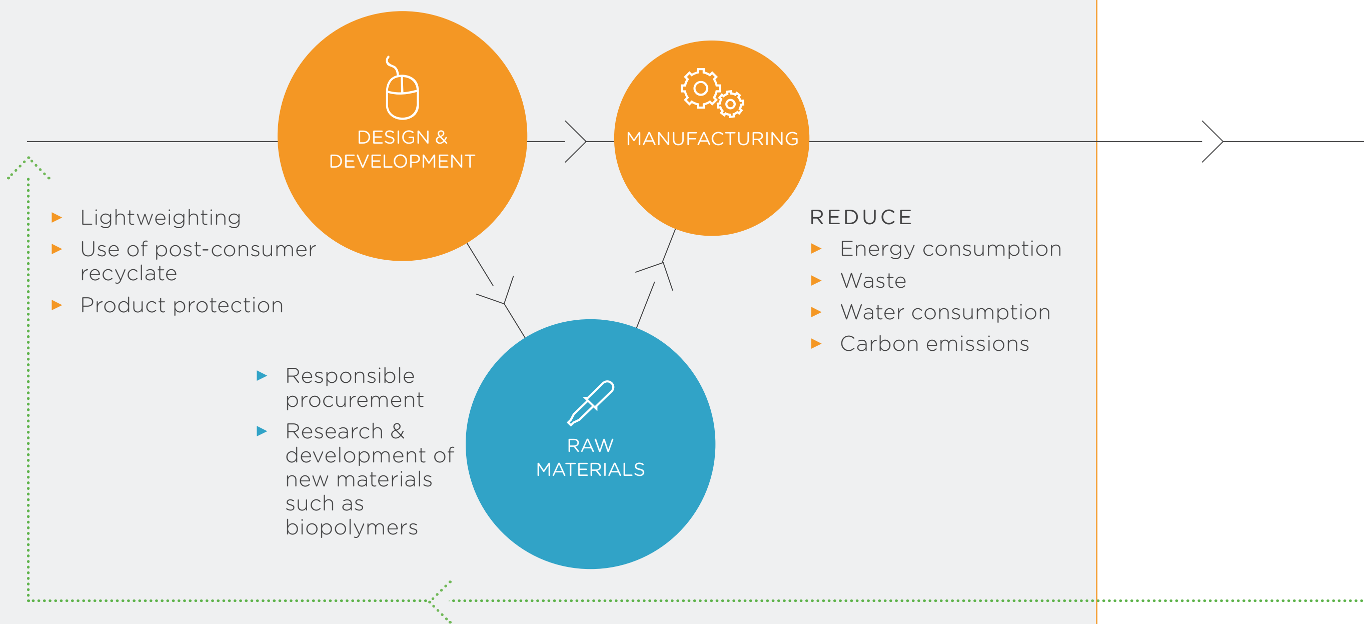
- Financial capital
- Human capital
- Customer relationships
- Sustainability principles

Innovation and scale

- Innovation centres
- Technological expertise
- Geographical coverage

Manufacturing

- Water
- Energy
- Resin
- Recyclate



OUTPUTS

Innovative design

Our award-winning innovation teams based in 31 centres of excellence ensure our product design, in-house mould making and processing expertise is at the forefront of innovation at the design stage and beyond.

Innovative engineering

The designers and engineers at these centres of excellence have experience of all the plastic conversion technologies and work together as a concept-to-reality team, taking customers' needs and making them into finished products.

Innovative products

We are able to devise single process and material solutions and also mix manufacturing techniques as required in order to achieve the best result.

OUR TECHNOLOGIES

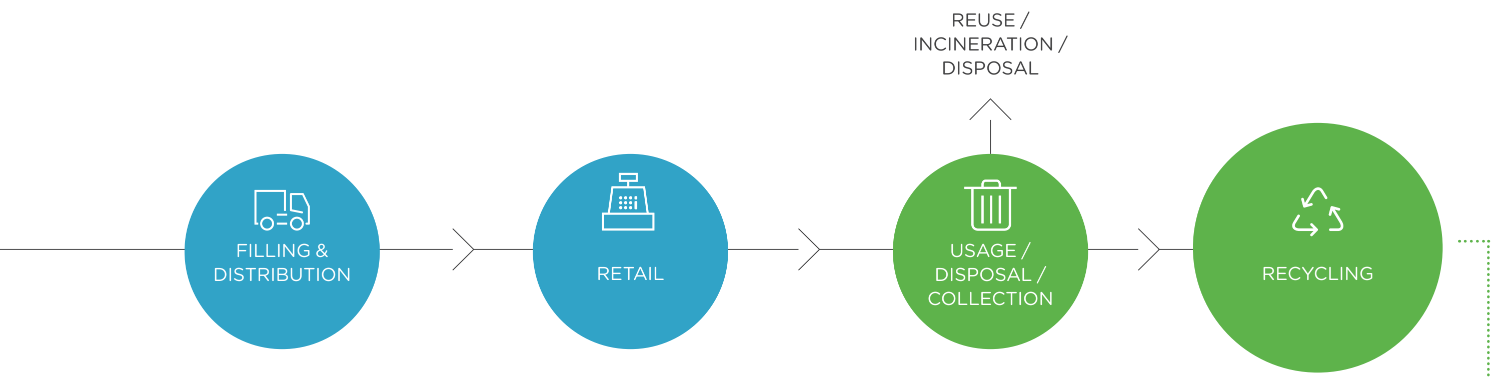
Injection moulding
The process for producing parts by injecting polymer resin into a mould. It is optimal for high added value, complex designs that may have a high level of decoration.

Blow moulding
The process by which hollow plastic parts are formed. It is the ideal application for reclosable containers and particularly for narrow necks and pouring purposes.

Thermoforming
The process where a plastic sheet is heated to a pliable forming temperature and shaped in a mould and trimmed. It is the most efficient process for high-volume, low-cost packaging materials and barrier applications, such as food containers.

Rotational moulding
The process uses a hollow mould which is filled with a measured quantity of resin and then rotated in a heated chamber so that the plastified material solidifies to the walls of the mould. It is a versatile process and its low tooling costs make it ideal for hollow plastic parts with lower production run quantities.

Blown film extrusion
The process involves conveying a blended mix of resins through a circular die. Once extruded, the mix is inflated with air to form a film bubble that is drawn to a height to allow sufficient cooling. Used in the production of flexible film.



Filling & distribution
- Product protection
- Efficient transportation

Retail
- Increased shelf-life
- Product protection

Usage / disposal / collection
- Consideration of target demographic
- Reduction in product waste
- Recyclability

Recycling
- Closed loop process – reduction in waste to landfill
- Sustainable raw material source

More on: Page 44

THE RISKS WE MITIGATE

As part of our business model we have to mitigate key risks at each stage.

- Polymer price and availability
- Loss of essential supplies
- Safeguarding of physical property and people
- Energy costs
- Supply of faulty products
- Contamination during processing

OUR COMPETITIVE ADVANTAGES

Our business model combined with our Vision 2020 strategy allows the Group to exploit its scale.

- Global network of 185 operating sites across 33 countries
- Technological breadth
- Polymer purchasing efficiency
- Devolved divisional structure
- Process and engineering excellence
- Established customer relationships
- Strong balance sheet

STRATEGIC REPORT

LOOKING AFTER OUR GLOBAL BUSINESS

Our business is driven forward by our highly experienced executive team

EXECUTIVE BOARD MEMBERS

PIM VERVAAT
CHIEF EXECUTIVE

SIMON KESTERTON
GROUP FINANCE DIRECTOR

TOM SAUNDERSON
HEAD OF CORPORATE DEVELOPMENT

DARIN EVANS
GROUP PURCHASING DIRECTOR

FRANK DOORENBOSCH
DIRECTOR BUSINESS IMPROVEMENT / CEO RPC BPI

RENÉ VALENTIN
CEO RPC SUPERFOS

ALFONS BÖCKMANN
CEO RPC BRAMLAGE

ALISTAIR HERD
CEO RPC PROMENS

JACK YEUNG
CEO RPC ACE

MICHAEL STEGEMAN
CEO RPC BEBO

DAVID DUFFIELD
CEO RPC M&H

WITH SUPPORT FROM

JONATHAN PITT
CORPORATE DEVELOPMENT MANAGER

EXTENDED EXECUTIVE

JOHN COTTERELL
GROUP HR BUSINESS PARTNER

ANDREW GREEN
DEPUTY CEO – RPC BPI

GÜNTER POHLMANN
DIVISION DIRECTOR – RPC BRAMLAGE

DRAGAN STJEPANOVIC
MANAGING DIRECTOR – RPC PROMENS INDUSTRIAL

ERIC CHAVENT
GLOBAL ACCOUNT DIRECTOR

STRATEGIC REPORT

DELIVERING VISION 2020

Our Strategy in action

Launched nearly four years ago Vision 2020 is central to the progress made by the Group in the year. Organic growth has been maintained at 3% through our award-winning innovative design and engineering solutions. The completion of nine acquisitions during the year further extends both our geographic reach and our proposition.

FOCUSED GROWTH

In 2013 the Group announced **Vision 2020: Focused Growth Strategy**, designed to build on our strong market positions and our leading product and process innovation capabilities.

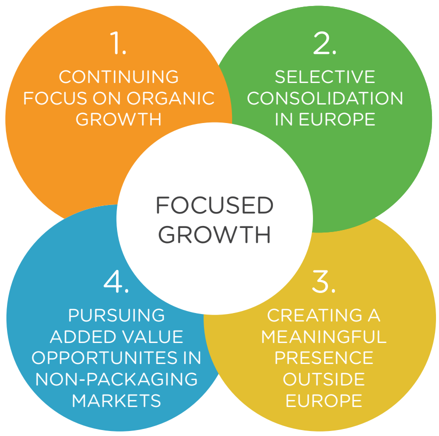
There are four core elements to Vision 2020 which are:

1. Continuing our focused organic growth strategy in packaging and selected non-packaging markets

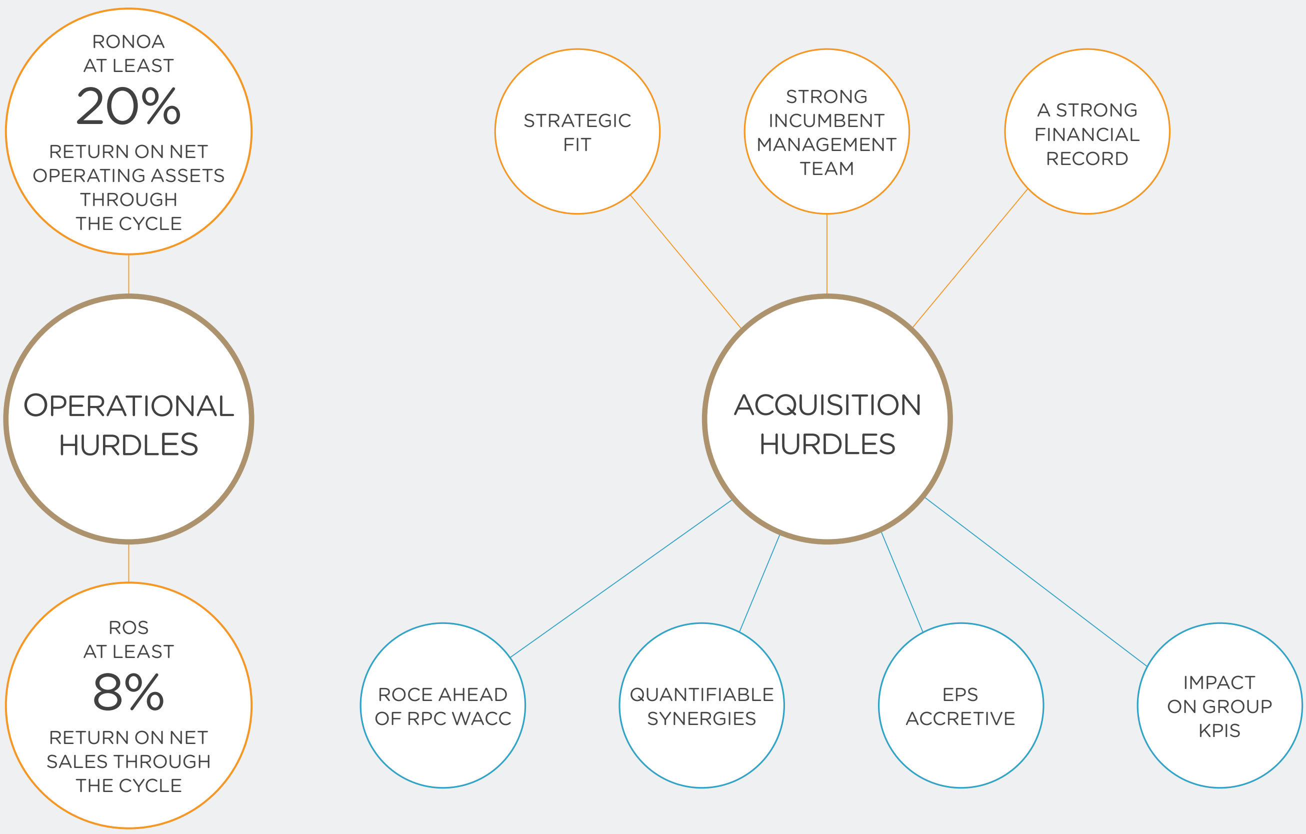
2. Selective consolidation in the fragmented European packaging market through targeted acquisitions

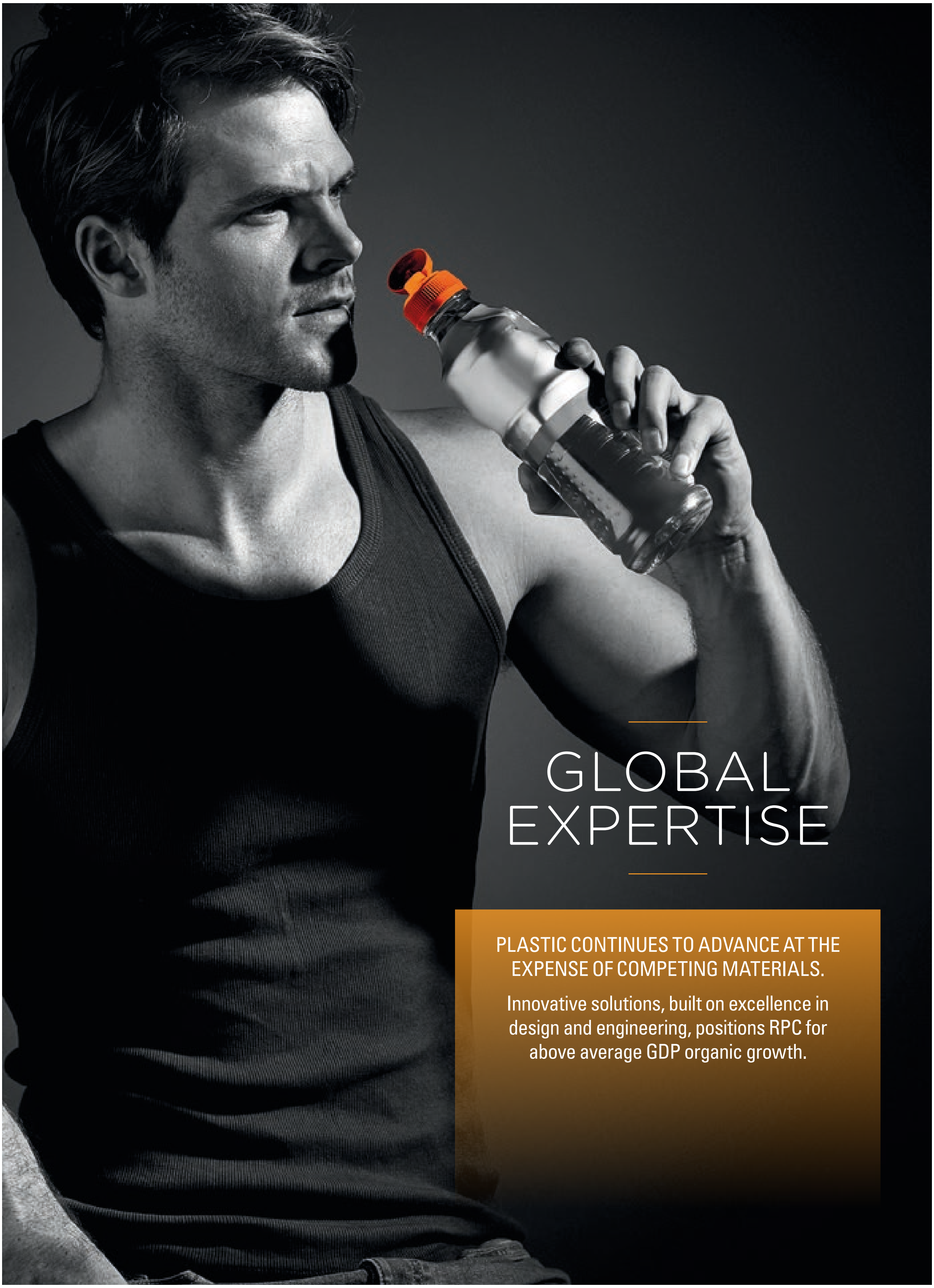
4. Pursuing added value opportunities in non-packaging markets

3. Creating a meaningful presence outside Europe



Alongside the targeted Focused Growth Strategy, the Group established key operational and acquisition hurdles





GLOBAL EXPERTISE

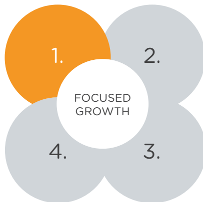
PLASTIC CONTINUES TO ADVANCE AT THE EXPENSE OF COMPETING MATERIALS.

Innovative solutions, built on excellence in design and engineering, positions RPC for above average GDP organic growth.

STRATEGIC REPORT

DELIVERING VISION 2020

Our Strategy in action



1. CONTINUING FOCUS ON ORGANIC GROWTH

STRATEGIC ACTION

- Increasing our added value offering through innovation.
- Supporting customer growth through operational excellence.
- Growth through the ongoing substitution of glass and metal with plastic.
- Developing niche positions through continued investment.
- We have targeted above GDP sales growth throughout the cycle.

RATIONALE

- The plastic packaging market is forecast to grow by 4.5% globally up to 2020 with 2.3% growth in Europe.
- Innovation is a significant driver and key differentiator in a highly segmented market.
- Plastic continues to grow in excess of, and at the expense of, other packaging materials.
- Demographic changes through an ageing and urbanising population, increasing numbers of smaller and single-person households with rising incomes and the drive for food sustainability.
- Demand is shifting towards more complex packaging applications as busier lifestyles promote convenience.

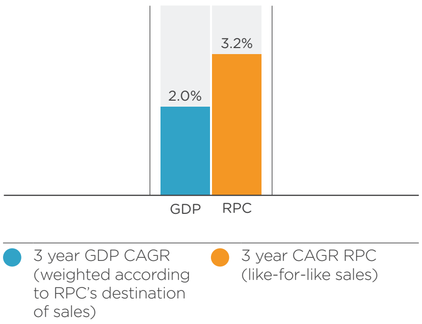
PROGRESS IN YEAR

- 3% average organic growth during past three years outperforming average GDP of 2%.
- Continuing to innovate as evidenced by over 50 awards since 2012.

Highlights in the year include:

- Production of pioneering diffusing and temperature control films; Visqueen® Lumisol. By partnering with Lancaster and Reading Universities this newly developed agricultural film allows UV light to reach plants, producing hardier, better quality crops and extending growing seasons.
- Launch of bespoke Penguin foodservice sauce dispenser for French company Leiseur. By combining RPC Promens blow moulding capability with the injection moulding technology from RPC Superfos a new type of dispenser. Its special design provides extra emptying power, making it easier to use all of its content, therefore reducing food waste.
- Development of Bebo B2Nature™ compostable coffee capsule. It provides comparable oxygen and aroma barrier to current capsule solutions but industrial composting degrades the capsule by 90% within 12 weeks in accordance with environmental standards.

PLASTIC PACKAGING MARKET GROWTH %



NEXT STEPS

- CONTINUED INVESTMENT IN PROCESS TECHNOLOGY AND PRODUCT INNOVATION.
- CONTINUED INVESTMENT IN AND DEVELOPMENT OF THE GROUP'S 31 DESIGN AND INNOVATION CENTRES.
- MAXIMISE OPPORTUNITIES FROM ACQUIRED BUSINESSES TO ACCELERATE GROWTH FROM RPC'S LARGER PLATFORM.

ESSENTIAL FOR GROWTH

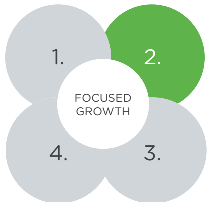
WITH A LIMITED NUMBER OF CONSOLIDATORS, FURTHER ACQUISITION OPPORTUNITIES EXIST IN A SEGMENTED MARKETPLACE.

RPC continues to seek opportunities that either enhance and strengthen its position in existing markets or represent attractive complementary markets.

STRATEGIC REPORT

DELIVERING VISION 2020

Our Strategy in action Continued



2. SELECTIVE CONSOLIDATION IN EUROPE

STRATEGIC ACTION

- Value accretive acquisition opportunities in Europe which will further enhance the growth in profitability of the Group.
- Complement existing businesses by extending product ranges or provide access to new geographical markets.
- Provide opportunities to participate in new plastic packaging products and markets.
- Provide access to new conversion technologies.

RATIONALE

- The European plastic packaging industry is highly fragmented. RPC Group is one of the largest manufacturers, but only has an overall 6% market share in rigid plastic packaging in Western Europe.
- Scale allows the Group to optimise its polymer purchasing.

NEXT STEPS

- COMPLETION AND REALISATION OF THE FINAL PHASE OF PROMENS AND GCS SYNERGIES THROUGH RATIONALISATION OF THE MANUFACTURING FOOTPRINT.
- REALISATION OF BPI SYNERGIES AND COMPLETION OF REVIEW INTO ITS MANUFACTURING FOOTPRINT.
- INTEGRATE AND EXPLOIT THE ENLARGED PHARMACEUTICAL DEVICES PLATFORM AND BENEFIT FROM THE CRITICAL MASS AND INCREASED CUSTOMER PORTFOLIO FOLLOWING THE ADDITION OF PLASTIAPE TO THE GROUP.
- PIPELINE OF ACQUISITION TARGETS.

PROGRESS IN YEAR

bpi

Leading manufacturer and supplier of polythene films for a diverse range of end markets and provides the Group with an established flexible platform with strong market positions. It provides the Group with excellent opportunities for further growth and consolidation.

19	£468m	2,000
LOCATIONS	TURNOVER	EMPLOYEES

Jagtenberg Plastics

Large blow moulded products for packaging and selected non-packaging markets. It extends the Group's existing product range and further consolidates market positions in those areas with product overlap.

2	€23m	100
LOCATIONS	TURNOVER	EMPLOYEES

Sanders Polyfilms

A specialist manufacturer of innovative high yield collation shrink film manufactured from locations in UK and Romania. It allows the Group to consolidate its current position in the collation shrink film segment and extend its geographic coverage.

2	£23m	90
LOCATIONS	TURNOVER	EMPLOYEES

plastiape

A market leader in the design, engineering and manufacture of drug delivery devices. The company has market leading research and development capabilities and experience in managing complex and time consuming projects.

3	€53m	300
LOCATIONS	TURNOVER	EMPLOYEES

Find out more detail of our current year acquisitions on: **Page 31**

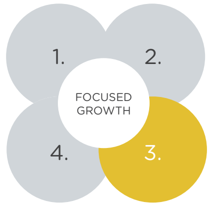
GLOBALLY FOCUSED

PACKAGING MARKETS OUTSIDE EUROPE ARE FORECAST TO GROW FASTER, WITH MULTI-NATIONAL CUSTOMERS INDICATING AN INCREASING DEMAND FOR RPC'S LEADING DESIGN AND ENGINEERING CAPABILITIES.

STRATEGIC REPORT

DELIVERING VISION 2020

Our Strategy in action Continued



3. CREATING A MEANINGFUL PRESENCE OUTSIDE EUROPE

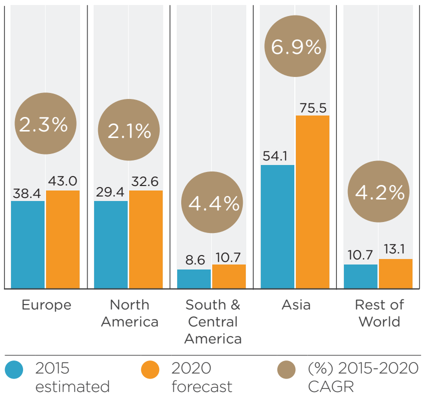
STRATEGIC ACTION

- Access new markets outside of Europe, where growth rates in demand for consumer packaging are higher.
- Leverage innovation capabilities to gain a competitive advantage over incumbent packaging suppliers.
- Follow global customers to higher growth economies.

RATIONALE

- Plastic packaging market forecast to grow by 5.1% outside Europe whilst 86% of RPC's sales are currently in Europe.
- With a global market share below 2% there remains a considerable opportunity for RPC to grow.

PLASTIC PACKAGING (MILLIONS TONNES)



Source: Smithers Pira

PROGRESS IN YEAR

REVENUE SHARE CHANGE

Prior to 2013	
European countries	94%
Rest of the world	6%

After 2013	
European countries	86%
Rest of the world	14%

Letica CORPORATION The Power of Packaging

A large family owned business based in Rochester MI USA with robust engineering capabilities in injection moulding and a proprietary in-house design team. It has leading positions in growing end-markets and more than doubles RPC's exposure to the North American market.

13	$476m	1,750
LOCATIONS	TURNOVER	EMPLOYEES

NEXT STEPS

- INTEGRATE LETICA INTO THE GROUP AND REALISE SYNERGIES AND INCREMENTAL COST SAVINGS.
- PIPELINE OF ACQUISITION TARGETS.

Synergy Packaging Excellence in packaging

Melbourne based manufacturer of PET blow moulded containers and represents the Group's first manufacturing operation in Australasia.

1	AUS$13m	55
LOCATION	TURNOVER	EMPLOYEES

Amber PLASTICS

Based in Australia and serving predominately the food and dairy sectors with innovative high quality injection moulded containers with in-mould labelling.

1	AUS$9m	38
LOCATION	TURNOVER	EMPLOYEES

ESSENTIAL SUPPORT

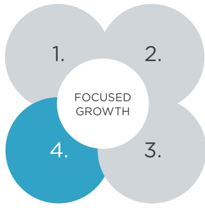
RPC CAN LEVERAGE ITS CORE COMPETENCIES OF DESIGN AND ENGINEERING OF PLASTICS PRODUCTS, TOGETHER WITH A COMPETITIVE BUYING POSITION OF THE MAIN MATERIALS USED, IN A NUMBER OF SELECTED NON-PACKAGING MARKETS.

World-class in-house mould making allows RPC to deliver technically challenging projects for its customers.

STRATEGIC REPORT

DELIVERING VISION 2020

Our Strategy in action Continued



4. PURSUING ADDED VALUE OPPORTUNITIES IN NON-PACKAGING MARKETS

STRATEGIC ACTION

- Focus on niche products and markets where good returns can be made from higher added value products.
- Exploit leading position in niche rotational moulding technology.

RATIONALE

- Drawing from identical design and engineering capabilities as packaging.
- In-house mould making enables control in delivering technically challenging customer projects.
- An additional use for polymer therefore adds further scale leading to additional polymer buying efficiencies.

PROGRESS IN YEAR

- Enhancement of RPC Sæplast 660L PE container which results in it being spill free for cleaner and safer handling of liquids.
- Launch of Heavy Duty boxes by Strata Products which are robust storage boxes able to be stored outdoors and withstand heavy usage that are manufactured using recycled plastics.

ESE

European based design and engineering provider of temporary waste solutions with an established growth platform in a niche market.

2	€200m	600
LOCATIONS	TURNOVER	EMPLOYEES

NEXT STEPS

- GROW TEMPORARY WASTE SOLUTIONS PROPOSITION PROVIDED BY ESE AND REALISE POLYMER PURCHASING ADVANTAGES.
- PIPELINE OF ACQUISITION TARGETS.

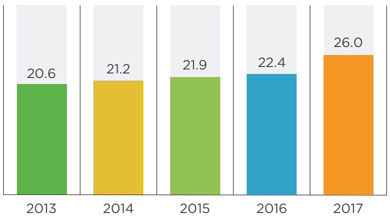
STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

Our KPIs

RONOA %

26.0% ↑ 360bps



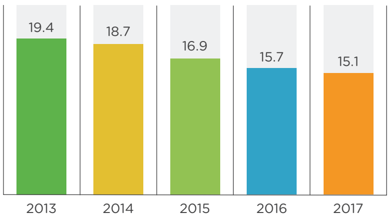
Definition
Return on net operating assets (RONOA), which is measured over the previous 12 months and normalised for the effect of acquisitions, is adjusted operating profit for continuing operations divided by the average of opening and closing property, plant and equipment and working capital for continuing operations for the year concerned. Comparatives are restated to include acquisitions on a pro forma basis, and excludes ESE, Letica and Amber (acquired in early 2017).

Why relevant
RONOA is a key measure of the efficiency and utilisation of the assets used by the Group to generate profits. This is a vital measure of our operational management due to the decentralised structure of the Group.

Performance
The continued growth in RONOA due to high returning acquisitions and continued focus from existing operations and remains well above the hurdle rate of 20%.

ROCE % (R)

15.1% ↓ (60)bps



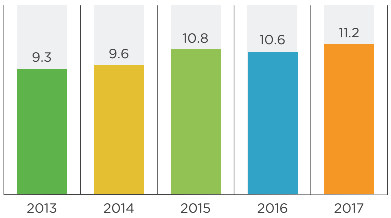
Definition
Return on capital employed (ROCE) which is measured over the previous 12 months and normalised for the effect of acquisitions, is adjusted operating profit for continuing operations, divided by the average of opening and closing shareholders' equity, after adjusting for net retirement benefit obligations, assets held for sale, acquisition intangibles and net borrowings for the year concerned. All years exclude Q4 acquisitions (2017: ESE, Letica and Amber).

Why relevant
ROCE allows management to measure how efficiently capital is deployed across the Group. By including the costs of investment of acquisitions it shows how the Group is generating returns for shareholders.

Performance
Although impacted by goodwill, ROCE continues to be significantly higher than the Group's weighted average cost of capital, one of the key metrics of success for the Vision 2020 strategy.

RETURN ON SALES % (S)

11.2% ↑ 60bps



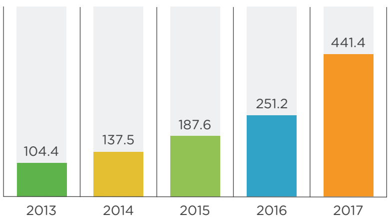
Definition
Return on sales is adjusted operating profit divided by sales revenue.

Why relevant
Return on sales is an indication of the quality and added value we provide to customers and ensures business activity is focused on high value added areas.

Performance
Margins have steadily increased due to a focus on higher added value sales and are well above the 8% set out as a minimum in the Vision 2020 strategy.

ADJUSTED EBITDA £M

441.4m ↑ 76%



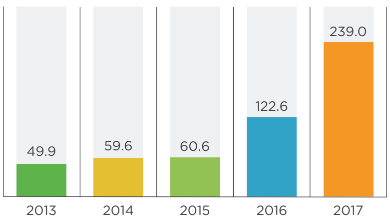
Definition
Adjusted EBITDA is adjusted operating profit before underlying depreciation and amortisation.

Why relevant
EBITDA is an indication of the absolute levels of operating performance of the Group, before the effects of non-underlying items, financing decisions and the tax environment.

Performance
The increase in adjusted EBITDA is due to acquisitions, organic sales growth in high value added areas and internal cost saving initiatives. The 2016/17 acquisitions contributed £45.8m in the year.

FREE CASH FLOW £M (R)

239.0m ↑ 95%



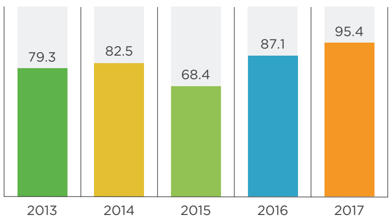
Definition
Free cash flow is cash generated from continuing operations less net capital expenditure, net interest and tax, adjusted to exclude exceptional cash flows, non-underlying cash provision movements and one-off pension deficit reduction payments.

Why relevant
The Group needs to generate cash which can be used to expand the Group through acquisitions, make payments to access synergies, returns to shareholders through dividends and servicing of debt.

Performance
Free cash flow continues to increase despite significant further investment in fixed assets.

CASH CONVERSION %

95.4% ↑ 830bps



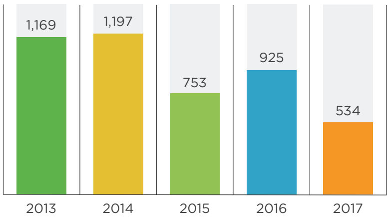
Definition
Cash conversion is the ratio of free cash flow before interest and tax paid to adjusted operating profit.

Why relevant
Cash conversion is the measure of the ability to convert profits into cash.

Performance
The Group performance remains strong with investment in fixed assets being offset by increasing operating cash generation.

REPORTABLE ACCIDENT FREQUENCY RATE (R)

534 (42.3)%



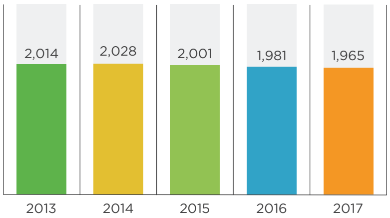
Definition
Reportable accident frequency rate (RAFR) is defined as the number of accidents resulting in more than three days off work, excluding accidents where an employee is travelling to or from work, divided by the average number of employees, multiplied by the constant 100,000.

Why relevant
Health and safety is the number one priority for RPC. RAFR enables the safety environment to be assessed and measured.

Performance
Despite the historic lower levels of safety in some of the recent acquisitions, the Group continues to improve on its safety record.

ELECTRICITY USAGE PER TONNE KWH/T

1,965 (0.8)%



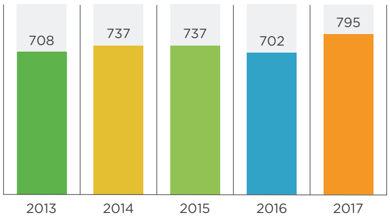
Definition
Electricity usage per tonne is the ratio of electricity used to the number of tonnes produced.

Why relevant
Polymer conversion is an energy intensive process and accounts for the majority of the Group's environmental impact. We constantly work to improve our energy efficiency and by monitoring how much electricity we use for each tonne of product manufactured we ensure that electricity usage is kept to a minimum.

Performance
Despite a focus on improved electricity usage the electricity usage per tonne has increased due to a focus on higher added value more electricity intensive processes. This has been more than offset by the dilution effect of acquisitions to show a net Group reduction.

WATER USAGE PER TONNE L/T

795 13%



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

Why relevant
Water is an important part of the manufacturing process and, as we aim to reduce our impact on the environment, by monitoring how much water we use for each tonne of product manufactured we ensure that water usage is kept to a minimum.

Performance
Water usage per tonne before the effect of acquisitions has reduced, however more water intensive acquisitions has resulted in a net increase.

(S)

LINKAGE TO STRATEGY (SEE PAGE 15 TO 23)

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

(R)

LINKAGE TO REMUNERATION (SEE PAGE 69 TO 80)

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

STRATEGIC REPORT

THE RISKS OF OPERATING IN A GLOBAL MARKET

Risk management

RPC has a sound risk management framework designed to identify and assess the likelihood of risks arising and the consequences of them doing so, and subsequently manage the actions necessary in order to mitigate their impact to acceptable levels.

RISK OVERVIEW

The effective identification, management and mitigation of risks and uncertainties across the Group are an integral part of successfully delivering the Group's strategic objectives. The 'Risk management and internal control' section of the Audit Committee report on page 64 includes further information on the specific procedures designed to identify, manage and mitigate risks that could have a material impact on the Group's business, financial condition or results of operations and for monitoring the Company's risk management and internal control systems.

The Company's risk management framework provides a consistent methodology by which the businesses, divisions, the Group Executive and ultimately the Board assess the risks that the Group faces against a defined set of probability and impact criteria.

In accordance with the 2016 UK Corporate Governance Code, the Board is able to confirm that it carried out a robust assessment of the Group's principal risks during 2016/17, which are presented in this section of the Annual Report.

RISK MANAGEMENT RESPONSIBILITIES

The responsibility for risk management rests ultimately with the Board. However, the basis of the approach is instilled in the Group's culture which encourages effective collaboration. The flat management structure means that the Group Executive is actively involved in ensuring adherence to the Group's risk management policies and procedures, including risk identification and mitigation actions.

The key roles and responsibilities for the Group's risk management strategy are shown below and demonstrate the interaction between the Board and divisional management teams in ensuring effective risk management is applied across the Group's activities.

RISK REVIEW PROCESS

The Group's risk management framework provides a consistent methodology by which every business and division, the Group Executive team and ultimately the Board, assess the risks that the Group faces against a defined set of probability and impact criteria. A formalised process of risk identification is undertaken annually at an individual business level, assessing the impact of external and internal risks. These risks are evaluated in terms of their potential impact and likelihood, and mitigating actions considered. Management then consolidates the risk information at both a divisional level and Group level using risk registers, culminating in the Group risk assessment. The Group Executive reviews the Group risk assessment, the relevant controls and other steps taken to mitigate the risks identified and the assurance procedures in place over such controls with a view to determining whether any further actions are required in order to reduce the levels of risk to acceptable levels. The risk assessment is submitted for review and approval by the Audit Committee on behalf of the Board.

THE BOARD

Overall responsibility for corporate strategy, governance, performance, internal controls and risk management

AUDIT COMMITTEE

Reviews effectiveness of the risk management framework and internal controls on behalf of the Board

Oversees effectiveness of the Group's internal audit function

GROUP EXECUTIVE TEAM

Management of the business and delivery of strategy

INTERNAL AUDIT

Monitors compliance with the Group's internal control systems

Engages with Internal Controls Committee to ensure internal controls and risk management processes operate effectively

THE DIVISIONAL & BUSINESS MANAGERS

Responsible for implementation of risk mitigation actions and monitoring compliance with internal controls and procedures at the operational level of the business

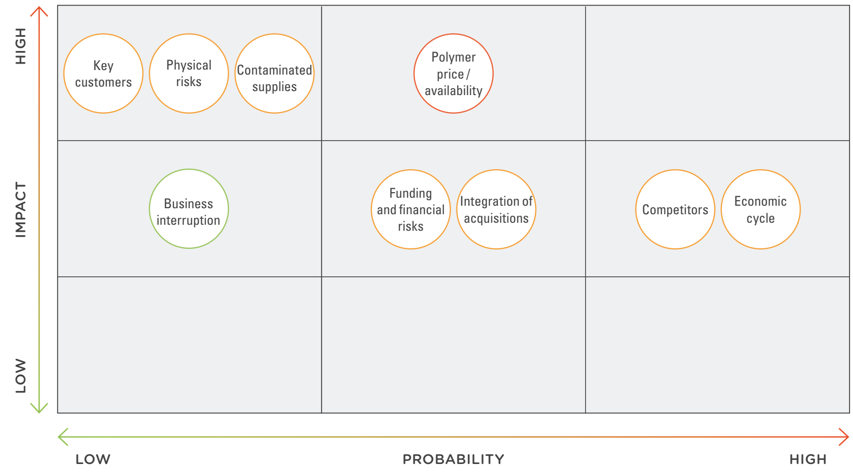
Reviews the risk management framework to identify risk trends and recommend actions

Oversight and delivery of project level risk management activities

RISK PROFILE

The Group operates in both packaging and non-packaging business environments and across a number of geographies in which risks and uncertainties exist, not all of which are necessarily within the Company's control. The risks identified in the 2016/17 Annual Report remain those of most concern to the business in the current year. The principal risks identified as affecting the Group are unchanged from the previous year, with the impact of integration risk being recognised as increasing during the year given the recent acceleration in acquisitions made by the Group. The Board is also continuing to monitor the potential risks associated with the June 2016 referendum vote for the UK to leave the European Union. It is too early to understand properly the impact that the UK leaving the European Union will have on the Group's operations. However, these risks are most likely to relate to the impact of foreign exchange volatility, an economic slowdown in the UK and the imposition of trade tariffs. The economic slowdown and exposure to foreign exchange volatility are already included in the principal risks. With respect to trade risks RPC is relatively well placed to deal with these as c. 73% of its products are manufactured outside of the UK and its remaining businesses can generally withstand periods of economic volatility due to their robust market positions in relatively defensive end-markets. Therefore the risk relating to trade tariffs is considered to be a Group risk but is not currently thought to be a principal risk.

RISK HEAT MAP



The directors have taken account of the Group's principal risks in assessing the prospects of the Company when considering whether there is a reasonable expectation that the Group will be able to continue operations and meet its liabilities as they fall due over the period of their assessment.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group and the steps taken to mitigate such risks and uncertainties are summarised below.

The risks identified do not comprise all of the risks that the Group may face, as the Group risk register shows a number of lower categorised risks which are not shown below. Accordingly this summary is not intended to be exhaustive. The risk categories of the principal risks shown (High, Medium, Low) are unchanged from the previous year, but the change in risk movement within these categories is highlighted for each risk. In addition their linkage to the Group's strategic objectives and their consideration in producing the Group's viability statement are also indicated.

AREA OF RISK	DESCRIPTION OF RISK	MITIGATION	ASSESSMENT / CHANGE MOVEMENT
1. POLYMER PRICE AND AVAILABILITY	Polymer resin, which is the key raw material used in the manufacture of plastic products, represented 36% of the costs of the business in 2016/17. Polymer prices are subject to volatility and are impacted by changes in global supply and demand, as well as tending to follow the underlying price of oil. 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 changes albeit with a time lag. The Group has also reduced its dependence on individual polymer suppliers by adapting its manufacturing sites to convert a wider range of polymer grades, to improve supply competitiveness and mitigate against supply disruption.	**Risk: High** **Change: Stable** Remains a significant driver of margin variability for most of the Group's businesses. Link to Strategy: • ORGANIC GROWTH
2. DEPENDENCE ON KEY CUSTOMERS	The Group has long established relationships with a number of key customers, with the top 20 accounting for c. 25% of sales in 2016/17. 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. Customer retention is also strengthened by the Group remaining responsive to customer demands, by delivering high quality products, providing excellent customer service and developing innovative products that can generate new sales opportunities for our customers.	**Risk: Medium** **Change: Reducing** As the Group grows in both product diversity and geographical reach, its reliance on single key customers is gradually reducing. Link to Strategy: • ORGANIC GROWTH

STRATEGIC REPORT

THE RISKS OF OPERATING IN A GLOBAL MARKET

Risk management Continued

AREA OF RISK	DESCRIPTION OF RISK	MITIGATION	ASSESSMENT / CHANGE MOVEMENT
3. PRICING AND COMPETITIVE PRESSURES	The market for plastic packaging and the other non-packaging markets in which the Group operates, have become increasingly competitive, particularly where there has been consolidation or overcapacity, exacerbated by the economic recession. An increasing focus on pricing by customers and the use of formalised tender processes puts pressure on margins and may lead to lost business where customers have the capability to switch 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 optimising its manufacturing footprint through its recent business improvement programmes and business integration process.	**Risk: Medium** **Change: Stable** Competitor pressure and its impact on pricing remains unchanged in most end markets. Link to Strategy: • ORGANIC GROWTH
4. ECONOMIC ENVIRONMENT AND CYCLICAL PATTERNS IN THE PLASTIC PACKAGING AND NON-PACKAGING MARKETS	The continued impact of the challenging economic environment in the UK and the Eurozone, as well as the recent downturn in the emerging markets, 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, which serves to dilute the effect of adversity in any one particular sector. The Group actively monitors the economic environments in which it operates and patterns of demand, the impact this has on its businesses and responds by incremental and structural changes to its operations where appropriate.	**Risk: Medium** **Change: Stable** The Group remains responsive to cyclical trends in demand, to ensure that overall returns are protected. This includes assessing the impact of the UK leaving the European Union. Link to Strategy: • ORGANIC GROWTH • SIGNIFICANT PRESENCE OUTSIDE EUROPE
5. INTEGRATION AND ACHIEVEMENT OF ACQUISITION SYNERGIES	Acquisitions require a focused business integration effort to deliver planned synergies which if not properly managed or resourced could lead to a failure to deliver value for the Group from its Vision 2020 growth programme.	The Group ensures appropriate resources are in place to manage the integration of each acquisition, with regular executive and Board progress reviews of any required restructuring activities and benefits arising there from. Integration programmes are developed and organisational changes made to existing Group or divisional management teams and infrastructures, as well as those of the acquired business, as appropriate. Key management of acquired businesses are retained.	**Risk: Medium** **Change: Increasing** The recent increase in acquisition activity has increased the impact of this risk on Group performance. Link to Strategy: • CONSOLIDATION IN EUROPE • SIGNIFICANT PRESENCE OUTSIDE EUROPE

Key

High risk | Medium risk | Low risk

Increasing | Stable | Decreasing

AREA OF RISK	DESCRIPTION OF RISK	MITIGATION	ASSESSMENT / CHANGE MOVEMENT
6. 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.	**Risk: Medium** **Change: Stable** The recent increase in size of the Group, with a concomitant increase in number of self-serving manufacturing operations, reduces the potential impact of an incident on any one site, but overall risk to the Group is unchanged. Link to Strategy: • ORGANIC GROWTH
7. 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. The supply of faulty or contaminated products, especially within the food sector, 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.	**Risk: Medium** **Change: Stable** Reputational and financial risks associated with faulty supply remain unchanged. Link to Strategy: • ORGANIC GROWTH
8. 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.	**Risk: Medium** **Change: Stable** Risk of fire remains unchanged, as evidenced by recent incidents at Eke (Belgium). Health & safety focus currently on newly acquired businesses to bring to RPC standard. Link to Strategy: • ORGANIC GROWTH
9. 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 the majority 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 foreign currencies are hedged by ensuring that borrowings are matched to the Group's net assets in foreign currencies, and any significant transactional exposures are managed using approved financial derivatives.	**Risk: Medium** **Change: Decreasing** Recent equity and debt raised provides the Group with considerable funding headroom, allowing it to continue with its Vision 2020 growth strategy and withstand any temporary adversity in trading performance. Link to Strategy: • CONSOLIDATION IN EUROPE • SIGNIFICANT PRESENCE OUTSIDE EUROPE

STRATEGIC REPORT

VIABILITY STATEMENT

In accordance with provision C2.2 of the 2014 revision of the Code, the directors have assessed the Group's prospects and viability.

ASSESSMENT OF PROSPECTS

RPC's longer term prospects are assessed through the Group's strategic planning process. This includes a review of three year financial plans by the executive directors with the executive team within each division. The output of this is a consolidated set of financial projections covering the next three years compiled from divisional estimates of the most likely performance, after taking account of the Group's principal risks (see pages 26 to 29). A central review of debt covenant compliance and debt headroom is also completed. Once the annual budget process is completed for the first year of the three year strategic plan, the strategic plan financial projections are refreshed. The strategic plan reviewed in 2016/17 covers the three year period ending 31 March 2020.

ASSESSMENT OF VIABILITY

After taking account of the Group's current position, as part of its deliberations the Board also undertook a review of the principal risks and uncertainties facing the Group, how they are managed and the actions that could be taken to mitigate their effect or avoid them altogether. The resulting disclosures, which include those risks that could threaten the Group's business model, performance, solvency and liquidity are shown on pages 27 to 29 of the Annual Report. The Board believes the Group is well placed to manage those risks successfully and, consistent with 2015/16, has determined that the three years to 31 March 2020 is an appropriate time frame for the viability statement as this is aligned with the time frame currently adopted in the Group's strategic plan. This alignment enables management and the Board to have sufficient, realistic visibility on the commercial and financial assumptions required to undertake this assessment, as it is considered an appropriate period over which to consider customer, consumer and product trends and in which time the Group could react to any changes in current business assumptions.

The strategic plan reflects the directors' best estimate of the future prospects of the business. The plan has been flexed by overlaying the potential financial impact of a number of scenarios over and above those included in the plan. These scenarios are based on aspects of some of the key principal risks and uncertainties, namely lack of market growth, loss of major customers, pricing pressures, polymer price increases, failure to realise synergies on acquisitions, foreign exchange risks and lack of access to funding.

The scenarios were tested against these risks individually and in likely combinations, such as an economic crisis or in specific adverse market conditions. In some cases the results took into account the availability and likely effectiveness of mitigating actions, including flexing the cost base and reducing planned capital expenditure and dividends where the realisation of these risk events would likely permit these actions. The scenarios tested represented 'severe but plausible' circumstances that the Group could experience. The results of this stress testing showed that the Group would be able to withstand the impact of these scenarios without affecting the Group's ability to continue trading within its current borrowing facilities.

CONFIRMATION OF LONGER TERM VIABILITY

Based upon the assessment undertaken, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2020.

STRATEGIC REPORT

OPERATING REVIEW

The implementation of the Vision 2020 growth strategy is progressing well, reflected in a good trading performance in 2016/17 with continued organic growth and achieving record profitability levels with robust cash generation.

PIM VERVAAT
Chief Executive

GROUP OVERVIEW

RPC is a leading plastic products design and engineering Company for packaging and selected non-packaging markets, with 31 innovation centres and 185 operations in 33 countries, and employs more than 23,800 people. The Group develops and manufactures a diverse range of products for a wide variety of customers, including many household names, and enjoys strong market positions in many of the end-markets it serves and the geographical areas in which it operates. It uses a wide range of polymer conversion technologies in both rigid and flexible plastics manufacture, and is now one of the largest plastic converters in Europe, combining the development of innovative packaging and technical solutions for its customers with good levels of service and support.

The business is organised and managed according to product and market characteristics and is split into two segments, Packaging and Non-packaging. The Packaging business serves the Food, Non-food, Personal Care, Beverage and Healthcare markets. The Non-packaging businesses design and manufacture moulds, plastic products and technical components for specific market segments.

The Group is organised into seven divisions servicing both the Packaging and Non-packaging markets, each focusing on particular markets or product groups. The divisions (Superfos, Bramlage, M&H, Promens, Bebo, Ace and BPI Group) are organised into a number of strategic business units (SBUs) reflecting the segmented industry structure. They operate across a wide geographical area for reasons of customer proximity, local market demand and manufacturing resource, with the RPC Ace division's operations based in China.

STRATEGY

The Group continues to make excellent progress in implementing all elements of the Vision 2020 strategy as the pace of industry consolidation accelerates.

FOCUSED ORGANIC GROWTH

The plastic packaging markets are growing ahead of GDP helped by the ongoing substitution from other materials. In that context, the Group has continued to grow profits and sales ahead of GDP in the major geographical areas served by its businesses, with overall like-for-like sales improving by 3% over the year. Activity levels improved in both Packaging and Non-packaging segments with particularly strong performances in Food and Non-food packaging and Technical components. Innovation in both product design and process engineering continues to be a key driver of growth, with over 50% of the £175m capital expenditure made in the period attributable to growth-related projects. Following the most recent acquisitions, the Group now has 31 design centres of excellence. Further investment opportunities for growth in innovative products are being targeted alongside pursuing a margin enhancement strategy in selected more commoditised market segments.

SELECTIVE CONSOLIDATION IN THE EUROPEAN PACKAGING MARKET THROUGH TARGETED ACQUISITIONS

The pace of consolidation within the European packaging industry accelerated during the year. RPC is participating in this trend selectively using a strict set of acquisition criteria. In August 2016, the Group made a further strategic European-based acquisition, British Polythene Industries PLC (BPI). A leading manufacturer and supplier of polythene films for a diverse range of end-markets and with a turnover of c. £470m, BPI provides the Group with an established flexibles platform in line with major international peers. It has strong market positions in Europe and globally in agricultural films. Headquartered near Glasgow, with 19 sites of which 14 are in the UK, it gives entry to another adjacent polymer market, enhancing the Group's overall strategic purchasing position, increasing the range of polymer conversion technologies within the Group and providing excellent opportunities for further consolidation and growth in the flexibles market.

STRATEGIC REPORT

OPERATING REVIEW

Continued

In addition the Group was able to exploit further consolidation opportunities in Europe with three smaller 'bolt-on' acquisitions completed during the year. All of these acquisitions strengthen existing packaging market positions within Europe. These were:

- Sanders Polyfilms, a specialist manufacturer of high yield collation shrink film, consolidating one of the UK market segments. Total sales are £23m with sites in the UK and Romania. The business has been integrated into the new RPC bpi division;
- Jagtenberg Plastics, a well invested manufacturer of blow moulded products for the packaging and non-packaging markets with sites in the Netherlands and Germany and with total sales of €23m. This business extends the geographical reach of the industrial packaging business within the RPC Promens division;
- Plastiape, with three operations in Italy and Poland and sales of €53m, strengthens the Group's position in the healthcare market, particularly in medical devices. Combined with RPC's existing healthcare businesses, Plastiape provides a platform for future organic and acquisitive growth.

CREATING A MEANINGFUL PRESENCE OUTSIDE EUROPE

As the packaging markets are increasingly becoming more global, the Group has continued to increase its global footprint through organic growth and acquisition of businesses outside of Europe. The acquisitions of Ace, Promens and GCS in the previous three years provided operating capability and access to new markets in countries such as China, Canada, the USA, Tunisia, Mexico, Thailand and the Philippines.

The acquisition of BPI during the year added a further two sites in Canada serving North America with agricultural film. In the second half of the financial year, the Group also acquired two small businesses in Australia (Melbourne), both of which provide entry points to support customers within the Australasian market. In November 2016 the Group acquired Synergy Packaging, a manufacturer of PET containers to the beauty, cosmetics, pharmaceutical and food markets. With a turnover of A$13m (£8m) it has been incorporated into the RPC M&H division. In March 2017 the Group also acquired Amber Plastics, a manufacturer of injection moulded pots and containers for the food industry, with IML capability. With a turnover of A$9m (£5m) it has been incorporated into the RPC Superfos division.

In China the RPC Ace division acquired Shenzhen Howyecen Automotive Electronic Company Limited (HYC) in January 2017, a specialist supplier of the printing, forming and cutting of foils for automotive and smart electronics markets which will enhance the Group's product offering in this area. It had sales of £4m in 2016.

In March 2017 the Group made a strategic acquisition in the USA by purchasing the Letica Corporation, enhancing the growth platform for North America. Headquartered in Rochester, Michigan, it is a leading manufacturer of rigid packaging and food service products, and is an important partner to many blue-chip North American customers and brands. With a well invested manufacturing footprint of 13 plants in 11 states, it had sales of $476m and adjusted operating profit of $41m in the 12 months to March 2017, with a robust engineering capability in injection moulding, including a proprietary in-house design centre. Its presence provides critical mass to the existing RPC operations in North America, extending these to 20 sites and more than doubling its sales revenues and polymer purchases in this region.

The Group also agreed during the year to acquire Astrapak Ltd, a leading South African manufacturer of rigid plastic packaging products and components with a broad product offering across injection moulding, blow moulding and thermoforming technology platforms. Listed on the Johannesburg Stock Exchange, the Company serves industrial and consumer markets, supplying customers in Sub Saharan Africa. Its manufacturing footprint comprises nine facilities in South Africa, employing approximately 1,100 people and for the year ended 28 February 2016, the company achieved revenues of ZAR 1.4 billion (£81m), providing RPC with a strategic opportunity to acquire a rigid plastic packaging group of scale (a 'mini RPC'), with well-established market positions, in a new territory with good medium to long term growth prospects. Completion is expected in June 2017.

In addition to the acquisitions, the Group extended capacity to its existing operation at Winchester, Virginia, enhancing growth in sales in the food and personal care markets in North America. Further progress was also made in developing the Group's own manufacturing capability in Brazil, in supplying a multinational customer with coffee capsules to support a recent launch into South America.

As a consequence sales outside Europe increased by 76% to £384m representing 14% of total sales, and over time will provide the Group with further opportunities to sell its innovative packaging and non-packaging product ranges to these markets. The return on sales outside Europe was 16%, well above the Group's average of 11%.

PURSUING ADDED VALUE OPPORTUNITIES IN NON-PACKAGING MARKETS

Good progress has been made in developing sales and enhancing profits from the various niche non-packaging businesses from recent acquisitions. The mould making business in RPC Ace division showed improved profitability during the period, with recent developments in new mould technology enhancing margins, and sales of electroplated products will further increase following investment in a third electroplating line at Zhuhai, China. The materials handling and specialty vehicles businesses acquired through the Promens acquisition continue to perform strongly under RPC's ownership. The Strata Products acquisition has performed particularly well under RPC's ownership, with sales increasing by 10% over the year.

In January 2017 the Group acquired ESE World BV, a leading design and engineering company in temporary waste storage solutions. With a turnover of c. €200m, two major manufacturing facilities in France and Germany, an R&D centre and 12 sales offices throughout Europe, this is a 'plug & play' acquisition with a separate customer base and requiring little integration effort to extract synergies from the business. It enhances the Group's buying position and is a complementary business to the Group's existing materials handling business and operates within the RPC Promens division.

BUSINESS INTEGRATION

RPC has a proven track record of efficiently assimilating acquisitions with good integration capability across the organisation. Corporate functions are aligned through the head office team, with strengthened and enhanced governance, tax, IT, treasury, legal, management and financial reporting. Group purchasing perform a coordinating role, are active in extracting purchasing synergies and in strengthening internal resources post acquisition. From an operational perspective key management are retained and business strategy enhanced by providing, as a member of the RPC Group, access to a wider product range and customer base. Where the business operates in an adjacent sector, it forms a new SBU in one of the seven divisions; if in an overlapping business it is integrated into one or more of the existing SBUs. Typically organisational integration will be completed within six to twelve months of acquisition completion, with the realisation of related synergies including restructuring activities to integrate both acquired businesses and existing RPC sites taking longer to occur. Recent larger acquisitions have been Letica, BPI and GCS.

LETICA

As a well-established and independent business, the integration effort required for Letica will be relatively moderate. Cost savings and productivity initiatives identified by the Letica management are expected at $12m per annum realised over two years. In addition, synergies of $5m per annum have been identified by the Group. Operating as a standalone business within RPC Superfos, the existing Letica management have been retained and are incentivised to deliver growth and additional cost savings through a two year earn-out structure.

BPI

Operating in the flexibles and films markets in different product and market segments and using complementary plastic conversion technologies, BPI operates as a standalone division within the Group. Acquired on 1 August 2016, the PLC cost base and duplicated corporate overheads have been removed and the procurement synergies largely completed. The reorganisation of the business has been implemented reducing the number of business units from nine to four, resulting in a market focused organisation facilitating increased cross-selling opportunities and better asset utilisation. A review of the manufacturing footprint is well underway, with the site closure in progress prior to the acquisition date at Sevenoaks completed, additional restructuring at the Worcester site to refocus the business and the closure of the site at Portadown, Northern Ireland, announced.

GCS

The integration of GCS, which was acquired on 29 March 2016, was completed in the year, with the business operations integrated within the RPC Bramlage division and duplicated functions in the GCS Paris head office removed. Realisation of the purchasing synergies is complete and work in optimising underperforming businesses and in identifying opportunities to consolidate excess capacity within the combined Group is nearing completion. In this context the USA business at Libertyville has been restructured and reorganised, the site at Torres, Spain closed and business transferred to other Group sites in Spain, Italy and Germany, and the transfer of the existing closures business at Halstead, UK, to other operations is almost complete.

STRATEGIC REPORT

OPERATING REVIEW

Continued

GROUP PERFORMANCE

The Group produced a strong set of results, in terms of both profit and cash flow performance. The weakening of sterling following the EU referendum in the UK enhanced profits, producing a translation benefit in the year of £29m to adjusted operating profit, but polymer price movements offset this creating a headwind variance of £14m compared with last year. After taking account of these effects and the contribution of recent acquisitions, the increase in adjusted operating profit resulting from synergy realisation, organic growth and business improvement more than offset inflationary increases to the Group's cost base.

Revenues grew 67% to £2,747m due to the acquired businesses (principally GCS, BPI and eight further acquisitions in the year) as well as growth in both packaging and non-packaging products, which were up 3% overall on a like-for-like basis. Adjusted EBITDA was £441m (2016: £251m) and adjusted operating profit of £308m increased by £134m (77%), with return on sales at 11.2% (2016: 10.6%) and RONOA at 26.0% (2016: 22.4%), both measures showing significant growth and comfortably ahead of the Vision 2020 minimum performance metrics. Statutory operating profit at £192m (2016: £95m) was more than double the previous year. ROCE at 15.1% (2016: 15.7%) remained at a robust level in spite of the recent acquisition activity.

Cash flow generation was strong, reflecting both the impact of the recent acquisitions and good working capital management, with free cash flow of £239m (2016: £123m) and net cash from operating activities of £277m (2016: £151m). The Group continued to invest in growth and efficiency projects, with a cash outflow of £175m (2016: £101m) of capital expenditure in the year. Working capital as a percentage of sales was 6.2% (2016: 6.6%).

The Group retains a strong balance sheet following two acquisition related equity raises during the year, with net debt of £1,049m (2016: £744m) representing a prior 12 month pro forma 1.8x EBITDA multiple, and it had total finance facilities of £2,245m available at 31 March 2017.

PACKAGING

	12 months to 31 March 2017	12 months to 31 March 2016
Sales (£m)	**2,365.3**	1,345.4
Adjusted operating profit (£m)	**246.2**	133.4
Return on sales	**10.4%**	9.9%
Return on net operating assets	**25.4%**	23.3%

The Packaging business serves diverse end-markets with innovative packaging solutions, both in rigid form and flexibles, through a range of plastic conversion processes including injection moulding, blow moulding, thermoforming and blown film extrusion. After taking account of acquisitions net of disposed business and trade which contributed a net £792m of sales, foreign exchange translation impacts of £210m and polymer price reductions of £23m, like-for-like revenue growth of 3% was achieved during the period. Adjusted operating profit on a like-for-like basis increased by £26m (19%) reflecting the impact of cost reductions through integration activities and mix improvements through a selective margin enhancement strategy to ensure returns are sufficient to support current capacity levels. Return on sales and RONOA all showed further improvement reflecting the above.

The strongest growth rates were in the Food and Non-food packaging end-markets, with new product development and geographical expansion supporting this growth. Beverage, Personal care and Healthcare sales were relatively flat during the year.

REVENUE

£2,365M

2016: £1,345M

RONOA

25.4%

2016: 23.3%

END-MARKET	SALES 2016/17 £M	LIKE-FOR-LIKE GROWTH	PERFORMANCE
FOOD	755	+5%	Food packaging sales grew mainly through increased demand for barrier products and the development of innovative packaging solutions for convenience foods. There was strong growth in Dairy products, in Sauces through barrier products as the conversion from glass and metal to plastic continues, in Confectionery with major new contracts won and in Frozen food where printed film sales supplied by BPI grew. On the other hand, the market for Spreads, in which RPC has a strong market position, showed some decline as butter has gained market share. The market continues to be driven by shelf-life enhancing solutions, the need for portion control and minimising food waste.
NON-FOOD	632	+4%	There have been strong increases in industrial packaging across all divisions with specific focus on margin enhancement rather than volume growth. New bespoke packaging for the Tobacco sector was developed by Bramlage and Superfos, offsetting some decreases in surface coatings where customer demand has softened. The market comprises many diverse segments with different growth profiles and is subject to growth through innovation.
PERSONAL CARE	401	0%	Sales of Personal care products (including cosmetics) remained static, with contract wins in Europe and increased sales at RPC Promens Hefei (China) in personal care, offset by some contract losses in cosmetics. Globalisation continues to drive demand, with good growth opportunities existing in Asia and North America.
BEVERAGE	383	0%	Beverage sales overall were flat. There was good growth in the GCS businesses with an increase in sports caps sales, growth from new lightweighted caps developed for a major multinational and growth in wines and spirits closures. These offset lower sales in single serve coffee capsules which slowed temporarily due to customer dual sourcing in Europe and there was also a reduction in demand in the USA. In the market, overall demand for single serve systems is expected to continue as evidenced by the commercial launch of a single serve tea system (SpecialT) in Europe during the year. Growth is expected to resume through new capsule and patented closure projects.
HEALTHCARE	130	(1)%	There was good growth in over-the-counter packaging sales, but medical devices sales decreased mainly due to a gradual decline in demand for the older product ranges and the cancellation of a major product launch. However, the overall demand for health care projects is increasing and with the acquisition of Plastiape, RPC is well positioned to grow this business.

In addition there was a further £64m of packaging sales by businesses which are in the Non-packaging segment.

The rigid plastic packaging market is forecast to grow at above GDP over the next three years which will continue to present opportunities for the Packaging business to continue to grow organically both inside and outside Europe, through innovation and continuing to launch turnkey projects from its extended platforms in the Americas and the Far East.

The Group also substantially completed the synergy realisation projects of the Promens packaging sites during the year, with a further four sites closed (Blyes, L'Aigle, Kerkrade, Halstead) and a fifth site closure at Bjaeverskov (Denmark) announced as part of a Nordic restructuring. Projects in RPC Promens at Kutenholz, Hockenheim and Ettlingen were completed, with integration activities at Gent and Eke nearing completion and a second phase of changes to the Theessen site commenced.

At RPC Bramlage the related synergy realisation programmes in Germany and Slovakia, resulting in the closure of Pulheim, were completed, and restructurings at the French operations at Marolles (transferring business to Monastir, Tunisia) and at Geovreisset (transferring manufacturing capability to La Roche and Bellignat) were well advanced. The RPC Superfos site at Old Dalby was also closed and sold, with its business transferred to sites at Oakham and Blackburn.

STRATEGIC REPORT

OPERATING REVIEW

Continued

NON-PACKAGING

	12 months to 31 March 2017	12 months to 31 March 2016
Sales (£m)	**381.9**	297.0
Adjusted operating profit (£m)	**62.0**	40.9
Return on sales	**16.2%**	13.8%
Return on net operating assets	**32.4%**	24.4%

REVENUE

£382M

2016: £297M

RONOA

32.4%

2016: 24.4%

The Non-packaging businesses of the Group comprise the RPC Ace division, RPC Promens Roto, Strata Products and ESE World, and RPC Bramlage Vehicle Engineering. The impact of acquisitions on sales is largely attributable to the full year impact of Strata Products, which was acquired in November 2015, and ESE World, which was acquired in January 2017. Acquisitions contributed £40m to sales and after taking account of foreign exchange translation impacts of £39m like-for-like basis sales increased by 4%.

The RPC Ace division, based in China, operates a world class mould design and manufacturing capability, supplying complex moulds to both internal and external customers and provides the Group with an Asian precision engineering platform for manufacturing high added value co-engineered injection moulded products. It serves, alongside packaging markets, medical, lifestyle, power and automotive end-markets. The business traded ahead of expectations during the period, with profits considerably enhanced, particularly in automotive components, having secured new contracts with several major western vehicle manufactures, and in mould tool sales where a higher proportion of complex and technologically advanced tool designs commanded higher margins. With the slowdown in GDP growth in China abating and the renminbi depreciating against the major currencies, Ace was able to benefit from the improved economic environment. New contracts for Lifestyle products were secured and a third electroplating line was installed at the Zhuhai site during the period, facilitating the growth in sales of electroplating and spray painting for specialist automotive and other products. In January 2017 Ace made its first standalone strategic acquisition, Shenzhen Howyecen Automotive Electronic Company Limited (HYC), an existing supplier with capability for printing, forming and cutting of foils for the automotive and smart electronics markets.

RPC Promens Roto and RPC Bramlage Vehicle Engineering, which manufacture plastic parts for trucks and specialty vehicles from sites in the Netherlands, France, Estonia, Germany and the Czech Republic, performed ahead of expectations with increases in sales volumes and profits over the period, and additional orders for longer term sales secured. The cost base of these operations have been optimised during the integration process with further investment planned.

RPC Promens Roto business, which includes Sæplast, serving the fish and agricultural industries, continued to focus on its markets in Europe and the Americas, with its operation at Ahmedabad (India) sold in the period. In the former Promens vehicles division, significant factory layout changes were made at Zevenaar. Strata Products performed particularly strongly, with sales up 10% with new contracts secured with major UK DIY stores.

The ESE business, acquired in January 2017, contributed £25m to sales and will be a material contributor to this segment in future years.

These non-packaging products are attributed to the Technical components end market, with packaging sales of £64m being reported in the Packaging segment.

NON-FINANCIAL KPIS

RPC has three main non-financial key performance indicators (KPIs) which provide perspectives on the Group's progress in improving its contribution to employee welfare and the environment.

Continuing operations	**12 months to 31 March 2017**	12 months to 31 March 2016
Reportable accident frequency rate[1]	**534**	925
Electricity usage per tonne (kWh/T)	**1,965**	1,981
Water usage per tonne (L/T)	**795**	702

1 Reportable accident frequency rate (RAFR) 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 100,000.

The Group's health and safety performance realised a step change as the reportable accident frequency rate decreased significantly compared with last year, following continued focus on health and safety across the Group, and in particular the concerted efforts made to bring the former Promens and GCS sites up to the RPC standard. A programme of assessment, review and improvement is underway for the BPI and other acquired sites.

The Group continues to make stringent efforts to improve its efficient usage of electricity and water. Electricity usage per tonne reduced, with the replacement of older machinery with more modern energy conserving equivalents and inclusion of more modern machinery from some of the recent acquisitions more than offsetting the higher consumption per polymer tonne converted associated with the manufacture of higher value added products. Water usage and recycling initiatives include closed loop cooling systems introduced to manufacturing sites across the Group. The changes in water usage largely reflect the impact of the GCS sites acquired at the end of last year.

OUTLOOK

The implementation of the Vision 2020 growth strategy is progressing well, reflected in a good trading performance in 2016/17 with continued organic growth and achieving record profitability levels with robust cash generation. Acquisitions made since the launch of the strategy in 2013 continue to add value including the recent GCS and BPI acquisitions, whose performance in the year has been better than expected. The recently completed Letica acquisition will provide an enhanced platform for growth in North America and has made a good start under RPC ownership. Going forward, the Group continues to explore opportunities for growth in line with its strategy. The new financial year has started in line with management's expectations.

PIM VERVAAT
Chief Executive

7 June 2017

STRATEGIC REPORT

FINANCIAL REVIEW

The Group produced a strong set of financial results for 2016/17, with growth in the business achieved both organically and through acquisitions. Group revenues at £2,747m were 67% ahead of last year, adjusted operating profit at £308.2m rose by 77% and free cash flow increased by 95% at £239.0m. Statutory operating profit at £192.0m was 102% ahead of last year and net cash from operating activities at £276.5m increased by 83%.

SIMON KESTERTON
Group Finance Director

REVENUE
£2,747M
2016: £1,642M

ADJUSTED OPERATING PROFIT
£308.2M
2016: £174.3M

ACQUISITIONS

The Group completed the following nine acquisitions in the year:

ACQUISITION	PRINCIPAL LOCATIONS	COMPLETION DATE	ENTERPRISE VALUE (£M)	CASH CONSIDERATION (£M)	GOODWILL ON ACQUISITION (£M)
British Polythene Industries PLC *	UK, Canada, Belgium, Netherlands	1 August 2016	350.1	133.7	201.1
Sanders Polyfilms Ltd ^	UK & Romania	3 October 2016	3.8	3.8	(0.6)
Jagtenberg Beheer B.V.	Netherlands & Germany	14 October 2016	18.1	18.1	4.4
Plastiape S.p.A	Italy & Poland	24 November 2016	116.7	116.7	74.9
Synergy Packaging Pty	Australia	26 November 2016	9.3	9.3	2.7
Shenzhen Howyecen Automotive Electronic Company Limited	China	3 January 2017	4.4	4.4	2.7
ESE World BV	Germany & France	31 January 2017	233.3	233.3	144.5
Letica Corporation Inc	USA	9 March 2017	407.6	407.6	246.7
Amber Plastics Pty Ltd	Australia	31 March 2017	7.1	7.1	3.2
Total Enterprise Value of acquisitions			**1,150.4**		
Deferred consideration paid on prior year acquisitions				4.1	
Cash invested in acquisitions				**938.1**	
Provisional Goodwill on acquisitions					**679.6**

*16,505,511 RPC shares issued to BPI shareholders, with a value of £140.8m and adjusted for £75.6m of net pension liabilities
^Negative goodwill credited to other exceptional items

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

Continuing operations	12 months to 31 March 2017 £m	12 months to 31 March 2016 £m
Revenue	**2,747.2**	1,642.4
Adjusted operating profit	**308.2**	174.3
Exceptional items	**(84.2)**	(68.2)
Other non-underlying items	**(32.0)**	(10.9)
Operating profit	**192.0**	95.2
Net interest costs	**(22.8)**	(14.3)
Non-underlying finance items	**(15.2)**	(5.9)
Net financing costs	**(38.0)**	(20.2)
Share in joint venture	**0.7**	0.6
Profit before tax	**154.7**	75.6
Tax	**(22.7)**	(20.7)
Profit after tax	**132.0**	54.9
Adjusted EPS	**62.2p**	40.4p
Basic EPS	**37.1p**	18.1p
Net debt	**1,049.1**	744.0

BUSINESS PERFORMANCE

The Group's results and financial position at 31 March 2017 have been significantly affected by the acquisitions noted on page 38 together with the full year impact of acquisitions in 2015/16. The trading results of all of the businesses after the acquisition date are included in the Group results, and the 2016/17 acquisitions in total contributed £415m to sales, £36.1m to adjusted operating profit and 1.6p to adjusted EPS. Transaction fees for all acquisitions have been charged to the income statement as exceptional costs.

CONSOLIDATED INCOME STATEMENT

SALES AND OPERATING PROFIT

Group revenue increased by 67% to £2,747m (2016: £1,642m). The net acquisitions indicated above in 2016/17 and the full year impact of the acquisitions made in 2015/16 net of polymer pass through and foreign exchange impacts, contributed £877m of this increase in sales.

After taking account of £181m of foreign currency translation effects (mainly the euro which strengthened from €1.37 to €1.19) and the impact of net sales price reductions from falling polymer prices passed on to customers of £24m, sales grew by £71m which was 3% on a like-for-like basis.

Adjusted operating profit (before restructuring costs, impairment and other exceptional and non-underlying items) was £308.2m (2016: £174.3m), with the impact of net current and prior year acquisitions contributing £59m to this increase. The net favourable translation impact of the weakened pound gave a gain of £29m, partially offset by a polymer price headwind variance having an adverse effect of £14m. The Promens / GCS / BPI integration programme contributed an additional £28m of savings. The remaining £56m improvement was generated from the impact of volume, margin and general business improvements and the Group's ability to align contractual terms, offset by inflationary cost increases experienced throughout the Group, estimated at £24m. Return on sales rose from 10.6% to 11.2% as a consequence of these improvements.

STRATEGIC REPORT

FINANCIAL REVIEW

Continued

Statutory operating profit at £192.0m was 102% higher than the previous year and is stated after the net exceptional costs and non-underlying items described in more detail below.

FOREIGN EXCHANGE

Following the result of the EU referendum in the UK, sterling weakened against the major currencies. This had a positive impact on the financial results of the Group on translation as 73% of sales revenues are reported in non-sterling currencies. The impact of this was to increase adjusted operating profit by £29m, adjusted EPS by 6.3p and net assets by £106m. The major currency movements which impact the results were:

	2016/17	2015/16
Average to £		
Euro €	**1.19**	1.37
USD $	**1.31**	1.51
Closing to £		
Euro €	**1.17**	1.26
USD $	**1.25**	1.44

IMPACT OF POLYMER PRICES

Polymer resin is a major raw material cost for the business, representing about 36% of adjusted costs in the year. As a global commodity its price can vary with supply and demand and as is typical in the industry, RPC has arrangements with its customers to pass on polymer price changes and hedge against price volatility. These changes are passed on through multiple ways, many of which are contractual and can be triggered based on absolute, relative or time based mechanisms. Where no contract exists, prices can often be changed at short notice. As there is a time lag in passing on price adjustments to the customer, typically around three months, this can have a negative or positive impact on operating profit depending on whether prices are increasing or reducing. During the year, polymer prices were relatively stable in euros in the first half and started to increase later in the year. In sterling however the devaluation of the pound compounded this and pushed up sterling polymer prices throughout the year. This resulted in a net polymer headwind of £3m, an increase of £14m on the previous year which had enjoyed a tailwind from falling polymer prices in the last few months of the year.

EXCEPTIONAL COSTS AND NON-UNDERLYING ITEMS

The financial review of the business above focuses on underlying business performance, which excludes exceptional and other non-underlying items. The separate reporting of exceptional and non-underlying items helps facilitate comparison with prior periods and assess trends in financial performance which are not impacted by one-off costs or credits which are exceptional or derive from non-recurring events.

Exceptional items are 'one time' costs or credits which include acquisition costs, costs of business integration and investments to extract synergies, restructuring and closure costs including related asset impairments and losses during the closure period, gains or losses on the disposal of businesses and property, remuneration charged on deferred consideration and one-off tax items arising, and any other gains or losses, which, in the management's judgement, because of their nature, size or infrequency could distort an assessment of underlying business performance.

Other non-underlying items include the amortisation of acquired intangible assets, the fair value changes of unhedged derivatives, the unwinding of the discount on deferred and contingent consideration, including related tax and foreign exchange impacts.

Exceptional and other non-underlying items for the year charged against operating profit amounted to £116.2m (2016: £79.1m) which included costs relating to bringing new businesses into the Group of £84.2m (2016: £68.2m). These costs are the result of acquisitions and can be broken down into four key categories.

Acquisition transaction costs of £19m which are the direct external costs associated with making an acquisition. They are primarily financial, legal, tax, environmental, anti-bribery and corruption due diligence plus representation and warranty insurance and other advisor fees. They comprised Letica £7m, BPI £5m, ESE £3m and Plastiape £1m, with £3m for other acquisitions made or considered during the year. This represents 1.6% of the enterprise value of acquisitions made during the year.

Integration costs are the one-time costs incurred to deliver synergies from the acquired businesses; the Group substantially completed the integration of the Promens sites during the year, and the total cost of the combined GCS, BPI and Promens integration programmes are now estimated at €190m with associated cash costs of €120m. The benefits associated with the overall optimisation of the cost base are projected to be at least €105m which is €5m better than the previous estimate. During the current financial year €77m (£67m) of costs had been incurred. During prior financial periods €83m (£63m) had been expensed leaving approximately €30m (£26m) to follow with completion expected during 2017/18. The £67m is predominately accounted for by integration costs, including severance and redundancy costs of £22m, asset impairments at closed sites of £11m, and other costs relating to the closure and transfer of businesses of £33m.

The realisation of synergies from acquired businesses by integrating their sites into the Group's existing operations where overlaps occur or opportunities to combine resources exist, including the elimination of duplicate offices and functions, is an important part of the Group's acquisition strategy. Less than 25% of the RPC sites, including those of the newly acquired businesses, were affected by these integration activities during the year, with most of the exceptional costs attributable to only those divisions into which the new businesses were integrated (principally RPC Bramlage into which most of the GCS sites have been integrated and RPC Promens) and RPC bpi. These integration activities are normally carried out as soon as practical from acquiring the business and are normally completed within 12 to 24 months depending on the complexity of the acquired business and the opportunity for synergies with the existing RPC businesses.

Other restructuring, closure costs, impairments and other losses of £6m include other integration costs which are not part of the Promens, GCS and BPI programme, and other restructuring costs including the refocusing of a Bebo division business in the Netherlands. The other impairment losses on property, plant and equipment of £1m relate to assets destroyed in a fire at a site in

Belgium, and the other exceptional costs of £2m comprise a number of smaller items, the largest one being the costs associated with the start-up in Brazil.

Remuneration and deferred consideration charges arise when there is an earn-out as part of an acquisition and the selling owner / management are retained within the business or there is a change in the expected level of payment. During this financial year there was a remuneration charge of £12m and a credit of £23m, the latter driven by the assumed payout in relation to the acquisition of Ace being lowered from 75% to 50%. The Ace arrangement is a four year earn-out which requires a four year EBITDA compound annual growth rate of 15.6% to pay out in full. The Ace charge amounted to £8m and the Letica earn-out was £3m. In respect to Letica a 100% payout would mean a charge of £4.4m going forward per month. Other earn-outs were immaterial at £1m.

The other non-underlying items fall into three categories.

Amortisation of acquired intangibles, which arises as a consequence of acquisition accounting, as on acquisition all assets and liabilities, tangible and intangible, are revalued at fair value, with the relevant amount of consideration paid for the business allocated to each asset. Intangibles take the form of intellectual property, brands, know-how and customer contacts. RPC amortises these amounts over 5-10 years. This charge for the year ended March 2017 was £31m (2016: £10m).

Non-underlying finance costs include interest associated with closed defined benefit pension funds of £5m (2016: £3m) and implied interest on deferred and contingent consideration associated with earn-outs, including exchange impacts of £10m (2016: £4m).

The tax effect of the above adjustments are also taken into account. In addition during the year the Group was able to access certain tax losses from prior year acquisitions which could not be previously recognised. The tax credit of £19m has also been reported as non-underlying within the tax charge and a deferred tax asset created for this amount. This will give rise to a cash tax benefit of this amount over an expected five to six year period. Given the size and nature of this tax credit, this has been excluded from the reported underlying tax figures.

INTEREST AND TAX

Net financing costs at £38.0m were higher than the prior year (2016: £20.2m), reflecting both the increase in net interest payable on borrowings of £22.8m (2016: £14.3m), which increased over the period due to the acquisitions made, and the increase in non-underlying finance costs as indicated above.

Adjusted profit before tax increased from £160.6m to £286.1m mainly as a result of the improvement in adjusted operating profit.

The tax rate on underlying activities for the Group varies based on a number of factors. Key drivers are the tax rates of the territories in which the Group operates and the level of profits in each territory. Other factors that can impact the effective tax rate include; assessment and recognition of deferred tax on losses, provisions for uncertain tax positions, local tax incentives (including research and development tax credits) and foreign exchange movements.

The tax rate on the adjusted profit before tax for the Group reduced to 22.8% (2016: 24.0%) for the year due to reductions in tax rates in some of the territories in which we operate (including the UK), changes in the profit mix and the utilisation of previously unrecognised tax losses. This resulted in an adjusted profit after tax of £221.0m (2016: £122.1m) and the adjusted basic earnings per share was 62.2p (2016 restated: 40.4p).

The Group's overall taxation charge was £22.7m (2016: £20.7m) resulting in a reported tax rate of 14.7% (2016: 27.4%). This was mainly as a result of the non-underlying tax credit referred to above and tax relief on certain exceptional and non-underlying costs.

NET PROFIT, EARNINGS PER SHARE AND DIVIDENDS

Reported profit after tax was £132.0m (2016: £54.9m), an increase of 140% on the previous year. This led to a basic earnings per share of 37.1p (2016 restated: 18.1p), more than doubling the performance in the prior year.

In line with the Group's progressive dividend policy of targeting a dividend cover of 2.5x adjusted earnings through the cycle, a final dividend of 17.9p has been recommended, making a total for the year of 24.0p (restated and 2016 restated: 16.0p), which is a 50% increase on the previous year.

All prior year earnings and dividend per share figures have been restated to reflect the bonus element of the rights issue in the year.

CONSOLIDATED BALANCE SHEET AND CONSOLIDATED CASH FLOW STATEMENT

The balance sheet of the Group was significantly strengthened by the acquisitions made in the year and the related funding arrangements. Goodwill increased by £750.0m as a consequence of the acquisitions and after taking account of exchange impacts. Other intangible assets increased by net £212.3m comprising mainly customer relationships, technology and brands capitalised on acquisition and new product development expenditure, net of amortisation charges.

Property, plant and equipment increased by £370.4m; capital additions were £183.9m which was £54.1m (42%) ahead of depreciation charged in the period, due to continued investment. The capex spend relating to current year acquisitions was £15.7m.

The £36.7m of derivative financial instruments largely 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 (USPP). The weakening of the euro against the US dollar has served to increase the value of these in the year.

Working capital (the sum of inventories, trade and other receivables and trade and other payables) was £220.3m, which was 6.2% of sales (annualised) compared with £140.2m at the previous year, 6.8% of sales. The decrease includes the impact of working capital reductions (synergies) made in the acquired companies.

STRATEGIC REPORT

FINANCIAL REVIEW

Continued

The Group had a net deferred tax liability of £117.1m (2016: £45.4m). Deferred tax assets of £116.1m (2016: £71.6m) represent the future tax benefit from settling net pension liabilities and the recognition of tax losses which are expected to offset tax due on future income streams, with part of the increase in the year reflecting the recognition of the exceptional tax credit of £19m referred to above. The deferred tax liabilities of £233.2m (2016: £117.0m) relate in the main to fixed asset and intangible asset temporary differences. The net current tax liability increased by £4.9m to £39.3m (2016: £34.4m) as a result of current year tax charges on profits, tax liabilities from acquisitions which were offset by payments made to tax authorities in the year. Included in the current tax liabilities are uncertain tax provisions, which although individually are not material in amount, represent a number of tax risks across a variety of jurisdictions including liabilities inherited on recent acquisitions. There were no significant movements in these during the year.

The long-term employee benefit liabilities increased from £150.3m at the prior year end to £256.0m, mainly due to the assumption of new pension liabilities from BPI, where £92.2m of long-term employee benefit liabilities mainly relating to its closed UK defined benefit scheme were acquired and was reported at £73.7m at the year end. Excluding this the long-term employee benefit liabilities increased due to the impact of lower discount rates on retired benefit obligations, giving rise to actuarial losses in the period and movements on exchange.

Provisions and other liabilities increased to £111.6m (2016: £102.5m), with the provisions arising on acquisition during the year offset by utilisations. The utilisations mainly relate to out of market contract provisions from acquired businesses committed prior to acquisition, which are generally utilised within 18 months of the acquisition date.

Capital and reserves increased in the period by £928.8m, the net profit for the period of £132.0m, the issue of shares to acquire new businesses of £770.0m, favourable exchange movements on translation, net share issues and share-based payments from employee share schemes being offset by dividends paid of £62.1m, unfavourable net fair value movements on derivatives and pension related net actuarial losses. Further details are shown in the Consolidated statement of changes in equity which is included in the financial statements.

CASH FLOW

Cash flow performance was strong with free cash flow at £239.0m, 95% ahead of last year (2016: £122.6m). Net cash from operating activities (after tax and interest on a statutory basis) was £276.5m compared with £150.9m in 2016, with higher cash generated from operations (after exceptional cash flows) of £332.9m, mainly due to the higher EBITDA, which benefited by £45.8m from businesses acquired in the year. Working capital inflows of £28.5m benefited from the realisation of working capital synergies of acquisitions made during the year and at the end of the previous year. This performance also includes further capital investments which were £45.4m ahead of depreciation for the year.

Net debt, which includes the fair value of the cross currency swaps that will be used to repay the USPP funding, increased by £305.1m and at the end of the year stood at £1,049.1m (2016: £744.0m). Net cash from operating activities, which is after interest and tax payments of £54.9m (including £12m attributable to acquisitions in the year), was utilised for, among other things, acquisitions in the year of £941.6m (including debt acquired of £3.5m), purchasing property, plant and equipment of £175.2m (of which £16m related to businesses acquired during the year), and for paying dividends of £62.1m. Additional proceeds were raised to fund the acquisitions from issuing shares, net of share purchases, of £624.1m and increasing borrowings from the banking group. Included in net cash from operating activities (and excluded from free cash flow) were payments of £81.1m relating to exceptional and non-underlying cash outflows, non-underlying cash provision movements of £39.4m, exchange rate movements of £35.9m and other movements in provisions and financial instruments of £8.2m.

Gearing decreased to 57% (2016: 83%) and reported leverage (net debt to EBITDA ratio) was 1.8. The average net debt during the year was £934m (2016: £496m).

FUNDING

During the year the Group undertook a share placement (c. 4% of issued share capital) raising £90m, in addition to raising £141m from issuing 16,505,511 shares to BPI shareholders, to fund the acquisition of BPI and then undertook a full one for four rights issue to raise capital of £552m (gross), in part for the Letica acquisition and to restore and provide additional headroom to continue with the Group's growth strategy. In addition the Group obtained further debt funding from its banking group, which now comprise eight international banks based in the UK, Europe and USA.

As at 31 March 2017 the Group had total finance facilities of approximately £2,245m with an amount of £1,128m undrawn after taking account of bank guarantees and other adjustments. The facilities are mainly unsecured and comprise revolving credit facilities (RCFs) of up to £870m with all eight banks maturing in 2020 and €450m with five banks maturing in 2019, USPP notes of $216m and €60m issued to 17 US life assurance companies maturing in 2018 and 2021, a term loan of $750m with seven banks maturing in 2018 (with the option to extend to 2020), mortgages of £13m, finance leases of £12m and other uncommitted credit and overdraft arrangements.

The Group does not actively use asset based finance or factoring arrangements as a means of raising additional finance.

The USPP notes were a debut issue raised in the USPP market in 2011, providing the Group with seven year and ten year dated borrowings. The Group has a NAIC-2 credit rating by the US National Association of Insurance Commissioners.

FINANCIAL KEY PERFORMANCE INDICATORS (KPIS)

The key measures of the Group's financial performance, which are measured on a continuing basis, are its return on net operating assets (RONOA) and return on sales (ROS). The hurdles confirmed by the Board in 2015 are for the Group to exceed 20% RONOA and 8% ROS. The increase in return on sales resulted from improved profitability in the pre-acquisition group, offset by the dilution of lower margin acquisitions. ROCE at 15.1% remains at a robust level, ahead of RPC's weighted average cost of capital. Free cash flow is higher than last year mainly as a result of increased adjusted operating profit. Cash conversion continues to improve.

TECHNICAL GUIDANCE 2017/18

The Group is providing the following technical guidance for 2017/18:

	Guidance 2017/18
Capex	c. £225m
Depreciation	c. £190m
Non-underlying cash provision utilisations	c. £30m
Tax rate	c. 24%
Interest	c. £30m
FX sensitivity	€1c move changes EBIT by c. £1.6m $1c move changes EBIT by c. £0.4m
Progressive dividend policy	Cover targeted to be 2.5 x across the cycle
Non Underlying costs	
Acquisition related expenditure	External cost on acquisition activity
Deferred consideration on earn-outs	Ace: 50% c. £5m pa Letica: 100% c. £55m pa
Promens / GCS / BPI integration costs	Income statement c. £26m (€30m) with c. £52m (€60m) cash
Other integration and exceptional items	c. £5m
Amortisation – acquired intangibles	c. £50m pa
Other non-underlying items	Minor Pension scheme interest c. £8m pa Interest on earn-outs c. £0.1m pa FX on earn-outs – dependent on FX rate movements

SIMON KESTERTON
Group Finance Director

7 June 2017

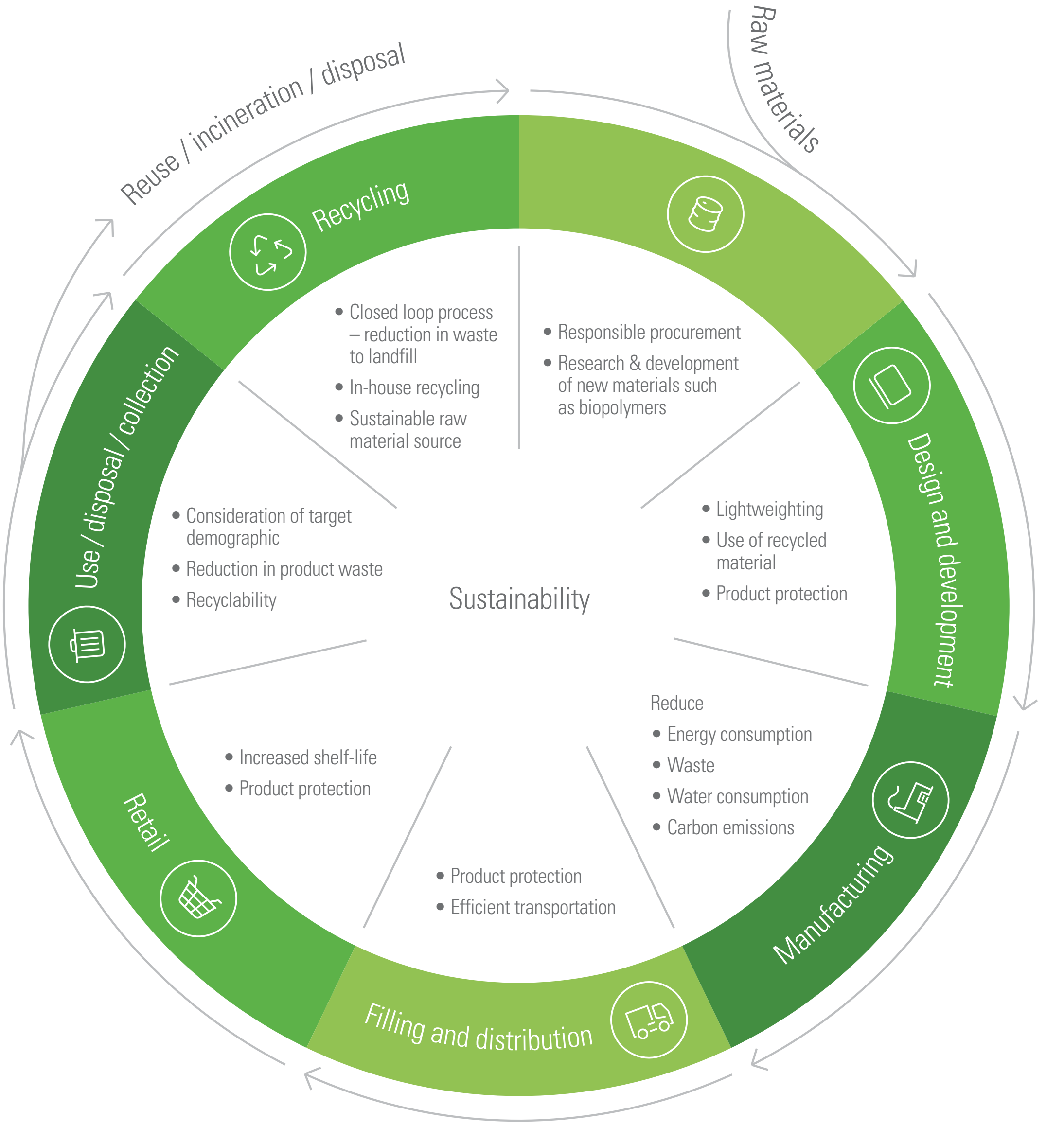
STRATEGIC REPORT

BEING RESPONSIBLE IN A GLOBAL MARKET

Corporate Responsibility

This section sets out how RPC has discharged its responsibilities to its key stakeholders including its shareholders, employees, customers, suppliers and the wider community.

THE PLASTIC PRODUCT LIFECYCLE



PRODUCT DESIGN, DEVELOPMENT AND INNOVATION

LIGHTWEIGHTING

The light weight of plastics makes a significant contribution to raw material usage, transport efficiencies and can contribute to a reduction in the carbon footprint of a product.

At RPC investments have been made in raw materials, tooling, process changes and machinery to be able to manufacture lighter packs, films and products that offer the same or improved technical performance – delivering enhanced sustainability benefits while ensuring products are still fit-for-purpose throughout all stages of the supply chain.

PRODUCT PROTECTION

Product protection is a key role of many of RPC's plastic solutions and can make an important contribution to preserving products and reducing waste.

Food waste is a global problem with around 1.3 billion tonnes of food wasted every year all over the world. RPC's food market solutions can help to reduce food waste through design features such as re-sealable packs and individual or smaller size packaging that allows effective portion control.

Food waste has at least ten times the environmental impact of packaging. Technology such as barrier bottles, jars, films and trays work to halt the effects of oxygen, light or moisture on the product to aid a reduction in food waste and prolong the shelf-life of food. In many non-food markets, plastics' robustness and longevity are also ideal for keeping a wide variety of products safer for longer and avoiding unnecessary waste for markets such as paint, DIY, personal care and cosmetics.

RPC also manufactures long-lasting bulk transport and storage solutions for both food and non-food products such as seafood, meat, recycling and by-products that maintain protection of the product throughout the supply chain.

SUBSTITUTING MATERIALS

Plastics' robustness and reliability at light weight make it the ideal alternative to many traditional materials, ensuring safety and practicality are not compromised in the achievement of a reduced carbon footprint and improved sustainability profile in both the packaging and non-packaging markets.

For the packaging market, 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. The use of plastic for packaging can reduce the environmental impacts through reducing resource consumption, reducing carbon footprint in comparison to heavier packs and improving transport impacts.

For the non-packaging market the use of plastic in applications such as vehicle parts, transportation, storage solutions and outdoor furniture can also provide a durable, low carbon alternative to traditional materials.

For some market areas RPC has also developed applications where oil based plastics have been substituted with biopolymers. The use of biopolymers can improve the environmental performance of plastic products through the use of renewable materials or by providing alternative disposal scenarios for plastic such as compostability or biodegradability.

USING RECYCLED PLASTICS

The use of recycled plastic, sourced from either a post-consumer or post-industrial origin can also improve the environmental impact of plastic products. The replacement of virgin plastic with recycled material diverts used plastics from landfill and incineration and also reduces the demand for virgin polymers.

The Group manufactures a variety of products using recycled plastics, predominantly PP, PE, PET and HDPE. Some examples of products manufactured incorporating recycled content include packaging for products such as paint, food, drink and personal care items, bin liners and agricultural film, storage boxes and garden appliances. The Group continues to research and develop ways in which either to increase current recycled content levels in products or to develop new applications that can use recycled plastics. In addition, we are working with various partners to explore the feasibility of closed loop initiatives that provide a commercially-viable means of collecting and recycling used plastics.

RPC Group also recycles plastics for use in second-life applications, see page 48 for more information.

STRATEGIC REPORT

BEING RESPONSIBLE IN A GLOBAL MARKET

Corporate Responsibility Continued

MANUFACTURING – OUR DIRECT ENVIRONMENTAL IMPACTS

ENERGY EFFICIENCY

Plastic conversion is by nature an energy intensive process that represents a considerable cost to the business. Energy consumption also represents the majority of direct environmental impacts from the Group's manufacturing operations; this can be seen in the greenhouse gas emissions reporting on page 47.

RPC is continually working to improve the energy efficiency of manufacturing processes through projects ranging from lighting alterations to replacing older manufacturing machines with more energy efficient models and the implementation of renewable sourced energy. Over the last few years an increasing number of RPC's manufacturing facilities have been accredited with the ISO 50001 Energy Management System. This accreditation provides the framework to improve energy efficiency through target setting and increased measurement and monitoring of energy use.

This year the Group kWh/tonne electricity consumption has decreased in comparison to last year. The Group undertakes a number of energy saving initiatives in its manufacturing sites, including replacing machinery with more energy efficient equivalents at the end of their use.

Although energy efficiency and the reduction of electricity usage per tonne is a major focus of the Group there are a number of areas that offset Group improvements. 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 multilayer packaging for the food market and complex packaging for the pharmaceutical and healthcare markets increases the complexity of the manufacturing processes which partly 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. RPC aims to reduce the impact on the environment by monitoring how much water is used for each tonne of product manufactured to ensure that water usage is kept to a minimum. Improvements have been made across the Group to reduce water usage or to reuse it within a closed loop system which reduces evaporative losses.

This year the Group water consumption per tonne before the effect of acquisitions has reduced in comparison to 2016; however due to the more water intensive nature of acquisitions during the year this has resulted in a net increase in water use.

WASTE AND RECYCLING

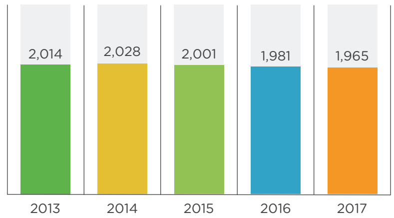
Polymer is a valuable resource and manufacturing sites operate at a high efficiency in terms of salvaging raw materials. Any material that cannot be reused is segregated and collected for recycling. The same applies to many other materials that are handled throughout the Group such as scrap metal, cardboard boxes / tubes, wooden pallets and shrink wrap. A number of our manufacturing facilities are certified as zero waste to landfill or are working towards this.

DISTRIBUTION

Transport of finished products is an area over which RPC does 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.

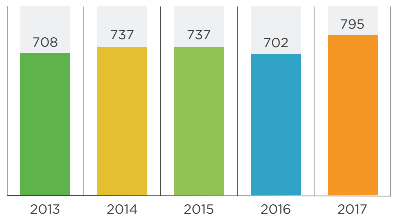
ELECTRICITY USAGE PER TONNE KWH/T

1,965 (0.8)%



WATER USAGE PER TONNE L/T

795 13%



GREENHOUSE GAS EMISSIONS REPORTING

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' and the IEA's CO_2 emissions from fuel combustion.

INCLUDED ACTIVITIES

GHG emissions from the purchase of electricity and combustion of fuel.

EMISSIONS

Absolute emissions have increased due to acquisitions in the period and the inclusion of the full year impact of previous acquisitions. The intensity ratio has decreased as a result of increased focus on electricity and fuel usage coupled with the Group's increased revenue.

	Tonnes of carbon dioxide equivalent (CO_2e)	
	2017	2016
Scope 1 emissions (Fuel combustion)	**20,828**	11,196
Scope 2 emissions (Electricity)	**552,919**	369,630
Total GHG Emissions	**573,747**	380,826
Intensity ratio:		
Tonne of CO_2 per £1m of revenue	**209**	231

RETAIL AND USE STAGES

The primary role of packaging within the retail environment is to protect, secure and deliver the product contents. The Group strives to offer 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 12, which determines the impact throughout the rest of the supply chain.

END-OF-LIFE SOLUTIONS

The Group's desire to improve the performance of the plastic products it manufactures at its facilities does not end when the item leaves manufacturing sites. RPC has taken a proactive stance with customers in designing plastic packaging and products to optimise reuse and recyclability as well as to ensure end-of-life collection.

The use of post-consumer recyclate (PCR) and post-industrial recyclate (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 waste incineration.

Through acquisition the Group now operates recycling facilities that guarantee the value of plastic is maintained for second-life applications and ensure that circular economy practices are encompassed by the business. For more information on the recycling capabilities of the Group see page 48.

Litter and marine litter is also an area of increasing focus within the plastics industry. Although packaging comprises only a small percentage of litter with most attributable to chewing gum and cigarette ends it is an area where the sector aims to reduce the environmental impact of packaging. RPC is a signatory to Operation Clean Sweep which aims to reduce the leakage of plastic pellets from plastic conversion facilities. RPC also supports work on litter through the various organisations and trade associations that it is a member of.

RPC'S ROLE IN THE CIRCULAR ECONOMY

A circular economy as opposed to a linear economy (make, use, dispose) is one in which resources are used efficiently to extract maximum value. These resources should then be recovered and regenerated into new products or materials at the end of their lifecycle.

The unique characteristics of plastics allow them to make a strong contribution to resource efficiency. Plastic products are lightweight, versatile, durable and recyclable and contribute to energy and resource savings in many markets. RPC supports the view of a circular economy in its requirement to be more resource efficient and increase plastic recovery and recycling.

At RPC, typical examples have included the development of reusable packaging, the recycling of plastic packaging and products and the use of recycled material in new products. Design also makes a critical contribution to ensuring that products are able to play a key role in the circular economy throughout their lifecycle - manufacture, distribution, use and end-of-use.

RPC is active in industry-wide programmes to further enhance plastics' sustainability. A recent pilot scheme tested the feasibility of establishing a closed loop recycling solution for used plastic paint containers; and RPC bpi recycled products are part of the New Plastics Economy, a three year initiative led by the Ellen MacArthur Foundation, which aims to develop a global and coordinated system for plastics in line with circular economy principles.

ESSENTIALLY RECYCLING

During the year RPC made two acquisitions that incorporate recycling capabilities into the Group; RPC bpi recycled products and ESE World. For further information on these acquisitions see pages 19 and 23.

Plastics recycling diverts used plastic from the waste stream and provides a valuable raw material resource for second-life applications in a variety of products.

RPC bpi recycled products is Europe's leading polythene film recycler, annually recycling over 70,000 tonnes of plastic waste from industrial, commercial, agricultural and domestic sources. They have the recycling experience and infrastructure to collect waste plastic from across Europe, and supply recycled, second-life products including refuse sacks, plastic wood and construction membranes.

ESE World manufactures a range of waste and recycling bins. They also operate a recycling service for waste bins that are no longer in use which has resulted in the successful recycling of over four million units. Mobile units are used to granulate the disused bins with the material then being transported to ESE production facilities to be converted into new bins. This process reduces transportation of bulk items and therefore contributes to reduced costs and CO_2 emissions.

The introduction of these two businesses to the RPC Group highlights our commitment to a sustainable, circular future for plastic.

STRATEGIC REPORT

BEING RESPONSIBLE IN A GLOBAL MARKET

Corporate Responsibility Continued

EMPLOYEES AND ETHICS

TRAINING AND DEVELOPMENT

The Group continues to support the training and development of both existing employees and apprentices. Many of our sites have their own apprenticeship schemes, including those at Bremervörde, Kutenholz and Oakham.

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 and 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.

GENDER DIVERSITY

TOTAL MALE
69%
TOTAL FEMALE
31%

Board	Male **5**	Female **2**
Management	Male **266**	Female **49**
All employees	Male **16,452**	Female **7,364**

CODE OF CONDUCT

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. The Group's Code of Business Conduct is available to all employees and 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 of conduct;
- comply with all applicable laws, rules and regulations in every country in which the Group operates;
- treat customers fairly, openly and honestly;
- 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.

HUMAN RIGHTS

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

The Group recognises that it has a responsibility to ensure that human rights are upheld in the supply chain. While the supply chain is generally located in the countries or regions in which the Group operates, RPC aims to engage with suppliers who source products or materials from at risk countries to promote compliance with relevant local legislation.

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 91 of the Group's manufacturing operations have ISO 9001 accreditation and 59 operating units have BRC / IOP accreditation.

MODERN SLAVERY

The Modern Slavery Act 2015 introduced changes in UK law that focused on increasing transparency in company supply chains. Its principal purpose was the consolidation of existing criminal offences relating to modern slavery (including slavery, servitude, forced and compulsory labour and human trafficking), provide law enforcement agencies with enhanced tools to address the issue and increase protection for victims.

The Board has approved an appropriate slavery and human trafficking statement that reflects RPC's particular risk profile, the complexity of its supply chains, and the industry and jurisdictions where it operates. The full statement can be found on the Group's website.

STRATEGIC REPORT

BEING RESPONSIBLE IN A GLOBAL MARKET

Corporate Responsibility Continued

HEALTH AND SAFETY

REVIEW OF THE YEAR

The Group continues to place safety at the forefront of everything that we do and strives to develop a perpetual safety culture, in which all employees make our operations safer places to work and to visit.

Developing and improving this culture is a continuous process. Another year of growth and the integration of additional businesses into the Group presented us with the challenge of transferring our culture and requirements for safety as well as presenting us with the opportunity of learning from the knowledge and procedures residing within the acquired businesses.

Each new business and individual site is benefiting from the step by step implementation of the RPC Safety System. However, the combination of different manufacturing processes and the different emphasis and focus placed on health and safety culture by new members of the Group still remains, although we are seeing real improvement in the behaviour and the visibility of the safety culture at all sites as a direct result of these efforts.

Work is ongoing in the establishment of best practice in the more recently acquired technologies and the Group is engaged in the sharing, adaptation and adoption of these improvements as necessary. Specific training events and partnerships with key RPC safety personnel are beginning to show positive results.

The development of the Group's divisional structure is delivering improvements as it rolls out the RPC safety system to more and more parts of the Group. RPC also learns from the processes and activities that are already in place in the new businesses. The Group also acquires talented professional safety practitioners in some of the new businesses. This results in a two way development process and RPC's open and collaborative approach ensures that the Group as a whole is the key beneficiary.

RPC's focus on safety is one of the most noticeable differences experienced by new employees upon acquisition and 'sets the scene' for integration. As this is often the first experience of RPC for many people it is both positive and easy to understand and accept. This helps to pave the way for further business improvements and engagement as we all move forward together.

In March 2017 the annual safety conference was held and attended by 150 colleagues from throughout the Group. As has been the case in recent years, the event's primary objectives were to build on the safety network, forging links between safety managers by region and technology and to train them in both the requirements of the RPC Blue programme as well as the specific areas in the business that sees the highest levels of risk or where sites have the greatest difficulty in building sustained compliance.

The two day event included lectures and workshops along with a participative planning event for the audits and the auditor apprenticeship programme. The resulting training and discussions will help to improve the resources and best practices, shared via the RPC intranet, and to learn from colleagues.

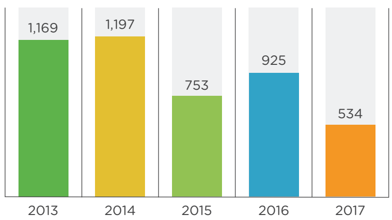
The safety conference proved to be an excellent opportunity to explain the vision of RPC as an attractive business to work for because of the overt interdependent culture of safety and healthy working, ensuring that we can attract and retain the best people in our businesses and further develop through their enthusiastic involvement in our daily business.

ACCIDENT STATISTICS

The Group shows an improving trend in the Reportable Accident Frequency Rate (RAFR) (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 100,000) of 534, a sustained improvement on the result of last year: 925. Following the disappointing performance of the acquired businesses in 2015/16, the overall Group has shown a marked improvement with RAFR improving by 42% to 534.

REPORTABLE ACCIDENT FREQUENCY RATE (R)

534 (42.3)%



SAFETY WEEK 2016/17

Safety week is the highlight of the year and a real opportunity to reaffirm commitment to safety and an opportunity to make step changes in all parts of the business.

The hugely popular competition to come up with an appropriate slogan for the week was won by a safety manager from the newly acquired GCS business. The slogan 'Our Safety = My Priority' was chosen due to its fit with RPC's clear understanding that safety remains the first priority for all employees at whatever level and underlines the expectation that everyone should be looking out for colleagues' safety at all times.

Safety week itself was a great success, and served as an introduction for those businesses that were new to the Group including GCS and BPI. The level of participation was at an all-time high and demonstrates that the commitment to safety is becoming embedded in the culture.

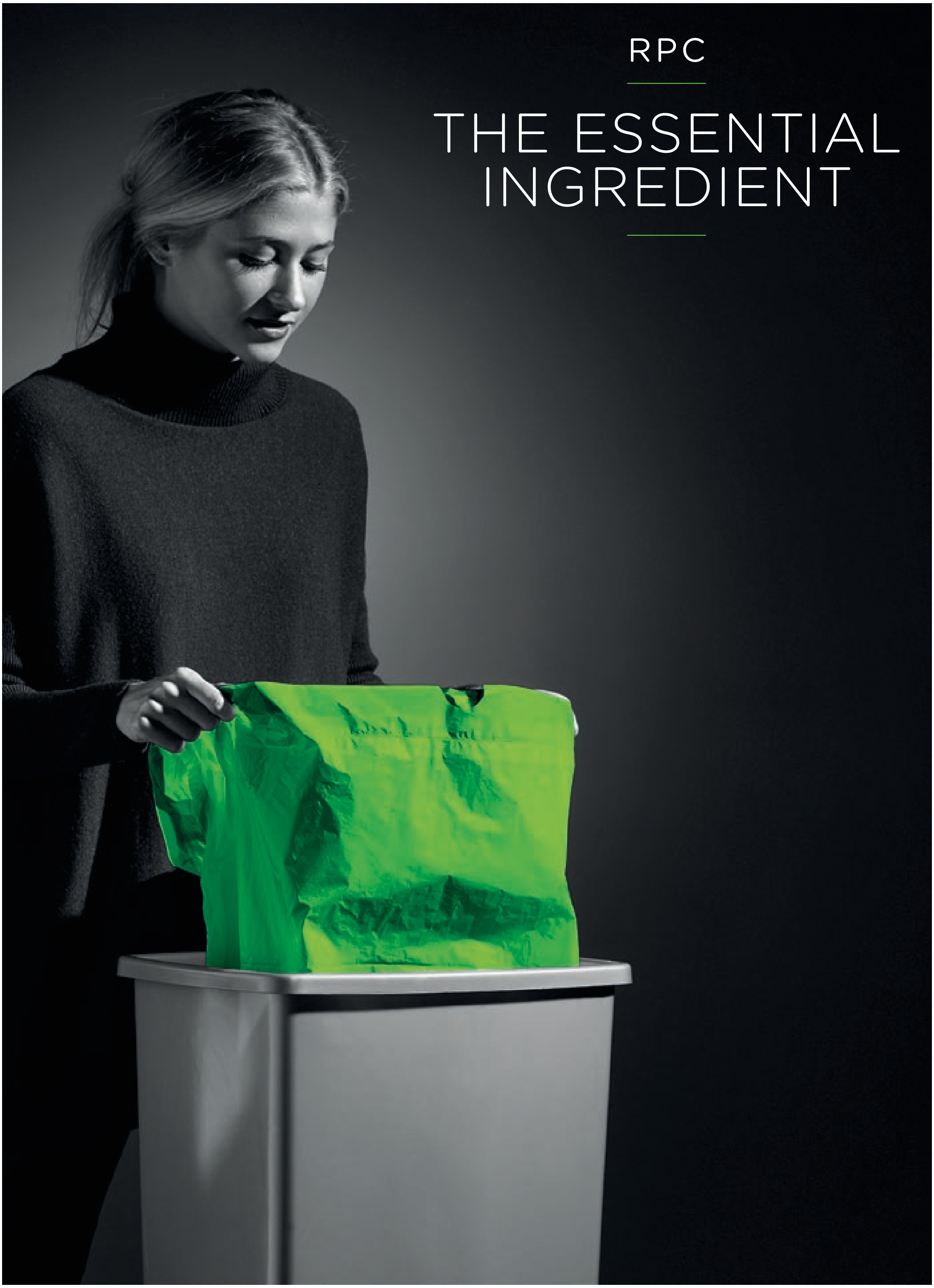
ASSURANCE

RPC continues to conduct the Safety Climate Survey, a statistical tool which provides an indication of the level of our safety culture at all sites and which provides an ability to provide analysis down to a departmental level. The FY 2016/17 saw the results of the survey being used to drive improvements in the usability of procedures - making it easier to do the job safely. This is a large task when done properly and improvements, as a direct result, can be seen in this area at those sites where the survey has been carried out in successive years. Those sites that were new to the Group undertook the survey for the first time in safety week. Focus on this is important as improvement can only be achieved by working closely with the people who are involved in the day-to-day delivery of our business, listening to them and developing their ideas into workable procedures that can be applied to all employees. This focus is likely to continue for some time.

Work with Willis to develop and deliver RPC's safety auditing programme; "RPC Blue" continues. After a period where change in this area has been kept to a minimum, further to the increase in the scale of the Group, the opportunity has been taken to fully review our audit programmes. Following this review a number of amendments have been made as set out below:

- The baseline audit, that sets out the basic requirements many of which go further than local legal compliance expected as a member of the Group, has been reviewed and updated. It will remain the benchmark for new sites upon acquisition and for the first two years operating as part of RPC.
- "Tier A"and "Tier B" audits have been removed and replaced with a new "Advanced Audit" which strikes the right balance of breadth and depth, removing some areas which sites found to be confusing. Larger sites will be audited over two days to ensure that all aspects of the audit can be covered in depth.
- An audit calendar is in place and every site will be audited annually, with new sites being audited as soon after acquisition as possible.
- The audit process will become tablet based which will enable more detailed audits and greater use of photography to provide the audit more quickly and in a more detailed format. This will increase the value gained from the audits as this is directly attributable to improved understanding at site level and the step changes made following the audit. The audit reports, accident statistics and climate survey continue to be amongst the main drivers in the safety improvement plan for each site.

The auditor apprenticeship programme and the two person audit - carried out by a lead auditor and an apprentice auditor is proving beneficial, both to the quality of the audits and the knowledge and experience of the auditors. The Group is building the 'bench strength' of quality auditors which is essential as the Group continues to grow in line with its published strategy. The number of lead auditors has more than doubled, however these individuals remain in their site roles, enabling the knowledge acquired as part of the audit process to be transferred between sites and implemented. This builds on the culture of site ownership of all improvements which has historically proven to be the best way of embedding improvements for the long term.


RPC
THE ESSENTIAL INGREDIENT

GOVERNANCE

CHAIRMAN'S INTRODUCTION

JAMIE PIKE
Chairman

I am pleased to introduce RPC Group's 2017 Directors' Report.

Maintaining a governance framework that supports the Company's long-term strategic objectives is a key responsibility of the Board. In this report and those of the principal Committees that follow, we explain how we applied the principles of the UK Corporate Governance Code (the 'Code') during the year.

An updated version of the Code was published by the Financial Reporting Council (FRC)[1] in April 2016 and will apply to the Company for the year ending 31 March 2018. Although the Board is already looking at its impacts, we will not report formally in accordance with the revised Code until next year's report. As a result all references to the Code this year relate to the 2014 edition.

The dynamic culture at RPC means that we are constantly challenged by the need to evaluate the nature of the Company's policies and procedures, systems and processes that are in place to ensure we meet all of our obligations in the areas of the world in which we operate. Ensuring that these remain appropriate and fit-for-purpose is something that is considered to be of key importance to not only the Board but also the Extended Executive team and the wider organisation.

MARKET ABUSE REGULATION

During the year and in direct response to the introduction of the new Market Abuse Regulation in July 2016, the Company established a Disclosure Committee comprising the Chief Executive, Group Finance Director, Head of Corporate Development and the Company Secretary in order to oversee the Company's compliance obligations.

SUCCESSION PLANNING

The Board has adapted well in order to confront those challenges that arrive with scale and complexity. I plan to remain focused on ensuring that we have a Board that will work effectively and collaboratively and that possesses the correct balance of skills and experience to provide the right stewardship for the Group now and in the future.

As previously announced Heike van de Kerkhof resigned from the Board with effect from 24 November 2016. As a result the Nomination Committee led the search for a suitable replacement. The recruitment process that was followed and the induction provided to new members of the Board more generally is described in more detail in the Nomination Committee report on page 62. The successful completion of this process meant that I was delighted to formally welcome Dr Ros Rivaz onto the Board in March this year.

As in previous years, all directors will be seeking election or re-election at our forthcoming Annual General Meeting (AGM) and full details can be found in the Notice of AGM (Notice).

Oversight of the Company's financial reporting and ensuring appropriate remuneration policies are aligned to long-term success is delegated to the Audit and Remuneration Committees. Full details of their activities can be found in their respective reports.

I am confident that the Board and governance structures in place provide a solid base for the Group's continued growth and success.

REMUNERATION

Aligning the interests of our executive directors and employees with those of our investors remains the key driver behind our Remuneration policy. This approach is further detailed in the Remuneration report on pages 69 to 80. We are conscious of the need for the remuneration arrangements to be aligned with and drive the Vision 2020 strategy and that remuneration outcomes should reflect business performance.

Whilst the primary focus of incentive arrangements is on profit related metrics, a number of other key financial metrics are incorporated into the incentive arrangements including return based measures in both the annual and long-term incentive plans. Whilst the Group continues to focus on its health and safety performance and culture, Reportable Accident Frequency Rate (RAFR) has been removed as a moderator from the Annual Bonus Plan for 2017/18 in order to increase the weighting on the key financial metrics of Return of Capital Employed (ROCE) and free cash flow (FCF). However, the Committee maintains the discretion to reduce bonus outcomes if overall performance is unsatisfactory and this includes an assessment of actual RAFR performance during the year.

The appropriateness of the annual bonus and long-term incentive measures remains a key item on the Remuneration Committee's annual agenda and will form a key part of its deliberations ahead of the next Remuneration policy review.

COMPLIANCE STATEMENT

The Board has considered and is of the view that the Group has complied with the provisions of the Code throughout the year ended 31 March 2017 with the exception of Code B.1.2 number of independent directors, Code B.2.1 membership of Nomination Committee, Code C.3.1 membership of the Audit Committee and Code D.2.1, membership of the Remuneration Committee. This was as a result of the resignation of Heike van de Kerkhof on 24 November 2016, which reduced the number of independent directors to less than half the Board. This position has been addressed following the recruitment and appointment of Dr Ros Rivaz on 30 March 2017.

JAMIE PIKE
Chairman

7 June 2017

1 A copy of the Code can be found on the FRC's website www.frc.org.

GOVERNANCE

BOARD OF DIRECTORS AND COMPANY SECRETARY

JAMIE PIKE N*

NON-EXECUTIVE CHAIRMAN

Term of office:

Appointed as non-executive Chairman on 23 July 2008.

Experience:

Jamie joined Burmah Castrol in 1991 and rose to Chief Executive of Burmah Castrol Chemicals before leading the buy-out of Foseco in 2001 and its subsequent flotation in 2005. He was Chief Executive of Foseco plc until it was acquired by Cookson Group plc in April 2008. Currently non-executive Chairman of Ibstock plc and Senior Independent Director of Spirax-Sarco Engineering plc. Previously non-executive Chairman of Tyman plc and a non-executive director of RMC Group plc, Kelda Group plc and the Defence Support Group. He was also Chairman of a US plastics recycling business, MBA Polymers Inc and Lafarge Tarmac Holdings Limited.

DRS PIM VERVAAT

CHIEF EXECUTIVE

Term of office:

Joined RPC as Finance Director on 1 November 2007 and was appointed Chief Executive with effect from 1 May 2013.

Experience:

Pim joined Dutch metals producer, Hoogovens Groep in 1987 and held various finance positions in the Netherlands, Germany and Belgium before working for Dutch ship propulsion producer Lips Group as Chief Financial Officer in 1996. In 1999 he returned to Hoogovens Groep (acquired by Corus) and in 2004 became Finance Director of the £3bn turnover Corus Distribution and Building Systems Division. During this time Pim also chaired the Supervisory Board of a Norwegian joint venture, Norsk Stal. He is a non-executive director and chair of the Audit Committee of Avon Rubber Plc.

SIMON KESTERTON

GROUP FINANCE DIRECTOR

Term of office:

Joined RPC on 1 April 2013 and was appointed Group Finance Director with effect from 1 May 2013.

Experience:

Simon's career in finance began in the engineering and manufacturing industry in the 1990s and developed into leading financial roles in British Federal and the European business of automotive supplier Collins & Aikman Inc. In 2006 he was 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.

MARTIN TOWERS A* R N

SENIOR INDEPENDENT DIRECTOR

Term of office:

Appointed as an independent non-executive director on 1 April 2009 and Senior Independent Director with effect from 1 April 2012. Martin is Chairman of the Audit Committee.

Experience:

A Fellow of the Institute of Chartered Accountants in England and Wales, Martin began his career with Coopers & Lybrand (now PwC). Appointed Group Finance Director of McCarthy & Stone plc in 1990 and subsequently, Group Finance Director of The Spring Ram Corporation plc, Allied Textile Companies plc and Yorkshire Group plc. Martin was also Group Finance Director of Kelda Group plc from 2003 until its takeover in February 2008. He was Chief Executive of Spice plc from June 2009 until its sale in December 2010.

He is non-executive Chairman of Norcros plc and Tyman plc where he was previously the Audit Committee Chairman and Senior Independent Director.

He was previously a non-executive director of Homestyle Group plc from 2004 to 2006 becoming Audit Committee Chairman and Senior Independent Director and a Non-Executive Director and Chairman of the Audit Committee of KCOM Group PLC between 2009 and 2015.

DR LYNN DRUMMOND R* N A

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term of office:

Appointed as an independent non-executive director with effect from 16 July 2014, Lynn is Chair of the Remuneration Committee.

Experience:

Lynn was a Managing Director at NM Rothschild & Sons Ltd until 2010, having joined the investment banking division in 1994, establishing and growing the advisory / M&A practice in the pharmaceutical and life sciences sector. She previously worked in the Cabinet Office as Private Secretary to the Chief Scientific Adviser.

Lynn is currently the non-executive chair of consumer healthcare companies, Venture Life plc and InFirst Healthcare Limited. Previous appointments include Non-Executive director of Shield Therapeutics Limited and Iron Therapeutic Holding AG. Non-Executive director and member of the Audit and Nomination Committees at Consort Medical plc from 2011 to 2014 and Non-Executive director of Allocate Software plc from 2012 to 2014.

DR ROS RIVAZ R N A

INDEPENDENT NON-EXECUTIVE DIRECTOR

Term of office:

Appointed as an independent non-executive director with effect from 30 March 2017.

Experience:

Ros is currently a non-executive director and member of the Audit, Remuneration and Nominations Committees at Boparan Holdings Limited and Computacenter plc. She also serves on the Board and Remuneration Committee of the MoD Defence Equipment & Support group. Ros was previously a non-executive director and Chair of the Remuneration Committee at Rexam plc until the completion of its acquisition by Ball Corporation on 30 June 2016. Ros served as Chief Operating Officer of Smith & Nephew plc and has held senior management positions at Exxon, Diageo, ICI and Tate & Lyle in the areas of supply chain management, logistics, manufacturing, IT, procurement and systems.

PROF. GODWIN WONG N

NON-EXECUTIVE DIRECTOR

Term of office:

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

Experience:

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

NICK GILES

COMPANY SECRETARY

Term of office:

Appointed as Company Secretary on 31 March 2016.

Experience:

Before joining RPC, Nick was Corporate Services Director and Company Secretary at Dialight plc, and was previously Company Secretary at Charter International plc, Corporate Secretariat Manager at Allied Domecq plc and Assistant Company Secretary at Emap plc. He is Secretary to the Board and its principal Committees.

Key

- A Audit Committee member
- N Nomination Committee member
- R Remuneration Committee member
- * Denotes Committee Chairman

GOVERNANCE

CORPORATE GOVERNANCE

THE ROLE OF THE BOARD

The Board is principally concerned with the overall leadership, strategy and development of the Group in order to promote success for the benefit of its stakeholders as a whole within a framework of effective controls which enable risk to be assessed and managed. The Board sets the Group's strategic objectives, ensures that the necessary resources are in place 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 Group's employees, relationships with suppliers and customers, and the impact of the Group's operations on the community and the environment and maintaining RPC'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, 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.

The Board has appointed Audit, Remuneration and Nomination Committees, all of which, with the exception of those areas covered in the Compliance Statement on page 53 complied with the provisions of the Code during the year. Copies of the terms of reference for all Committees are available from the Group's Company Secretary at Sapphire House, Crown Way, Rushden, Northamptonshire NN10 6FB (Registered Office) or can be found on the Group's website at www.rpc-group.com.

The Board meets at least six times each year with at least one meeting being combined with a visit to one of the Company's local sites providing an opportunity to meet the local management teams and see different parts of the business. One meeting a year is also dedicated to the discussion of Group strategy. The number of Board and Committee meetings held during the year and attendance by their members is given in the table on page 58. Those directors who are unable to attend a particular meeting receive the agenda and meeting papers and provide the Chairman with their comments in advance. Divisional Chief Executives are invited to present to the Board on divisional strategy and other key aspects of their business from time to time. The frequency of meetings forms part of the Board performance evaluation process on an annual basis.

CHAIRMAN

CHIEF EXECUTIVE

SENIOR INDEPENDENT DIRECTOR

NON-EXECUTIVE DIRECTORS

BOARD OF DIRECTORS

Overall leadership, strategy and development of the Group

NOMINATION COMMITTEE

Reviews the size, composition and balance of the Board

More on: Page 62

AUDIT COMMITTEE

Reviews and challenges financial reporting and accounting policies. Reviews internal control and the external auditor

More on: Page 64

REMUNERATION COMMITTEE

Sets and reviews remuneration policy for the executive directors, Chairman and certain members of senior management

More on: Page 69

EXTENDED GROUP EXECUTIVE TEAM

DIVISIONAL MANAGEMENT TEAMS

Delegated responsibility for the day-to-day management of the Group

DIVISION OF RESPONSIBILITIES

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the Chairman and the Chief Executive are clearly defined and set out in a written statement on the division of responsibilities that has been approved by the Board.

Jamie Pike, as Chairman, is primarily 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 Board considered that on appointment, Jamie Pike met the independence criteria set out in provision B.1.1 of the Code. The Board is satisfied that Jamie's external commitments do not interfere with the performance of his duties for RPC.

During the year the Chairman held a number of informal meetings with the other non-executive directors in order to discuss Board related matters without the executive directors present.

Pim Vervaat, Chief Executive is responsible for the day-to-day running of the Group's business, except for matters specifically reserved for the Board, proposing and developing Company strategy and commercial objectives in consultation with the Board, and implementing decisions of the Board and its Committees.

GOVERNANCE

CORPORATE GOVERNANCE

Continued

THE SENIOR INDEPENDENT DIRECTOR

Martin Towers was the Senior Independent Director throughout the year under review and up to the date of this report. As part of his role Martin is available to meet with major shareholders on request and to enable shareholders to voice any concerns that cannot be raised through the normal investor communication channels of Chairman, Chief Executive or Group Finance Director. Martin also 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 Jamie Pike's performance.

THE NON-EXECUTIVE DIRECTORS

At the date of the completion of this report the Company currently has four non-executive directors, whose role, alongside their general duties and responsibilities, 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.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Jamie Pike	7/7	N/A	3/3	N/A
Pim Vervaat	7/7	N/A	N/A	N/A
Simon Kesterton	7/7	N/A	N/A	N/A
Lynn Drummond	7/7	3/3	3/3	5/5
Heike van de Kerkhof*	4/7	1/3	0/3	3/5
Ros Rivaz **	N/A	N/A	N/A	N/A
Martin Towers	7/7	3/3	3/3	5/5
Godwin Wong	7/7	N/A	3/3	N/A

*Resigned on 24 November 2016

**Appointed with effect from 30 March 2017

EFFECTIVENESS

BOARD COMPOSITION AND INDEPENDENCE

The Board comprises a total of seven directors. These include Jamie Pike, non-executive Chairman, Martin Towers, Lynn Drummond and Ros Rivaz as independent non-executive directors, Godwin Wong as a non-executive director and Pim Vervaat and Simon Kesterton as executive directors. Biographical details and their roles, Committee membership and significant external commitments are shown on pages 54 and 55. Changes to such commitments are reported to the Board as they arise. Ros Rivaz was appointed as a non-executive director on 30 March 2017 replacing Heike van de Kerkhof who resigned from the Board on 24 November 2016.

The non-executive directors bring valuable knowledge, a broad range of experience and strong, independent character and judgement to the Board's decision-making process. Excluding Godwin Wong, the Board remains of the view that all other non-executive directors can be considered independent under the Code. It is the view of the Board that Godwin Wong, does not meet the material business relationship criteria for independence under Code provision B.1.1. as he was a director and business adviser to Ace Corporation Holdings Ltd which was acquired by RPC on 2 June 2014. There are no other relationships or circumstances which were likely to affect, or could appear to affect, the directors' judgement.

Non-executive directors are appointed to the Board for terms of three years (or less), subject to annual re-election, 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, re-appointment of non-executive directors and for setting the level of fees they receive in return for their position. 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 re-appointment on completion of two terms of three years. Non-executive directors may not normally serve longer than nine years.

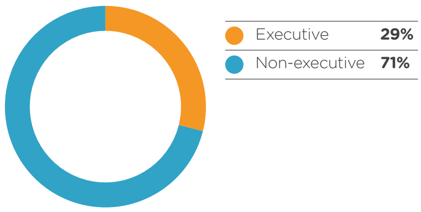
Although the Company's Articles of Association (the 'Articles') contain provisions governing the election and re-election of directors, the Board has adopted a policy of annual re-election of all directors in accordance with the provisions of the Code. Consequently, all the directors in office at the date of this report, will submit themselves for election, in the case of Ros Rivaz or re-election in the case of all other directors on an individual basis at the forthcoming AGM and annually thereafter.

The Board confirms that each director seeking election or re-election at this year's AGM, continues to be effective and demonstrate independence of character and judgement and commitment to the role and therefore recommends their re-election.

Owing to the fact that Jamie Pike will have served on the Board for nine years in July 2017, a rigorous review led by Martin Towers was undertaken before a recommendation that it is in the best interests of the Company that the Chairman be proposed for re-election at the forthcoming AGM.

The Remuneration Committee has the responsibility for approving executive directors' service contracts. Details of these are given in the Directors' Remuneration report on page 80. Copies of executive directors' service contracts and terms and conditions of appointment for non-executive directors are available for inspection at the Registered Office and prior to the AGM.

BOARD COMPOSITION



GOVERNANCE

CORPORATE GOVERNANCE

Continued

DIRECTORS' CONFLICTS OF INTEREST

Under the Companies Act 2006 (CA 2006), a director must avoid a situation where he or she 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 CA 2006, the Articles 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.

In May 2016, the Board held its annual 'away day' meeting at Astra Plastique SAS near Lyon in France. Part of the newly acquired GCS Group, an acquisition that had completed in March 2016, time was spent with a detailed and informative tour of the site, alongside a number of presentations from key members of the local management team.

INFORMATION AND 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 stimulate debate and to discharge its duties. There is a procedure for directors to take independent professional advice at the Company's expense, where necessary. In addition, all Board members have access to the advice and services of Nick Giles, the Company Secretary, at all times.

Nick is responsible to the Board for ensuring that procedures are followed, applicable rules and regulations are complied with and for providing appropriate advice 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, its Committees, between executive and non-executive directors and facilitating induction of new members of the Board as required.

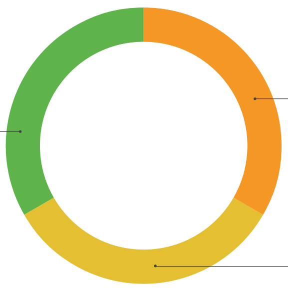
All newly appointed directors receive a formal induction program that is tailored to their requirements. This ensures that they are fully aware of and understand the obligations of their role pursuant to law and relevant regulation and best practice as well as providing individuals with a detailed insight into the Group's business and operations.

Newly appointed directors will receive key information concerning the role of the Board and matters reserved for its decision, terms of reference and membership of the Board's Committees, corporate governance policies and procedures and the latest financial information about the Group. This is supplemented by meetings with key personnel in the wider business including the executive directors and Extended Executive team as well as through visits to key operating locations with the opportunity to meet local management. 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 technology, processes and the industry at scheduled Board meetings or on an ad hoc basis as necessary.

Following the appointment of Ros Rivaz to the Board in March 2017, a detailed schedule of meetings with the Divisional Chief Executives and tours of key locations has been arranged. These cover all areas of the Group's operations.

Directors have access to training to develop their understanding of key issues and keep up to date with relevant legal and regulatory developments 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 be able to fulfil their roles on the Board and Committees. The Company Secretary also briefs the Board on corporate governance matters and relevant changes to corporate laws and regulations where necessary as well as facilitating professional development by circulating details of and arranging attendance at seminars. Executive directors may also attend seminars on topics of particular relevance to their roles.

ACTIVITY DURING THE YEAR



GOVERNANCE, INTERNAL CONTROLS AND RISK

- Risk appetite and principal risks
- Health & Safety
- Market Abuse Regulation 2016
- Modern Slavery Act 2015
- AGM resolutions and voting
- Board evaluation

STRATEGY AND OTHER BOARD MATTERS

- Strategy
- Board composition
- Key investments including acquisitions

FINANCIAL PERFORMANCE

- Annual and Half Year results and dividends
- Market and broker updates
- Capital structure and funding
- Annual Budget
- 3 year plan
- Defined benefit pension liabilities

PERFORMANCE EVALUATION

The Board conducts an annual review of its performance and that of its Committees and the individual directors. A review was undertaken by an external facilitator, Independent Audit Limited (IA), a firm of specialist Board governance consultants during the year ended 31 March 2016. The current intention is to conduct the next externally facilitated evaluation during the 2018/19 Financial Year.

For the year under review the Board will complete bespoke questionnaires that have been developed and adapted in conjunction with IA. The Board and Committees will be presented with the results of the exercise in the form of a summary report at its July meeting and will provide a detailed summary of findings and actions in next year's report.

Additionally, drawing on the Board and Committee reviews and using individual director questionnaires, the Chairman will undertake a review of the performance of all non-executive directors and the Senior Independent Director will consider the performance of the Chairman. The results of these individual reviews and any improvements or personal objectives are discussed with the relevant directors on a one to one basis.

IA do not have any other connection with the Company.

INFORMATION INCORPORATED BY REFERENCE

The Chairman's introduction on page 53, the Audit Committee report on pages 64 to 68 and the other statutory information section on pages 81 to 83 are incorporated into this corporate governance statement by reference.

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 64 to 68. The number of meetings of the Committee and attendance are given in the table on page 58.

NOMINATION COMMITTEE

The members of the Nomination Committee and its Chairman, its role, responsibilities and activities during the year under review are set out in the Nomination Committee report on page 62. The number of meetings of the Committee and attendance are given in the table on page 58.

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 69 to 80. The number of meetings of the Committee and attendance are given on page 58.

RELATIONS WITH SHAREHOLDERS

RPC is committed to maintaining an effective dialogue with existing shareholders and potential investors including both institutional and private investors. The Group website www.rpc-group.com/corporate/investors allows access to Company information, Annual Reports and results presentations. Directors, normally the Chairman, Chief Executive or Group Finance Director, hold regular meetings with institutional investors at which the Group's past performance and strategy may be discussed. Private shareholders can raise questions through the Company Secretary.

MARKET COMMUNICATIONS

The Board is aware of its obligations under the Disclosure and Transparency Rules (DTR) and the Market Abuse Regulations. We continue to publish Trading Updates following the removal of the requirement to provide Interim Management Statements.

All announcements that have been made by the Company and published through the Regulatory Information Service can be found at http://www.rpc-group.com/corporate/investors/regulatory-news.

BOARD COMMUNICATIONS

The Board is provided with brokers' reports, surveys on shareholders' views and feedback from shareholder meetings at regular intervals. Both the Chief Executive and the Group Finance Director report on all Investor Relations activity that has taken place preceding the Board meeting and details on the Company's share register and major shareholders is included with the papers at scheduled Board meetings.

INVESTOR MEETINGS

During the year the Chairman has discussed RPC'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 appropriate laws and regulations.

ANNUAL GENERAL MEETING

The Notice of the AGM and related papers will be sent to shareholders at least 20 working days before the meeting. All directors attend the AGM if at all possible and therefore in normal circumstances the Chairs of the Audit, Remuneration and Nomination Committees are available to answer questions.

GOVERNANCE

NOMINATION COMMITTEE REPORT

JAMIE PIKE
Chairman of the Nomination Committee

I am pleased to present this year's report from the Nomination Committee (Committee). Amongst its other responsibilities 2016/17 has seen the Committee actively engaged in the recruitment process for a new non-executive director.

MEMBERS

- JAMIE PIKE (CHAIRMAN)
- LYNN DRUMMOND
- HEIKE VAN DE KERKHOF (resigned on 24 November 2016)
- DR ROS RIVAZ (appointed 30 March 2017)
- MARTIN TOWERS
- GODWIN WONG

All members of the Committee, with the exception of Godwin Wong, are considered to be independent pursuant to the Code. All Members with the exception of Heike van de Kerkhof who served until her resignation from the Board on 24 November 2016 and Ros Rivaz from her appointment on 30 March 2017, served throughout the year.

The Committee reviewed and updated its terms of reference in accordance with best practice in 2013 and these can be found on the Company's website or are available from the Company Secretary at the Registered Office. The terms of reference will be reviewed during the course of 2017/2018.

BOARD COMPOSITION

The 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, professional and academic experience from accounting, finance and consultancy to manufacturing, engineering, supply chain, logistics, IT and systems, pharmaceuticals and healthcare. Between them the directors have experience of doing business in the UK, Europe and in the USA, South America, India and the Far East. The large number of acquisitions that have been completed and the expansion of the Group into new jurisdictions means that it will remain of primary importance to ensure that the mixture of skills and experience is as broad as possible in the coming year. Of the directors in office at the date of this report, one is Dutch and another is a Chinese US national and there are both male and female members of the Board. The Board has endorsed a policy on diversity, including gender, recommended by the Nomination Committee.

COMMITTEE RESPONSIBILITIES

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 58. The Chief Executive and Group Finance Director attend 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 re-appointment 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 the time commitment required from them and makes recommendations to the Board.

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

The Committee is responsible for recommendations for appointments, reappointment 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 Committee, through the Board, has noted the publication and contents of the Report of the Hampton Alexander Review on improving gender balance in FTSE 100 leadership and the Report of the Parker review on the external diversity of Boards. It will consider these further during the coming year.

The policy currently 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.

During the year, the Committee, led the process to appoint an additional non-executive director to fill a vacancy following the resignation of Heike van de Kerkhof in November 2016. The Committee recruits using independent external search consultants, on this occasion, Korn Ferry, and prepares a description of the role and capabilities required for the preferred candidate. Following the completion of this search process I am delighted to report the appointment of Dr Ros Rivaz to the Board and its Committees with effect from 30 March 2017.

Korn Ferry provided no additional services and had no other connection with the Company.

JAMIE PIKE
Chairman of the
Nomination Committee

7 June 2017

GOVERNANCE

AUDIT COMMITTEE REPORT

MARTIN TOWERS
Chairman of the Audit Committee

As Chairman of the Audit Committee (Committee), I am pleased to present this years Committee report which describes how it has applied the principles of the Code, the work of the Committee, its responsibilities and key tasks as well as its major areas of activity and key considerations for the financial year ended 31 March 2017.

MEMBERS

- MARTIN TOWERS (CHAIR)
- LYNN DRUMMOND
- HEIKE VAN DE KERKHOF (resigned on 24 November 2016)
- DR ROS RIVAZ (appointed 30 March 2017)

All members of the Committee are considered to be independent pursuant to the Code. Martin Towers and Lynn Drummond served throughout the year. Heike van de Kerkhof served until her resignation from the Board on 24 November 2016 and Ros Rivaz was appointed on 30 March 2017. 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 reviewed and updated its terms of reference in accordance with best practice in 2013 and these can be found on the Company's website www.rpc-group.com and are available from the Company Secretary at the Registered Office. The terms of reference will be reviewed during the course of 2017/18.

I am also pleased to confirm that the Committee concluded, and made a recommendation to the Board that, taken as a whole, the Group's Annual Report and Accounts (Annual Report) are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Committee meets at least three times each year and thereafter as circumstances dictate. The number of meetings held during the year under review and the attendance of members of the Committee are shown in the table on page 58. The external auditor attends meetings of the Committee at the invitation of the Committee Chairman, other than when their appointment or performance is being reviewed. Additionally, the Group Finance Director, other members of the Board, the Group Controller and the Group Internal Audit Manager attend meetings by invitation as appropriate. The Committee meets with the auditor without any other directors or management present at least twice each year. The Company Secretary, or their appointed nominee, acts as Secretary of the Committee.

KEY RESPONSIBILITIES

The main responsibilities of the 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 consider 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;
- monitor and 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 Committee fulfilled its responsibilities outlined above during the year.

In addition to the going concern report, the Committee also helped the Board prepare the viability statement and consider the appropriateness of the three year period over which the viability statement will apply. It reviewed the Annual Report to ensure it was fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Further details of the Committee's activities during the year are shown below.

ACTIVITIES DURING THE YEAR

The Committee met on three occasions during the year. The meetings in the year, together with the May 2017 meeting, dealt with the following matters:

	May 2016	November 2016	January 2017	May 2017
Financial reporting and significant judgements				
Full year results and announcement	✓			✓
Half year results and announcement		✓		
Going concern report	✓	✓		✓
Viability statement	✓			✓
External audit				
Review and consideration of audit highlights report	✓	✓		✓
Board representation letter	✓	✓		✓
Evaluation of external audit function and independence	✓			✓
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	✓	✓		✓
Internal audit plan		✓		
Other				
Distributable reserves		✓	✓	
UK Corporate Governance and other compliance	✓			✓

GOVERNANCE

AUDIT COMMITTEE REPORT

Continued

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 2017, the significant issues reviewed, and how these issues were addressed, are summarised below.

EXCEPTIONAL AND NON-UNDERLYING ITEMS

Note 4 on page 109 of the financial statements explains the nature of the £116.2m of exceptional and non-underlying items recognised in the year, relating to the transactional and business integration costs of recent acquisitions, and in particular the combined Promens, GCS and BPI Integration programme, and other additional costs and incomes arising from one-off events and other non-underlying items. The Committee considered the accounting treatment and disclosure of these items 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. In addition the Committee also considered the further write-back of deferred consideration relating to the Ace acquisition which recent business performance would indicate will not be fully paid. On the basis of this review the Committee concluded that the accounting treatment and disclosure of these items were appropriate.

ACQUISITION ACCOUNTING

During the year the Group acquired nine businesses, British Polythene Industries PLC, Sanders Polyfilms, Jagtenberg Plastics, Plastiape, Synergy Packaging, HYC, ESE World, the Letica Corporation and Amber Plastics, for a combined consideration in excess of £1bn. IFRS 3 'Business Combinations' 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. These intangible assets included customer relationships, technology and brands. There is judgement involved in estimating fair values, 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. In addition the Group assesses the fair value of other assets and liabilities, including out of market and onerous contracts, which may also require judgements as to the completeness and accuracy of these.

Where deferred consideration is recognised and is contingent on post-acquisition business performance, then a judgement on likely future performance and attainment of related targets is also required. The Group adopted a methodology which has been consistently applied to all acquisitions in recent years and during the year it updated its Group policy on acquisition accounting to ensure policies are consistently applied, which it presented to the Committee. The Group discussed their approach and assumptions with the Committee. The auditor provided the Committee with their review of the fair value exercises for the acquisitions made in the year, including hindsight adjustments and consideration of contingent and deferred consideration relating to prior acquisitions. Following discussion, the Committee was satisfied that the assumptions used were appropriate and that the resultant fair values and accounting adjustments were reasonable. Details of how acquisitions have been accounted for are set out in note 1 of the financial statements.

In addition, the Committee is responsible for ensuring that the results communications are fair, balanced and understandable, and it reviews the results announcements and Annual Report to ensure that this is the case.

EXTERNAL AUDITOR

Following the completion of a tender of the external audit, PricewaterhouseCoopers LLP (PwC) were appointed as external auditor on 15 July 2015 replacing the previous external auditor KPMG LLP.

Resolutions to appoint PwC as the auditor of the Company and to authorise the Board to determine the auditor's remuneration will be proposed at the forthcoming AGM in July 2017.

NON-AUDIT SERVICES

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 auditor 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 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 auditor during the year for audit and other services are set out in note 3 to the financial statements.

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 and objectivity and the effectiveness of their audit. The assessment takes into account the systems and procedures adopted by PwC and the results of an internal questionnaire. The Committee is satisfied that the external audit process is effective and that auditor objectivity and independence is properly safeguarded.

INTERNAL AUDIT

The Group Internal Audit Manager is invited to attend Committee meetings where internal 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. 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. Following further corporate activity through additional acquisitions and the resulting increase in the number of locations, the Group increased the size of its internal audit function during the prior year. In addition Deloitte LLP carried out a review of the effectiveness of the internal audit function and have provided assistance with internal audits where additional resources were required.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has well-established risk management and internal control systems. 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 there has been in place an established, ongoing process for identifying, evaluating and managing the principal risks faced by the Group which has been regularly reviewed by the Committee and the Board, and is in accordance with the FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting.

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 the divisions and in turn the individual operating businesses 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 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. 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 the 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. 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 divisional 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 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 and uncertainties on pages 26 to 29.

GOVERNANCE

AUDIT COMMITTEE REPORT

Continued

STATEMENTS OF COMPLIANCE

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 2017 and up to the date of approval of the Annual Report. The directors also confirm that there were no weaknesses identified from the review that required remedial action.

The directors also confirm that they have carried out during the year a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity.

The Company confirms that it complied with provisions of the Competition and Markets Authority's Order for the financial year under review.

COMMITTEE PRIORITIES FOR 2017/18

The priorities for the Committee for 2017/18 are set out below:

- continue to review the effectiveness of the Company's overall risk management framework, including the generic procedures for risk identification, assessment, mitigation, monitoring and reporting;
- review the Committee's terms of reference in line with best practice;
- prepare for and implement any relevant regulatory changes to Committee governance; and
- continue to monitor the effectiveness of the internal audit function and internal controls.

COMMITTEE EFFECTIVENESS

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself.

MARTIN TOWERS
Chairman of the Audit Committee

7 June 2017

DIRECTORS' REMUNERATION REPORT

Statement from Lynn Drummond, Chair of the Remuneration Committee

On behalf of the Board of Directors and my colleagues on the Remuneration Committee ('Committee') I am pleased to present the Directors' Remuneration report for the year ended 31 March 2017. This report complies with the 2006 Act, the Large and Medium-Sized Companies and Groups (Accounts & Reports) (Amendment) Regulations 2013 (the Regulations), the Code and the Listing Rules and consists of three main sections:

- this Annual statement;
- the Annual report on remuneration (the 'ARR') which will be subject to an advisory shareholder vote at the forthcoming AGM; and
- a summary of the Directors' Remuneration Policy (Policy); approved by shareholders at the 2016 AGM.

CONTEXT FOR REMUNERATION AT RPC

2016/17 has seen RPC perform strongly with revenue, profit and cash flow reaching record levels as the Vision 2020: Focused Growth Strategy is implemented. Alongside good underlying growth, two significant acquisitions were made in the year providing an enhanced platform for growth in the USA and a successful entry into the flexible plastic market segment.

Revenues increased by 67% reflecting a 3% like-for-like growth in sales and the contribution from acquisitions, and the return on sales improving to 11.2% (2016: 10.6%). Adjusted operating profit was up 77% at £308.2m and adjusted basic EPS improved by 54% to 62.2p (2016 restated: 40.4p) with the statutory basic EPS more than doubling.

Strong cash generation was also delivered with FCF improving by 95% at £239m with net cash flow from operating activities at £277m.

REMUNERATION OUTCOMES FOR 2016/17

2016/17 was the first year in which the Company operated under its new Policy which was approved by shareholders at the AGM in July 2016. As highlighted last year, the revised Policy included a number of changes that were made to both align pay with typical market levels reflecting the significant changes to the business in terms of size and complexity over the previous three years; and to ensure the Policy was further aligned with shareholders' interests and best practice.

All decisions taken in respect of remuneration during the year were done so in accordance with this Policy. The key decisions taken by the Committee included:

- the Annual Bonus Plan (ABP) outcomes for the executive directors were determined with reference to the agreed objectives. The Company has achieved performance ahead of these targets for the year under review and as a result will be paying bonuses at the maximum level. As part of this discussion the Committee also considered performance against 2016/17 moderators of RAFR, FCF and ROCE. Further details can be found on page 73 including full disclosure of the targets used for the 2016/17 ABP.
- 50% of Bonus awarded under the 2016/17 ABP will be deferred into shares that will not be released for a further 3 years.
- vesting of the 2014 Performance Share Plan (PSP) awards against the EPS and TSR targets. Performance was measured over the three years to the 31 March 2017. Both targets were met and therefore the awards will vest in full in July 2017. Further details can be found on page 73.

The Committee is satisfied that the total variable pay outcome is a fair reflection of the strong corporate and individual performance throughout the relevant performance periods.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR 2017/18

Given the significant review of remuneration arrangements that took place during last year, no significant changes are proposed in respect of how the Policy will be implemented for 2017/18.

BASE SALARY INCREASES

We disclosed last year that following the remuneration review, it was agreed that the base salaries of the executive directors would be increased on a phased basis over two years, subject to the continued strong performance of the Group, to bring them in line with market competitive levels.

As stated above, the performance of the Group and the executive directors over the last 12 months has been very strong, both in terms of underlying financial performance and the continued delivery of the Vision 2020 strategy. Taking this performance into account and after consultation with a number of our major shareholders, the Committee has determined that it was appropriate to proceed with the second phase of the salary increases.

Therefore, with effect from 1 April 2017 the salary of the Chief Executive, Pim Vervaat will increase from €743,000 to €850,000 and the salary of the Group Finance Director, Simon Kesterton will increase from £360,000 to £390,000. It should be noted that since these salary levels were set in November 2015 the Group has continued to increase in size and complexity both organically and with further acquisitions resulting in the market capitalisation of the Company increasing by more than £1.5bn. However, no further adjustments are proposed despite the executive roles continuing to increase in terms of both size and scope.

2017/18 ABP

No changes are proposed to the ABP for 2017/18. The maximum opportunities for both Pim Vervaat and Simon Kesterton will remain at 125% of salary and performance will be assessed against stretching PBIT targets. As with last year, the bonus outcome may also be reduced if threshold levels of performance in respect of additional measures are not achieved. For 2017/18 these moderators will be focused on two key financial metrics; ROCE and FCF. Further details can be found on page 79.

2017 PSP AWARDS

Awards to be made under the PSP in 2017 will also be on the same basis as awards made in 2016. Pim Vervaat is eligible to receive a maximum award of 200% of salary and Simon Kesterton 175% of salary. Awards will be subject to EPS (two-thirds) and relative TSR (one-third). Recognising the continued importance of return based measures to the business, the vesting outcome of the PSP may be reduced if a threshold level of performance in respect of return on net operating assets (RONOA) is not achieved.

AGM

I would like to thank shareholders for their continued engagement and feedback in respect of our remuneration arrangements and we look forward to receiving your support in respect of our Annual report on remuneration at our AGM on 19 July 2017.

LYNN DRUMMOND
Chair of the
Remuneration Committee

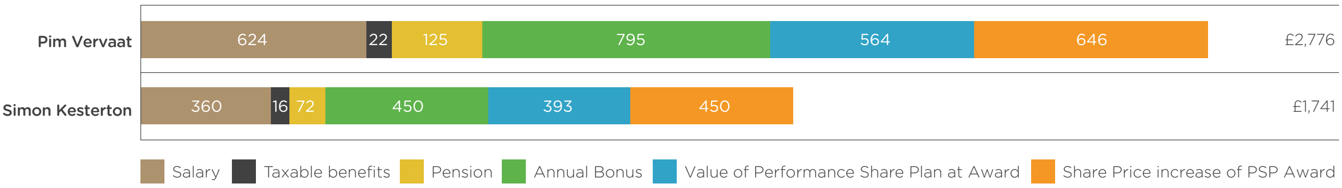
7 June 2017

GOVERNANCE

DIRECTORS' REMUNERATION REPORT

2016/17 Remuneration at a glance

SINGLE FIGURE REMUNERATION OUTCOME FOR 2017 (£'000)

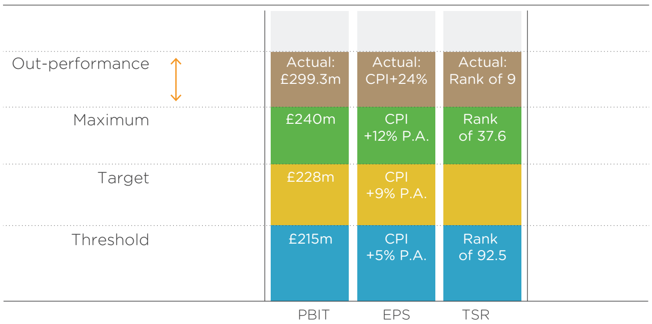


The Committee ensures that the majority of Pim and Simon's remuneration is made up of variable elements linked to stretching targets in alignment with our strategy.

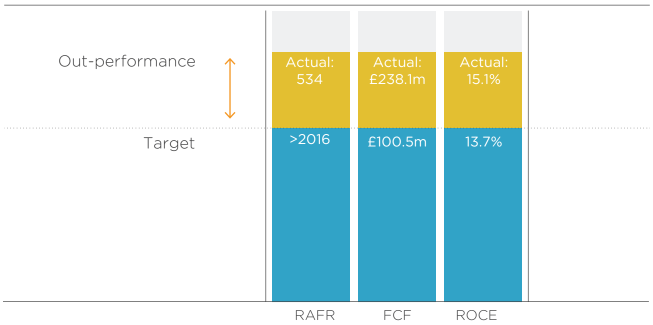
KEY FINANCIAL METRICS AND LINK TO REMUNERATION

KEY FINANCIAL METRICS	WHY RELEVANT	LINK TO REMUNERATION
PBIT	Indication of the operating performance of the Group. Focuses on growing the profit levels of the business whilst maintaining a suitable profit margin.	Used as the main financial measure under the ABP
FCF	The Group needs to generate cash which can be used to expand the Group through acquisitions, make payments to access synergies, returns to shareholders through dividends and servicing of debt.	Used as a moderator under the ABP
ROCE	Allows management to measure how efficiently capital is deployed across the Group. By including the costs of investment of acquisitions it shows how the Group is generating returns for shareholders.	Used as a moderator under the ABP
EPS	Appropriately captures the impact of management's decisions and actions in areas such as production efficiency, margin improvement and efficient use of financial resources.	Used as the main financial measure under the PSP
RONOA	Is a key measure of the efficiency and utilisation of the assets used by the Group to generate profits. This is a vital measure of our operational management due to the decentralised structure of the Group.	Used as a moderator under the PSP.

PERFORMANCE IN RESPECT OF ABP AND PSP METRICS

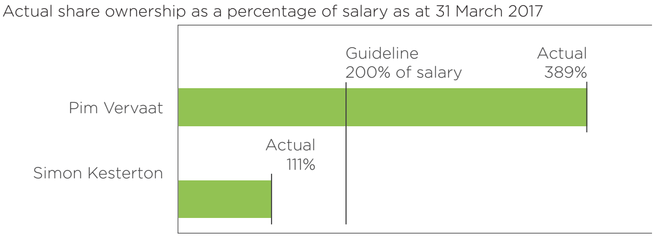


PERFORMANCE IN RESPECT OF ALL ABP MODERATORS



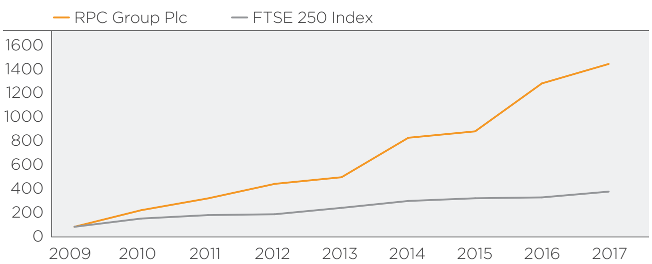
SHAREHOLDING OF EXECUTIVE DIRECTORS

Actual share ownership as a percentage of salary as at 31 March 2017



Executive directors have increased their holdings year on year through the retention of shares they receive following the vesting of awards pursuant to Group Incentive schemes. Ownership requirements ensure that senior executives focus on long-term shareholder value and this approach is reflected in the Extended Executives team's combined shareholdings totalling 454,285 shares in the Company.

DELIVERY OF EXCEPTIONAL VALUE TO SHAREHOLDERS



£100 invested in RPC on 1 January 2009 was worth £1,400 on 31 March 2017, compared to growth in the FTSE 250 to £400 over the same period delivering over £3bn of value to shareholders.

DIRECTORS' REMUNERATION REPORT

Annual report on remuneration

COMMITTEE REMIT AND MEMBERSHIP

The following independent non-executive directors were members of the Committee during the year ended 31 March 2017:

	Date of appointment
▶ LYNN DRUMMOND (CHAIR)	25 MARCH 2015
▶ HEIKE VAN DE KERKHOF*	24 NOVEMBER 2015
▶ MARTIN TOWERS	01 APRIL 2009
▶ ROS RIVAZ	30 MARCH 2017

*Heike van de Kerkhof resigned from the Board and the Committee on 24th November 2016.

The Committee consults the Group Chairman and Chief Executive on those proposals relating to the remuneration of other executive directors and designated senior executives. Both are invited when appropriate, to attend meetings but are not present when their own remuneration is considered. Nick Giles, Company Secretary acts as secretary to the Committee.

The role of the Committee is set out in its terms of reference which can be found on the Group's website or which are available from the Company Secretary at the Registered Office. It has three scheduled meetings per year but will also meet as circumstances dictate. The number of meetings held during the year and attendance at these meetings is shown in the table on page 58.

The Committee's key activities during the year were as follows:

Date of Remuneration Committee meeting	Key activities
4 May and 25 May 2016	▶ Determine ABP outcome for 2015/16 ▶ Determine final vesting level of 2013 PSP awards ▶ Agree performance targets to be set for 2016/17 ABP and 2016 PSP awards ▶ Sign-off Remuneration Policy report and Annual report on remuneration
13 July 2016	▶ Grant of awards under DBP, PSP and Executive Share Option Scheme
25 January 2017	▶ Consideration of base salary increases ▶ Agreement of approach to shareholder consultation ahead of the 2017 AGM ▶ Review of quarterly performance update for outstanding PSP awards
29 March 2017	▶ Consideration of initial feedback provided by shareholders ▶ Initial review of indicative performance outcome for the 2016/17 ABP ▶ Initial review of the indicative performance outcome of the 2014 PSP awards ▶ Initial discussions on performance measures and targets for 2017/18 ABP and PSP

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

EXECUTIVE DIRECTORS

The table below sets out a single figure for the total remuneration received by each executive director for the years ending 31 March 2017 and 31 March 2016.

Year ended 31 March	Year	Salary and fees £'000	Taxable benefits[2] £'000	Pension £'000	Sub-total £'000	Annual bonus[3] £'000	Performance Share Plan[4] £'000	Sub-total £'000	Total £'000
Pim Vervaat[1]	**2017**	**624**	**22**	**125**	**771**	**795**	**1,210**	**2,005**	**2,776**
	2016	430	24	86	540	451	1,437	1,888	2,428
Simon Kesterton	**2017**	**360**	**16**	**72**	**448**	**450**	**843**	**1,293**	**1,741**
	2016	324	16	65	405	314	948	1,262	1,667
Total	**2017**	**984**	**38**	**197**	**1,219**	**1,245**	**2,053**	**3,298**	**4,517**
	2016	754	40	151	945	765	2,385	3,150	4,095

1 As Pim Vervaat is paid in euros, his salary is converted using the average exchange rate for the year, £1: €1.1905 (2016: £1: €1.3666). His annual bonus is converted at the exchange rate on 31 March 2017 of £1: €1.1689 (2016: £1: €1.2633).

2 Benefits provided for Pim Vervaat include a company car and fuel provision, an allowance for medical insurance premiums and fees for preparation of his tax return. Simon Kesterton receives a car allowance alternative and private medical insurance. Both executive directors also receive life insurance of four times their base salary.

3 The figures above represent remuneration earned as directors during the relevant financial year including under the Annual Bonus Plan, of which the cash element, 50% of the bonus, is paid in the financial year following that in which it is earned. The remaining 50% of the bonus shown above is deferred in to shares for a period of three years.

4 The values shown in respect of Awards held under the Performance Share Plan for the 2015/16 financial year have been updated to reflect the value at vesting based on the share price of 803p. The values shown in last year's single figure were an estimate based on the average share price of the last three months of the 2015/16 financial year (733.52p). The values shown in respect of 2016/17 are an estimate based on the average share price of the last three months of the 2016/17 financial year (974.48p).

GOVERNANCE

DIRECTORS' REMUNERATION REPORT

Annual report on remuneration Continued

NON-EXECUTIVE DIRECTORS

The table below sets out a single figure for the total remuneration received by each non-executive director for the years ending 31 March 2017 and 31 March 2016.

Year ended 31 March	Year	Board fees £'000	Committee Chair / SID fees £'000	Total £'000
Jamie Pike	**2017**	**150**	**–**	**150**
	2016	150	–	150
Lynn Drummond	**2017**	**40**	**10**	**50**
	2016	40	7	47
Ros Rivaz	**2017**	**–**	**–**	**–**
	2016	–	–	–
Martin Towers	**2017**	**40**	**17**	**57**
	2016	40	10	50
Godwin Wong	**2017**	**40**	**–**	**40**
	2016	40	–	40
Former directors				
Heike van de Kerkhof[1]	**2017**	**27**	**–**	**27**
	2016	13	–	13
Total	**2017**	**297**	**27**	**324**
	2016	283	17	300

1 Fees in respect of Heike van de Kerkhof have been paid until her resignation from the Board on 24th November 2016.

PENSION (AUDITED INFORMATION)

Pim Vervaat has an individual defined benefit pension policy with a Dutch insurance company, Nationale-Nederlanden. The plan provides a pensionable salary capped at €103,317 under Dutch legislation with effect from 1 January 2015 and a spouse's pension of 70% of his pension on death. In addition to the reduction in the accrual rate permitted and cap on pensionable salary under Dutch legislation, the retirement age under the plan increased from 65 to 67 years with effect from 1 January 2014. 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 2017, the premium (contribution) payable by the employer was €20,589 (£17,294) (2016: €26,000 (£19,025)) and the salary supplement was €128,011 (£107,527) (2016: €91,574 (£67,009)). Up to 30 April 2013 Pim 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.

Simon 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 (employers contribution being capped at 15% of basic salary, subject to a 5% of basic salary employee contribution) with any balance being paid by way of a salary supplement. For the year ended 31 March 2017, Simon received total contributions of £ £72,000 (2016: £65,000) of which £62,000 was in the form of a non-pensionable salary supplement (2016: £35,836) and £10,000 as a contribution to the Group's defined contribution pension scheme (2016: £29,164).

ABP (AUDITED INFORMATION)

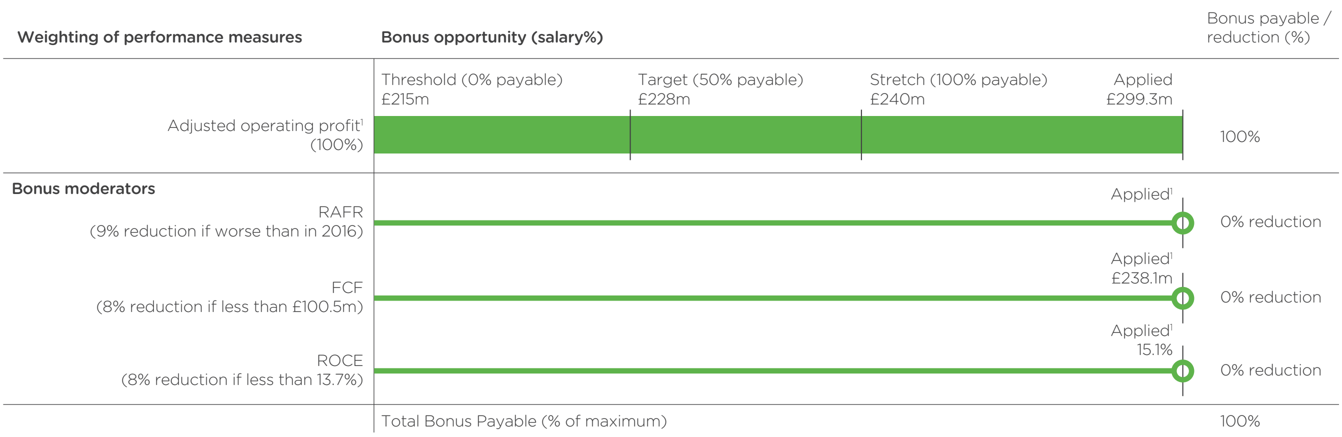
2016/17 ABP

The maximum annual bonus opportunity for the year ended 31 March 2017 was 125% of salary for both executive directors. Payment of the bonus was subject to stretching targets in respect of the Group's adjusted PBIT during the year.

In addition, RAFR, FCF and ROCE moderators applied so that any bonus payable would be reduced by:

- 9% if the Group's RAFR for the year ended 31 March 2017 was not better than that in the year ended 31 March 2016;
- 8% if the Group's FCF for the year ended 31 March 2017 was less than £100.5m; and
- 8% if the Group's ROCE for the year ended 31 March 2017 was less than 13.7%.

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



1 The Committee considered the effect of acquisitions during the year and in line with the approach taken in previous years concluded that the acquisitions from H1 2016/17 are included but all acquisitions in the second half of the year are excluded.

This results in a bonus payment of 125% of salary to Pim Vervaat and 125% of salary to Simon Kesterton.

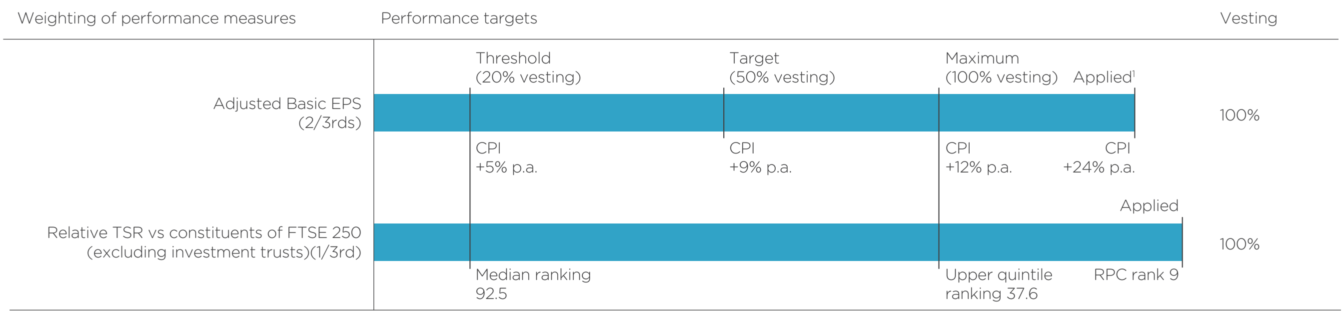
Of the bonus payable, 50% will be paid in cash and the remaining 50% will be deferred into shares under the DBP which will not vest for 3 years subject to continued employment. An exceptional negative event provision also operates and the DBP is subject to malus and claw back provisions.

PERFORMANCE SHARE PLAN (AUDITED INFORMATION)

AWARDS VESTING IN 2017

Those awards granted under the PSP on 16 July 2014 are due to vest on 16 July 2017. Awards were subject to the following performance conditions:

- A sliding scale of growth in the adjusted basic EPS in excess of CPI for the three years ended 31 March 2017. Threshold (20%), target (50%) and maximum (100%) vesting of the Award would occur on CPI growth + 5%, 9% and 12% respectively; and
- A sliding scale of growth in the relative TSR performance over a three year period relative to the constituents of the FTSE 250 (excluding investment trusts). 20% of the award would vest on the achievement of a median ranking position rising on a sliding scale to 100% vesting in return for an upper quintile ranking position or better.



1 The Committee considered the effect of acquisitions during the year and in line with the approach taken in previous years concluded that the acquisitions from H1 2016/17 are included but all acquisitions in the second half of the year are excluded.

GOVERNANCE

DIRECTORS' REMUNERATION REPORT

Annual report on remuneration Continued

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

	No of shares at grant[1]	No of shares to vest	No of shares to lapse	Estimated value[2] £m
Pim Vervaat	124,193	124,193	–	1,210
Simon Kesterton	86,483	86,483	–	843

1 Number of shares at the date of grant adjusted for the diluting effect of those rights issues that took place on 8 January 2015, 20 January 2016 and 24 February 2017.

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 2017 of 974.48p per share.

No dividends accrue in respect of awards of nil cost options under the 2014 PSP Awards.

AWARDS MADE IN 2016

On 13 July 2016, executive directors were granted the following PSP awards.

	Number of PSP awards[1] £'000	Basis[2]	Face value[3] £'000
Pim Vervaat	161,738	200% of base salary	1,268
Simon Kesterton	80,336	175% of base salary	630

1 Awards made in the form of nil-cost options. Number of nil-cost options at the date of grant before adjustment for the diluting effect of the rights issue of shares on 24 February 2017.

2 Pim Vervaat's grant as a percentage of base salary is calculated using the exchange rate on the date of grant (£1: €1.1716).

3 Based on a share price of 784.2p which was the average closing share price over the five dealing days immediately prior to the grant date on 13 July 2016.

Performance conditions for the PSP awards made on 13 July 2016 are subject to the following targets over the 3 year performance period ending 31 March 2019. Awards will vest on a straight line basis between the threshold and maximum performance targets.

		Performance targets	
Performance measure	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS	2/3rds	CPI + 7.5% p.a.	CPI + 13% p.a.
Relative TSR vs constituents of FTSE 250 (excluding investment trusts)	1/3rd	Median ranking	Upper quintile ranking

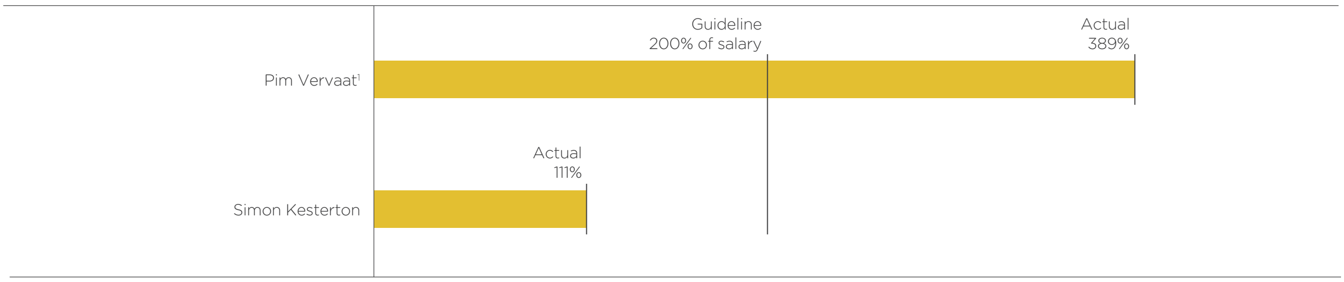
Awards are also subject to a RONOA moderator of 20%. If this target is not achieved then any vesting outcome will be reduced by 20%.

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED INFORMATION)

The Company operates shareholding guidelines that require the executive directors to maintain a holding in RPC shares equal to 200% of salary. As part of this requirement directors are encouraged to retain 50% of those shares received following the vesting of awards pursuant to Group Incentive schemes, post any disposal to satisfy tax and social security obligations, until the guideline is achieved. Only beneficially owned shares count towards the shareholding guideline percentage.

As at 31 March 2017, all executive directors and their connected persons have a shareholding as follows:

Actual share ownership as a percentage of salary as at 31 March 2017



1 Shareholding as a percentage of salary is calculated using the exchange rate on 31 March 2017 (£1: €1.1689) and average share price over the 30 days to 30 March 2017 (£9.0042).

INTERESTS IN SHARES AND SHARE OPTIONS

The interests of the directors and their connected persons, in the Company's ordinary shares and share options to 31 March 2017 were as follows. There have been no changes in the interests set out below between 31 March 2017 and the date of this report:

	Beneficially owned at 1 April 2016 (Number)	Beneficially owned at 31 March 2017 (Number)	Outstanding PSP awards[1] (Number)	Outstanding Sharesave Options[1] (Number)	Outstanding DBP Nil-Cost Options[1] (Number)
Executive directors					
Pim Vervaat[1]	240,000	**275,000**	389,955	4,838	117,700
Simon Kesterton[1]	4,800	**45,098**	243,859	4,838	81,478
Non-executive directors					
Jamie Pike	311,524	**332,473**	–	–	–
Lynn Drummond	987	**1,233**	–	–	–
Martin Towers	25,999	**32,498**	–	–	–
Godwin Wong	–	**3,000**	–	–	–
Ros Rivaz	–	**1,814**	–	–	–

1. Adjusted for the diluting effect of the rights issue of shares on 24 February 2017.

ADDITIONAL INFORMATION ON DIRECTORS' INTERESTS AS AT 31 MARCH 2017

SHARE OPTIONS

The following table shows details of those options held by the directors under the Company's share plans at 31 March 2017:

Pim Vervaat	Date of award	Interest at 1 April 2016	Awarded during the year	Rights issue adjustment	Vested during the year	Lapsed during the year	Interest at 31 March 2017	Market price on award date (pence)	Exercise / Option Price	Earliest exercise date	Expiry date
DBP[1]	04.06.14	45,191	–	3,231	–	–	48,422	648.00	Nil cost	04.06.17	03.06.24
DBP	09.06.15	34,360	–	2,456	–	–	36,816	634.50	Nil cost	09.06.18	08.06.25
DBP	13.07.16	–	30,296	2,166	–	–	32,462	803.0	Nil cost	13.07.19	12.07.26
PSP[2]	10.07.13[3]	178,953	–	–	(178,953)	–	–	413.50	Nil cost	10.07.16	09.07.23
PSP	16.07.14[4]	115,906	–	8,287	–	–	124,193	593.50	Nil cost	16.07.17	15.07.24
PSP	15.07.15[5]	86,289	–	6,170	–	–	92,459	663.00	Nil cost	15.07.18	14.07.25
PSP	13.07.16[6]	–	161,738	11,565	–	–	173,303	803.0	Nil cost	13.07.19	12.07.26
Sharesave	16.01.15	4,516	–	322	–	–	4,838	–	430.0	01.03.18	31.08.18
Total	–	**465,215**	**192,034**	**34,197**	**(178,953)**	–	**512,493**	–	–	–	–

GOVERNANCE

DIRECTORS' REMUNERATION REPORT

Annual report on remuneration Continued

Simon Kesterton	Date of award	Interest at 1 April 2016	Awarded during the year	Rights issue adjustment	Vested during the year	Lapsed during the year	Interest at 31 March 2017	Market price on award date (pence)	Exercise / Option Price	Earliest exercise date	Expiry date
DBP[1]	04.06.14	30,549	–	2,184	–	–	32,733	648.00	–	04.06.17	03.06.24
DBP	09.06.15	25,864	–	1,849	–	–	27,713	634.50	Nil cost	09.06.18	08.06.25
DBP	13.07.16	–	19,629	1,403	–	–	21,032	803.0	Nil cost	13.07.19	12.07.26
PSP[2]	10.07.13[3]	118,033	–		(118,033)	–	–	413.50	Nil cost	10.07.16	09.07.23
PSP	16.07.14[4]	80,712	–	5,771	–	–	86,483	593.50	Nil cost	16.07.17	15.07.24
PSP	15.07.15[5]	66,539	–	4,757	–	–	71,296	663.00	Nil cost	15.07.18	14.07.25
PSP	13.07.16[6]	–	80,336	5,744	–	–	86,080	803.0	Nil cost	13.07.19	12.07.26
Sharesave	16.01.15	4,516	–	322	–	–	4,838	–	430.0	01.03.18	31.08.18
Total	**–**	**326,213**	**99,965**	**22,030**	**(118,033)**	**–**	**330,175**	**–**	**–**	**–**	**–**

1 The awards shown above were made in the form of nil cost options. They represent 50% of the annual bonus paid as deferred shares which are held for 3 years subject to continued employment.

2 PSP awards were made in the form of nil cost options. Interests as at 31 March 2017 show the maximum number of shares that will vest provided that the performance conditions are met.

3 Performance conditions for the PSP awards made in 2013 and that vested during the year were based on sliding scale EPS targets whereby 20% of awards vested for annual adjusted EPS growth of CPI+5% p.a. increasing pro-rata to 100% vesting for annual adjusted EPS growth of CPI+9% p.a. The performance conditions were met at 100% and the shares transferred from the RPC Group Employee Benefit Trust on the exercise of the options on 13 July 2016. On the same date, Pim Vervaat and Simon Kesterton sold 168,953 and 86,754 shares respectively for a consideration of 803p per share including sufficient shares to pay the income tax, social security and dealing expenses due following the vesting. The balance of 10,000 and 31,729 ordinary shares were retained by Pim Vervaat and Simon Kesterton respectively.

4 Performance conditions for the PSP awards made in 2014 can be found on page 73.

5 The performance conditions for the PSP awards made in 2015 were as follows:

a. Two-thirds of an award: 15% of this part of an award will vest for annual adjusted EPS growth of CPI+4% p.a. increasing pro-rata to 50% of this part of an award vesting for annual adjusted EPS growth of CPI+8% p.a. then increasing pro-rata to 100% vesting of this part of an award for annual adjusted EPS growth of CPI+12% p.a.; and

b. 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.

6 Performance conditions for the PSP awards made in 2016 can be found on page 74.

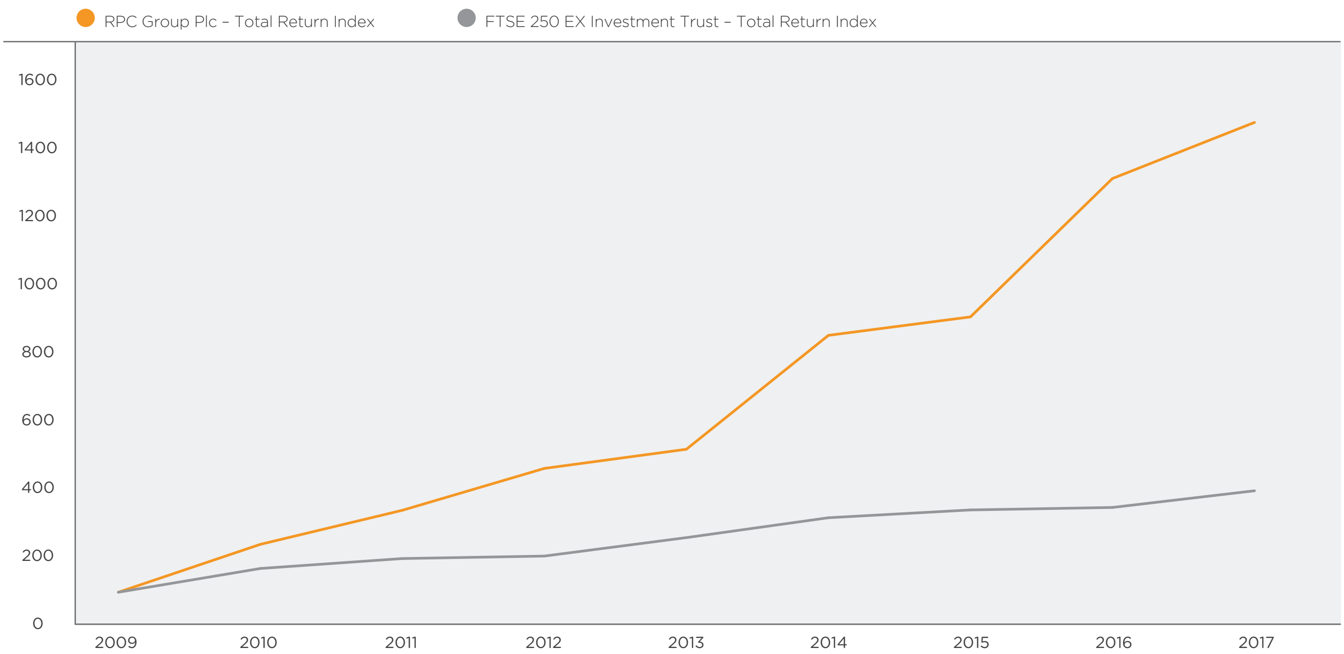
7 The market price of an RPC Group Plc 5p ordinary share at 31 March 2017 was 781.50p and the range of prices during the year was 1,079p to 707.5p per share.

8 There have been no changes in share options between 31 March 2017 and the date of this report.

PERFORMANCE GRAPH

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 8 years ended 31 March 2017.

This graph shows the value by 31 March 2017 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.



CHIEF EXECUTIVE'S PAY IN LAST EIGHT YEARS (AUDITED INFORMATION)

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

Year	2010	2011	2012	2013	2014[1]	2014[2]	2015	2016[3]	**2017**
Total Remuneration £'000	265	961	851	768	55	1,143	1,165	2,304	**2,776**
Long-Term Incentives Vested% of Maximum	100%	100%	100%	100%	–	49%	73%	100%	**100%**
Annual Bonus Paid% of Maximum	N/A	N/A	75.4%	0%	100%	100%	95%	97%	**100%**

1 Ron Marsh was Group Chief Executive to 1 May 2013. The remuneration shown represents amounts received for performing the role of Chief Executive during the year.

2 Pim Vervaat was appointed Group Chief Executive from 1 May 2013. The remuneration shown for 2014 represents amounts received for performing the role of Chief Executive during the year.

3 Total remuneration has not been restated and reflects that disclosed in the 2015/16 Annual Report.

4 Prior to adopting the ABP for the year ended 31 March 2012 there was no bonus arrangement.

5 The first awards under the PSP 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 2016 to the year ended 31 March 2017 compared with the average equivalent amount per employee for all UK participants in the ABP. 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[1]	UK employee comparator group % change
Salary	26%	12%
Taxable benefits	(21)%	8%
Annual bonus	62%	73%

1 Pim Vervaat, is paid in euros. The percentage change in the Chief Executive's remuneration has been calculated based on the remuneration denominated in euros to eliminate the effect of exchange rate movements.

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 measures:

	2017 £m	2016 £m	Change %
Staff costs	**650.1**	412.8	57.5%
Dividends	**62.1**	40.8	52.2%
Revenue	**2,747.2**	1,642.4	67.2%
Adjusted operating profit	**308.2**	174.3	76.9%
Capital investment (including acquisitions)	**1,118.3**	633.0	76.7%

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. The increase is due to the addition of staff costs for acquired businesses and employment costs associated with restructuring.

Dividends comprise the interim paid and final proposed dividend payable for the relevant financial year and have increased significantly due to the rights issue, placing and other shares issued during the year.

EXTERNAL APPOINTMENTS FOR EXECUTIVE DIRECTORS

During the year under review, Pim Vervaat received fees of £50,500 (2016: £50,500) in respect of his appointment as a non-executive director of Avon Rubber plc.

ADVISERS TO THE COMMITTEE

Until January 2017, Hewitt New Bridge Street (HNBS), part of Aon plc, 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 plc provides through Aon Hewitt Limited and associated companies. The terms of engagement between the Company and HNBS are available from the Company Secretary on request. Fees charged by HNBS for advice provided to the Committee for the year ended 31 March 2017 were £32,866. The Committee was satisfied as to the independence of the advice provided by HNBS.

GOVERNANCE

DIRECTORS' REMUNERATION REPORT

Annual report on remuneration Continued

Following a review of remuneration advisers in late 2016, which consisted of a full competitive tender process, Deloitte LLP (Deloitte) was appointed by the Committee as independent adviser to the Committee with effect from 1 January 2017.

The Committee is satisfied that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During the year Deloitte also provided some internal audit services to the Company and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Their total fees for the provision of remuneration services to the Committee since appointment to 31 March 2017 were £22,875.

STATEMENT OF VOTING AT 2017 AGM

At the AGM held on 13 July 2016, the Remuneration Policy report and Annual report on remuneration received the following votes from shareholders:

	Remuneration Policy		Annual report on remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
Votes cast in favour	222,364,603	94.62%	164,903,649	70.42%
Votes cast against	12,592,739	5.36%	69,216,420	29.56%
Total votes cast	234,995,871*	100%	234,158,598*	100%
Votes withheld	1,263,339	0.53%	2,100,611	0.89%

*includes discretionary votes of 38,529.

The Committee notes that a clear majority of shareholders voted to approve the Policy. A notable minority of shareholders, however, failed to support the resolution approving the Remuneration report. From a comprehensive and transparent shareholder consultation process, the Committee understands some shareholders noted concerns with the overall increase in quantum following the phased salary increases. The Committee have further engaged with shareholders during the year in respect of the phased salary increases and taken all feedback into consideration when determining the approach to salaries for 2017.

PAYMENTS FOR LOSS OF OFFICE

There were no payments for loss of office paid to any directors during the year.

POLICY IMPLEMENTATION FOR YEAR ENDING 31 MARCH 2018

BASE SALARY

As highlighted last year, as part of the remuneration review, it was agreed that the base salaries of the executive directors would be increased on a phased basis over two years, subject to the continued strong performance of the Group, to bring them in line with market competitive levels.

The performance of the Group and the executive directors over the last 12 months has been very strong, both in terms of underlying financial performance and the continued delivery of the Vision 2020 strategy. Taking this continued strong performance into account and after consultation with a number of our major shareholders, the Committee determined that it was appropriate to proceed with the salary increases as disclosed in last year's Remuneration report and set out in the table below. It should be noted that the Company has continued to grow, both in terms of size and complexity over the last 18 months since these salary levels were agreed. However no further adjustments are proposed to be made to reflect this at this point in time.

Basic salary	From 1 April 2016	From 1 April 2017	Increase
Pim Vervaat	€743,000	€850,000	14.4%
Simon Kesterton	£360,000	£390,000	8.3%

PENSION ARRANGEMENTS

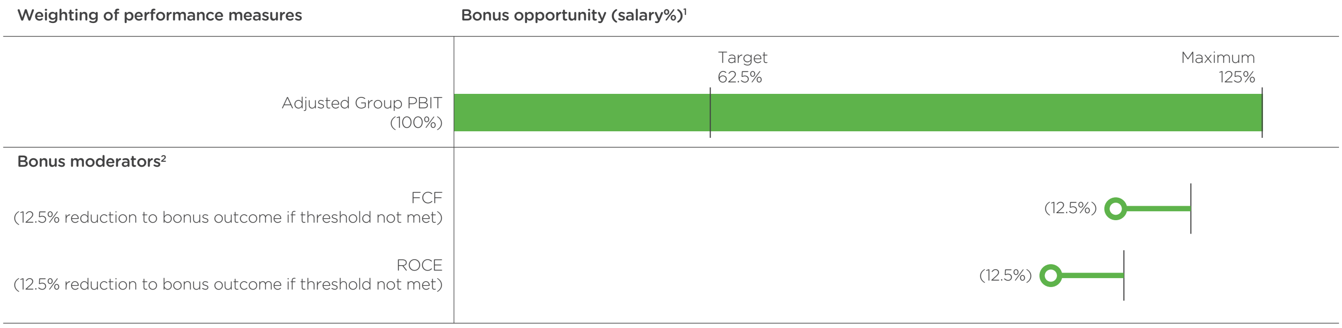
Recent changes in Dutch legislation have increased the standard retirement age in retirement plans and reduced the maximum amount that can be accrued under the current pension arrangement for Pim Vervaat. The employer's obligation will continue to be capped at a maximum of 20% of salary.

Simon Kesterton participates in a defined contribution pension plan in the UK with an employer's maximum pension contribution of 15% up to the annual allowance and a salary supplement which in aggregate is 20% of salary.

2017/18 ABP

The ABP for 2017/18 will operate on the same basis as for 2016/17 with the exception of a slight change to the bonus moderators. Whilst RAFR continues to be a key focus throughout the organisation we have removed it as a bonus moderator to increase the weighting to the key financial metrics of ROCE and FCF.

The Committee maintains the overall discretion to reduce bonus outcomes if overall performance is unsatisfactory and this will include taking into account the RAFR performance during the year.



1 50% of any bonus will be paid in cash and 50% deferred into shares under the DBP which are held for 3 years subject to continued employment.

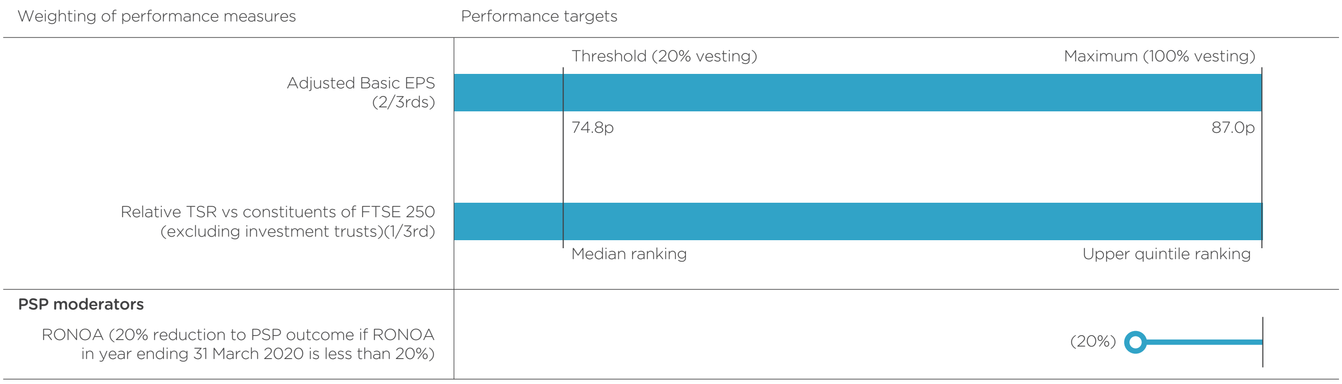
2 The overall bonus outcome can be reduced by up to 25% if the target levels for each of the moderators are not met.

3 Recovery and withholding provisions will apply for a period of three years from payment or vesting in relation to a material misstatement, gross misconduct, and material error in calculation or an exceptional negative event.

As the Board deems the performance targets for the upcoming year to be commercially sensitive the Committee has taken the decision to not disclose the targets in advance. However, the targets are set on a challenging basis, requiring incremental growth to the year ending 31 March 2018, and will only be met if recent acquisitions continue to deliver as planned. The performance targets and performance against them will be disclosed retrospectively in next year's Annual report on remuneration when the Committee is comfortable that the information is no longer commercially sensitive.

2017 PSP AWARDS

Awards made under the PSP in 2017 will operate on the same basis as for the 2016 awards. Pim Vervaat and Simon Kesterton will receive awards equivalent to 200% and 175% respectively. These will be subject to the performance measures and targets to be measured over a three year period as set out in the table below:



Awards will vest on a straight line basis between the threshold and maximum performance targets. Following the end of the performance period awards will be subject to a further two year holding period. Malus and clawback provisions will apply for a period of three years from the vesting date in relation to a material misstatement, gross misconduct, and material error in calculation or an exceptional negative event.

Awards will also be subject to a RONOA element – to the extent that the RONOA in the year ending 31 March 2020 is less than 20%, the total vesting percentage as determined by the EPS and TSR performance targets set out above will be reduced by 20%.

The EPS performance targets which have been set as pence targets for the year ending 31 March 2020, and RONOA hurdle have been set based on internal strategy plans, incorporating recent acquisitions, and external analyst consensus and a wider view of macroeconomic factors which may act as a headwind in the next performance cycle. The targets are considered to be challenging, particularly to achieve full vesting, but remain realistic within an acceptable risk profile. The stretching targets will only be met if acquisitions deliver in excess of expectations.

GOVERNANCE

DIRECTORS' REMUNERATION REPORT

Annual report on remuneration Continued

CHAIRMAN AND NON-EXECUTIVE DIRECTORS FEES

In line with the Company's general policy of reviewing non-executive directors' fees every three years, the Board have made some changes to the fee levels of the non-executive directors which have been in place since 1 April 2014 to reflect the significant changes in the size and scope of the Company and subsequently the roles during this period.

The revised fee levels are positioned around the median of the FTSE 250.

	From 1 April 2017	From 1 April 2016
Chairman	**£200,000**	£150,000
Non-executive base fee	**£50,000**	£40,000
Audit and Remuneration Committee Chairman's fees	**£10,000**	£10,000
Senior Independent Director fee	**£10,000**	£7,000

SUMMARY OF REMUNERATION POLICY

The Policy was approved by shareholders at the AGM on 13 July 2016. The objective of the 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.

In order to achieve this, executive directors and senior executives 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 (ABP arrangements and PSP awards) are set at a level to provide an incentive to executive directors and executive management to deliver outstanding performance in line with the Group's strategic objectives.

A summary of the key elements of the Policy is included in the table below. The full Policy can be found at www.rpc-group.com.

Remuneration element	Key features
Salary	▶ Set at levels which reflect the responsibilities, abilities, experience and performance of an individual ▶ Increases are generally aligned with those provided to the wider workforce
Benefits	▶ Typical benefits include, car (or car allowance), private health insurance, disability, death benefits and certain travel / accommodation allowances
Pension	▶ 20% contribution to the Group's defined contribution plan and / or salary supplement ▶ Bespoke arrangements may be offered (as per the current CEO where appropriate)
Annual Bonus	▶ Maximum awards of 125% salary ▶ 50% of any bonus deferred into shares for three years ▶ Performance primarily subject to profit based targets ▶ Awards subject to malus and clawback provisions
PSP	▶ Maximum awards of 200% of salary ▶ Performance normally assessed over a three year period against financial and / or share price measures ▶ Awards subject to an additional two year holding period ▶ Awards subject to malus and clawback provisions
Recruitment Policy	▶ The remuneration package for a new executive director would be set in accordance with the terms of the remuneration policy at the time 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
Service contracts and payments for loss of office	▶ Nine months' notice required from the Group and 6 months' notice from an executive director ▶ Payments in lieu of notice consist of salary only and may be subject to mitigation ▶ Any bonus payment will remain subject to performance and pro-rated with respect to the period of the year worked. ▶ PSP awards will be treated in accordance with the terms of the plan rules

The Directors' Remuneration report for the year ended 31 March 2017 was approved by the Board on 7 June 2017 and has been signed on its behalf by its chair, Lynn Drummond.

LYNN DRUMMOND
Chair of the Remuneration Committee

7 June 2017

OTHER STATUTORY INFORMATION

THE COMPANY

RPC Group Plc is registered and domiciled in England and Wales, with the registered number 2578443. Its registered office address is Sapphire House, Crown Way, Rushden, Northamptonshire, NN10 6FB.

DIRECTORS AND THEIR POWERS

Biographical details of the directors are given on pages 54 to 55 and the Board's recommendations for their election and re-election are given in the explanatory notes to the Notice.

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. Full details of the interests in the ordinary share capital of the Company of those directors holding office on 31 March 2017, including any interest of a connected person, are set out in the Directors' Remuneration report on page 75.

The powers of the directors are contained in the Articles 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.

RESULTS AND DIVIDENDS

The profit for the financial year before tax amounts to £154.7m (2016: £75.6m). An interim dividend of 6.1p (restated and 2016: 4.5p restated) per ordinary share was paid on 27 January 2017. The directors are recommending a final dividend of 17.9p per ordinary share to be paid on 1 September 2017, subject to approval at the forthcoming AGM of the Company, to shareholders on the register on 11 August 2017 making the total dividend for the year 24.0p (2016 restated: 16.0p) per share. Full details of dividends in respect of the year ended 31 March 2017 are given in note 8 to the financial statements.

ANNUAL GENERAL MEETING

The 2017 AGM will be held at Stationers' Hall, London on Wednesday 19 July 2017 at 12.00 noon. The Notice convening the AGM and related explanatory notes are in a separate circular. In accordance with the Code, all the directors are submitting themselves for election or re-election.

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.The Board is also proposing an increase to the maximum aggregate amount of directors' fees as set out in Article 90 of the Company's Articles to allow sufficient headroom in relation to any further appointments of non-executive directors as part of the Board's succession planning.

AUTHORITY TO PURCHASE OWN SHARES

The CA 2006 and the Articles permit shareholders to give authority to the Company to purchase its own shares. The current authority, approved by shareholders at the 2016 AGM, permits the Company to purchase 30.4m of its own shares (10% of the then issued share capital). No shares have been purchased or contracts made to purchase shares by the Company during the year or since 31 March 2017 up to the date of this report. The directors are seeking to renew this authority to purchase up to 41.5m of the Company's own shares (10% of the issued share capital) at the forthcoming AGM.

AUTHORITY TO ISSUE SHARES

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.

In line with the guidance set out in the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights, the Board is also recommending two separate special resolutions to grant the directors the power to disapply pre-emption rights. Further details can be found in the Notice.

SHARE CAPITAL

The Company has a single class of shares which is divided into ordinary shares of 5p each of which rank pari passu in respect of participation and voting rights. The ordinary shares are listed on the London Stock Exchange. As at 31 March 2017 the Company had 414,857,469 ordinary 5p shares in issue.

On 10 February 2017, the Company issued 82,954,687 ordinary shares by way of a 1 for 4 rights issue at a price of 665p per share under the general authority given to the directors at the AGM held on 13 July 2016. The proceeds of the rights issue was £540m net of costs of £12m and used to partly fund the acquisition of Letica Corporation and reduce increased borrowings arising from other business acquisitions. The shares issued under the rights issue 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.

GOVERNANCE

OTHER STATUTORY INFORMATION

Continued

MAJOR SHAREHOLDINGS

As at 31 March 2017 the Company had been notified, pursuant to the DTR of the FCA, of notifiable voting rights in its issued share capital or had received disclosures pursuant to the CA 2006 of shareholding interest in excess of 3% of its share capital as follows:

Shareholder	Date of notification	Number of shares	% of issued share capital*
AXA Investment Managers SA	22.01.16	28,361,991	9.35
Aberdeen Asset Managers Limited	29.05.15	12,574,347	4.99
Ameriprise Financial Inc	10.06.15	12,451,726	4.94
Old Mutual Global Investors	04.08.16	15,195,238	4.83
Kames Capital plc	23.09.16	10,022,314	3.02
Aberforth Partners LLP	16.05.14	8,232,273	4.94
SVG Investment Managers Ltd	14.04.11	7,375,919	4.57
Legal and General Group plc	01.05.13	6,013,470	3.62

*% of issued capital disclosed on notification of major shareholdings, not adjusted for rights issues.

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 other 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 49.

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 section of the Strategic report on page 49.

RESEARCH AND DEVELOPMENT

The Group's research and development activities ensure that it stays at the forefront of plastic product design and engineering, 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 2017 can be found in note 3 to the financial statements.

FINANCIAL RISK MANAGEMENT

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 1 to the financial statements.

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. 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.

QUALIFYING THIRD PARTY INDEMNITY

An associated company, RPC Containers Limited, has granted a qualifying pension scheme indemnity in a form permitted by the CA 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.

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 pages 1 to 52 and the Corporate responsibility section on pages 44 to 52.

SIGNIFICANT AGREEMENTS

The Company is required to disclose any significant agreements that take effect, alter or terminate upon a change of control. Some commercial agreements with customers and suppliers allow the counterparties to alter or terminate the agreement in these circumstances.

The Company's £870m multi-currency revolving credit facility agreement contains a change of control clause whereby a participating bank may cancel its commitment and require the Company to repay outstanding loans and interest. In addition, a holder of the US$216m or €60m seven year or 10 year notes issued in the US Private Placement market under the terms of the note purchase agreement has the option to redeem any note at 100% of its principal amount together with interest accrued in the event of a change of control.

On 30 January 2017 the Company entered into a US$750m multi-currency term loan facility ("Dollar Facility") which includes a change of control clause whereby such an event would trigger a mandatory cancellation and prepayment of the Dollar Facility.

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 share incentive plans.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date these accounts were signed. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 30.

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 reasonable 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.

APPROVAL OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT

Pages 1 to 52 inclusive consist of the Strategic report and pages 53 to 84 inclusive consist of the Directors' report. These reports have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the directors in connection with these reports shall be subject to the limitations and restrictions provided by such law. Under the CA 2006, a safe harbour limits the liability of directors in respect of statements in and omissions from a Strategic report and a Directors' report. Under English law, the directors would be liable to the Company, but not to any third party, if the Strategic report or the Directors' report contain errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

For the purposes of compliance with DTR 4.1.5 R(2) and DTR 4.1.8 R, the required content of the 'Management Report' can be found in the Strategic report and this Directors' report, including the sections of the Annual Report incorporated by reference.

The Strategic report and the Directors' report were approved by the Board on 7 June 2017.

On behalf of the Board.

NICK GILES
Company Secretary

7 June 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Parent Company and of the profit or loss of the Group for that period. In preparing these 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 applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the CA 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Parent Company's and the Group's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Board of Directors confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the Parent Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

SIMON KESTERTON
Group Finance Director

7 June 2017

PIM VERVAAT
Chief Executive

7 June 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion:

- RPC Group Plc's Group financial statements and Parent Company financial statements (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 2017 and of the Group's profit and the Group's and the Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Consolidated and Company balance sheets as at 31 March 2017;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and Company cash flow statements for the year then ended;
- the Consolidated and Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

OUR AUDIT APPROACH

CONTEXT

The context for our audit is set by RPC's acquisition activity during the year, and the continued integration of previous acquisitions from prior years which has resulted in significant exceptional and non-underlying items.

In particular, the Group has completed nine acquisitions in the current year, with the four largest being the acquisitions of British Polythene Industries Plc ("BPI"), Plastiape S.p.A ("Plastiape"), ESE World B.V. ("ESE") and Letica Corporation, Letica Development, Inc. and Letica Resources, Inc. (together "Letica").

OVERVIEW

- Overall Group materiality: £14.3m which represents 5% of profit before tax after adding back the exceptional and non-underlying items as set out in note 4.
- Following our assessment of the risks of material misstatement of the Group financial statements, we performed audits of the complete financial information of 42 components (2016: 28 components), and specific audit procedures focused on areas of significant risk in respect of a further 20 components (2016: 15 components).
- In addition, the Parent Company and certain centralised functions, including those covering post-employment obligations, derivative financial instruments, taxation, the fair value adjustments relating to acquisitions, goodwill and intangible asset impairment assessments and the consolidation were audited by the Group audit team.
- The components on which audits of the complete financial information, specific audit procedures and centralised work was performed, accounted for 65% of Group revenue.
- As part of our supervision process, the Group audit team visited component auditors in France, Norway and the UK and visited the US in order to perform audit work over Letica.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC

Continued

Our assessment of the risk of material misstatement also informed our views on the areas of particular focus for our work which are listed below:

- Acquisition accounting. This includes current year significant acquisitions, hindsight adjustments on previous acquisitions, and deferred and contingent consideration on certain previous acquisitions.
- Presentation and disclosure of exceptional and non-underlying items.

THE SCOPE OF OUR AUDIT AND OUR AREAS OF FOCUS

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
ACQUISITION ACCOUNTING Refer to Risk profile on page 27, Audit Committee report on page 64, Principal accounting policies on page 99 and to the Acquisition of subsidiary undertakings note on page 132. **Current year significant acquisitions – fair value of acquired assets and liabilities** The Group made the following significant acquisitions during the year: ► 100% of the share capital of BPI on 1 August 2016 for consideration of £274.5m; ► 100% of the share capital of Plastiape on 24 November 2016 for consideration of £116.7m; ► 100% of the share capital of ESE on 31 January 2017 for consideration of £233.3m; and ► 100% of the share capital of Letica on 9 March 2017 for consideration of £407.6m. The Group also made five smaller acquisitions during the year, but we have focused our work on the four larger acquisitions due to their relative size and significance to the Group as a whole. We focused on this area because the accounting treatment for the provisional opening balance sheet is inherently judgemental and requires the directors to exercise many judgements, including in respect of the fair values of intangible assets, property, plant and equipment, provisions and other assets and liabilities, and the calculation of associated goodwill. **GCS hindsight adjustments** A hindsight review was performed during the year in respect of the GCS acquisition, where the provisional fair values recognised on acquisition were reassessed and provisions were increased by £2.3m and assets reduced by £4.7m. A hindsight adjustment of £4.0m has also been made to increase the level of deferred tax assets.	**Current year significant acquisitions – fair value of acquired assets and liabilities** For each of the four significant acquisitions: ► We read the sale and purchase agreement in order to understand the nature of the transaction and ensure that relevant clauses that impact the accounting had been considered by the directors; ► We tested the fair values ascribed to intangible assets by understanding the assumptions adopted in the valuation model, which critically include the forecast attrition rate in relation to existing customers, the expected longevity of the relationships and the sales and margin forecasts. We engaged and evaluated the work of our specialists who validated those underlying assumptions and confirmed that the directors had adopted reasonable assumptions in each circumstance; ► We engaged our property valuation specialists to review the methodologies adopted and key assumptions utilised in valuing the freehold properties. This included benchmarking key assumptions to external market data. The fair values were consistent with the evidence obtained; ► We tested plant and equipment valuations by considering the reliability of the directors' experts where used, by using external market information where available and reviewing key assumptions utilised by the directors including the age, condition and useful economic lives of assets. The fair values were consistent with the evidence obtained; ► We tested the provision for out of market contracts by considering the range of margins used in the underlying calculations to determine whether the contract is out of market. We confirmed that the methodology used by the directors is consistent with that adopted for previous acquisitions in prior years and reasonable in light of available data; and ► For the remaining fair values of other assets and liabilities, we evaluated the assessment and calculation of material assets and provisions to check that they are accurate and reflect information that was known in relation to events that existed at the transaction dates.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Ace and Letica deferred and contingent consideration The directors have reconsidered their estimate of the deferred and contingent consideration that is likely to be payable in relation to the acquisition of Ace. Based on the information currently available to them, they considered the provision in the light of their current expectations as to the amount of consideration which they believe will be payable in May 2018 based on performance to the end of the earn-out period in December 2017 and released £23.0m of the provision. The directors have also considered the estimate of deferred and contingent consideration that is likely to be payable in relation to the acquisition of Letica at the end of the earn-out period to June 2019.	We note that the generated goodwill on the four significant acquisitions of £667.2m is the residual value of the consideration over and above the fair value of acquired net assets. We consider that the directors' assessment of the provisional fair value of the opening balance sheets of these acquisitions to be supportable. **GCS hindsight adjustments** Due to the GCS fair values having been provisional at the previous year end, a hindsight review was performed by the directors in the current year. Additional provisions of £2.3m were recognised in relation to liabilities that the directors concluded existed at the acquisition date and £4.7m of assets were derecognised where the directors identified that they did not have a fair value in the opening balance sheet. Deferred tax assets of £4.0m were recognised in relation to assets that were recoverable at the acquisition date. The evidence obtained supported the value of the adjustments made and that these conditions existed at the time of acquisition. We also reviewed the out of market contract provision with reference to understanding any new information that had been identified in the hindsight period that existed at the time of the acquisition. Our procedures did not identify any required adjustments. **Ace and Letica deferred and contingent consideration** We reviewed the basis of this calculation and verified the expected future performance to the directors' forecasts and the underlying agreements to conclude that the provisions at the end of the period are reasonable based on information that is currently available.
PRESENTATION AND DISCLOSURE OF EXCEPTIONAL AND NON-UNDERLYING ITEMS Refer to Risk profile on page 27, Audit Committee report on page 64, Principal accounting policies on page 99 and to the Non-underlying items note on page 109. The financial statements include certain items which are disclosed as 'exceptional' and 'non-underlying' in nature. These include exceptional items included in operating costs consisting of £56.1m of integration costs relating to the ongoing Promens and GCS integration programmes as well as the integration programme for BPI. Also included as exceptional items included in operating costs are £18.9m of acquisition costs, an impairment charge on property, plant and equipment of £12.0m, a net release of £11.2m of the provision for deferred and contingent consideration, the majority of which is in relation to the Ace acquisition (as described above) and other costs of £8.4m. Non-underlying items include amortisation of acquired intangibles of £31.0m, certain financial income and expense items of £15.2m, the tax impact on the above listed items of £23.2m and a tax credit of £19.2m arising on losses previously generated in Promens and GCS that have been accessed during the year. We focused on this area because non-underlying items are not defined by IFRS as adopted by the European Union and the directors must therefore apply judgement to identify such items. Incorrect classification of these items could lead to misinterpretation of the financial results.	We assessed the appropriateness of the Group's accounting policy and whether those items disclosed as exceptional and non-underlying were consistent with the accounting policy and the approach taken in previous accounting periods. In particular: ► For the £56.1m of integration costs, our work confirmed that these costs were associated with projects of an exceptional nature and related to specific integration plans as a result of previous acquisitions. As well as agreeing a sample of these costs to supporting evidence the Group audit team, including the Group Audit Partner visited an RPC site in Germany which had been significantly impacted by the restructuring and integration programme. As part of this visit, the Group audit team were able to see the improvements that had been made to the site as well as meeting with the RPC Director of Business Improvement and the respective Divisional Finance Directors for RPC Bramlage and RPC Promens to discuss the detailed plans of the integration programmes in total; ► For acquisition related costs of £18.9m we agreed a sample of these costs to supporting evidence to verify that they were one-off in nature and related to specific acquisitions completed or abandoned in the year; ► For the impairment charge of £12.0m on property, plant and equipment and assets held for sale we tested the directors' impairment models, ensuring that the carrying value reflected the higher of either the fair value of future cash flows or the expected realisable value of the assets from disposal; ► For our audit response on the deferred and contingent consideration on the Ace acquisition, see the acquisition accounting area of focus above;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC

Continued

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
	▸ For other exceptional and non-underlying items, we verified a sample of the items to supporting evidence and ensured a consistent application of the accounting policy to prior periods; and ▸ For the tax credit of £19.2m arising on losses that are now accessible, we engaged our tax specialists to confirm the availability of the losses and the tax rates applied and we confirmed that the recognition of the tax credit was a one-off material event and therefore met the accounting policy definition of non-underlying. As the non-underlying items include both costs and income, we have considered other items within the Consolidated income statement to confirm completeness of the classification. We found the Group's accounting policy to be appropriate and the classification of items to be consistent with the accounting policy and the treatment of similar items in prior years.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured along seven divisions being RPC Ace, RPC Bebo, RPC bpi, RPC Bramlage, RPC M&H, RPC Promens and RPC Superfos, each with their own Finance Director who reports into the Group finance team. Each division contains multiple components, across different regions, which are consolidated to form the Group financial statements.

The Group financial statements are a consolidation of multiple components, comprising the Group's operating businesses and centralised functions. These components maintain their own accounting records and controls and report to the head office finance team through an integrated consolidation system.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each component and we used auditors within PwC UK and from other PwC network firms operating under our instruction, who are familiar with the local laws and regulations in each of these territories to perform this work.

Accordingly, of the Group's multiple components, we identified 42 which, in our view, required a full audit of their complete financial information in order to ensure that sufficient appropriate audit evidence was obtained. The components on which a full audit of their complete financial information was performed accounted for 55% of Group revenue. There are no individually significant components due to size or risk profile. Specific audit procedures focused on areas of significant risk in respect of a further 20 components were performed with due consideration paid to obtaining global coverage on a rotational basis.

This scope involved sites in Belgium, China, Czech Republic, Denmark, France, Germany, Hong Kong, Italy, Norway, Poland, Spain, Sweden, the UK and the USA.

The Group consolidation, financial statements disclosures and a number of centralised functions were audited by the Group audit team at the head office. These included, but were not limited to, central procedures on post-employment obligations, derivative financial instruments, taxation, the fair value adjustments relating to acquisitions, goodwill and intangible asset impairment assessments. We also performed Group level analytical procedures on all of the remaining out of scope components to identify whether any further audit evidence was needed, which resulted in no extra testing. The Parent Company was also subject to a full scope audit by the Group audit team.

The components on which audits of the complete financial information, specific audit procedures and centralised work was performed, accounted for 65% of Group revenue.

The Group audit team visits component auditors based on significance and / or risk characteristics, as well as on a rotational basis to ensure coverage across the Group. In the current year, the Group audit team visited component auditors in France, Norway and the UK and visited the US in order to perform audit work over Letica. Additionally the Group audit team was in contact, at each stage of the audit, with all component teams through regular written communication in line with detailed instructions issued by the Group audit team. In addition, for a number of the component teams, the Group team discussed in detail the planned audit approach at the component level and discussed the detailed findings of the audit with the component team.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	▶ £14.3m (2016: £7.6m).
How we determined it	▶ 5% of profit before tax, after adding back exceptional and non-underlying items as set out in note 4.
Rationale for benchmark applied	▶ We believe that profit before tax, after adding back exceptional and non-underlying items is the primary measure used by the shareholders in assessing the performance of the Group. The exclusion of items classified as exceptional and non-underlying is consistent with previous periods.
Component materiality	▶ For each reporting component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £170,000 and £4,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £550,000 (2016: £380,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

Under the Listing Rules we are required to review the Directors' statement, set out on page 83, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS

COMPANIES ACT 2006 REPORTING

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Parent Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RPC GROUP PLC

Continued

ISAS (UK & IRELAND) REPORTING

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

▸ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
▸ the statement given by the directors on page 84, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.	We have no exceptions to report.
▸ the section of the Annual Report on page 66, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

▸ The directors' confirmation on page 68 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▸ The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
▸ The directors' explanation on page 30 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

DIRECTORS' REMUNERATION REPORT - COMPANIES ACT 2006 OPINION

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

OTHER COMPANIES ACT 2006 REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' responsibilities set out on page 84, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

MARK SMITH (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

7 June 2017

- The maintenance and integrity of the RPC Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2017

	Notes	2017 Adjusted £m	2017 Non-underlying (note 4) £m	2017 Total £m	2016 Adjusted £m	2016 Non-underlying (note 4) £m	2016 Total £m
Revenue	2	**2,747.2**	**–**	**2,747.2**	1,642.4	–	1,642.4
Operating costs	3	**(2,439.0)**	**(116.2)**	**(2,555.2)**	(1,468.1)	(79.1)	(1,547.2)
Operating profit		**308.2**	**(116.2)**	**192.0**	174.3	(79.1)	95.2
Financial income	6	**12.6**	**–**	**12.6**	4.3	0.8	5.1
Financial expenses	6	**(35.4)**	**(15.2)**	**(50.6)**	(18.6)	(6.7)	(25.3)
Net financing costs	6	**(22.8)**	**(15.2)**	**(38.0)**	(14.3)	(5.9)	(20.2)
Share of investment accounted for under the equity method	14	**0.7**	**–**	**0.7**	0.6	–	0.6
Profit before taxation	2	**286.1**	**(131.4)**	**154.7**	160.6	(85.0)	75.6
Taxation	7	**(65.1)**	**42.4**	**(22.7)**	(38.5)	17.8	(20.7)
Total profit for the period attributable to equity shareholders		**221.0**	**(89.0)**	**132.0**	122.1	(67.2)	54.9

Earnings per share		2017			2016 restated		
Basic	10			**37.1p**			18.1p
Diluted	10			**36.8p**			18.0p
Adjusted basic	10	**62.2p**			40.4p		
Adjusted diluted	10	**61.6p**			40.1p		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017

	Notes	2017 £m	2016 £m
Profit for the period		**132.0**	54.9
Items that will not be reclassified subsequently to profit and loss			
Actuarial (losses)/gains on defined benefit pension plans	28	**(7.2)**	15.1
Deferred tax on actuarial losses/(gains)		**1.0**	(2.7)
		(6.2)	12.4
Items that may be reclassified subsequently to profit and loss			
Foreign exchange translation differences		**101.3**	61.6
Effective portion of movement in fair value of interest rate swaps		**6.1**	11.7
Deferred tax charge/(credit) on movement in fair value of interest rate swaps		**0.7**	(2.0)
Amounts recycled to profit and loss		**(8.0)**	(1.9)
Amounts recycled to balance sheet		**(1.7)**	(4.0)
Movement in swaps designated as net investment hedges		**(3.8)**	(10.1)
		94.6	55.3
Other comprehensive income, net of tax		**88.4**	67.7
Total comprehensive income for the period		**220.4**	122.6

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

at 31 March 2017

	Notes	2017 £m	2016 restated £m
Non-current assets			
Goodwill	11	**1,575.1**	825.1
Other intangible assets	11	**377.8**	165.5
Property, plant and equipment	12	**1,265.5**	895.1
Investments accounted for under the equity method	14	**4.2**	3.2
Derivative financial instruments	21	**39.0**	28.7
Deferred tax assets	23	**116.1**	71.6
Total non-current assets		**3,377.7**	1,989.2
Current assets			
Assets held for sale	17	**5.6**	1.6
Inventories	15	**480.2**	275.1
Trade and other receivables	16	**625.9**	396.6
Current tax receivables		**3.3**	2.9
Derivative financial instruments	21	**1.0**	–
Cash and cash equivalents		**258.1**	130.2
Total current assets		**1,374.1**	806.4
Current liabilities			
Bank loans and overdrafts	18	**(85.1)**	(111.0)
Trade and other payables	18	**(885.8)**	(531.5)
Current tax liabilities		**(42.6)**	(37.3)
Deferred and contingent consideration	22	**(2.8)**	(4.2)
Provisions and other liabilities	23	**(66.0)**	(60.8)
Derivative financial instruments	21	**(2.3)**	(0.2)
Total current liabilities		**(1,084.6)**	(745.0)
Net current assets		**289.5**	61.4
Total assets less current liabilities		**3,667.2**	2,050.6
Non-current liabilities			
Bank loans and other borrowings	19	**(1,259.6)**	(794.2)
Employee benefits	28	**(256.0)**	(150.3)
Deferred tax liabilities	23	**(233.2)**	(117.0)
Deferred and contingent consideration	22	**(49.4)**	(53.2)
Provisions and other liabilities	23	**(45.6)**	(41.7)
Derivative financial instruments	21	**(0.7)**	(0.3)
Total non-current liabilities		**(1,844.5)**	(1,156.7)
Net assets		**1,822.7**	893.9
Equity			
Called up share capital	24	**20.8**	15.2
Share premium account		**680.6**	591.4
Merger reserve		**727.4**	52.2
Capital redemption reserve		**0.9**	0.9
Retained earnings		**222.1**	157.9
Cash flow hedging reserve		**(1.1)**	1.8
Cumulative translation differences reserve		**171.7**	74.2
Total equity attributable to equity shareholders		**1,822.4**	893.6
Non-controlling interest		**0.3**	0.3
Total equity		**1,822.7**	893.9

The financial statements on pages 92 to 139 were approved by the Board of Directors on 7 June 2017 and were signed on its behalf by:

J R P PIKE
Chairman

S J KESTERTON
Group Finance Director

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017

	Notes	2017 £m	2016 restated £m
Cash flows from operating activities			
Adjusted operating profit		**308.2**	174.3
Adjustments for:			
Amortisation of intangible assets		**3.4**	2.9
Depreciation		**129.8**	74.0
Adjusted EBITDA		**441.4**	251.2
Share-based payment expense		**4.5**	3.3
Loss on disposal of property, plant and equipment		**–**	0.1
Pension deficit payments in excess of income statement charge		**(4.8)**	(2.0)
Movement in provisions and financial liabilities		**(55.6)**	(20.8)
Movement in working capital		**28.5**	0.2
Adjusted operating cash flows		**414.0**	232.0
Payments in respect of non-underlying items	4	**(81.1)**	(50.3)
Cash generated by operations		**332.9**	181.7
Taxes paid		**(33.2)**	(13.6)
Interest paid		**(23.2)**	(17.2)
Net cash from operating activities		**276.5**	150.9
Cash flows from investing activities			
Interest received		**1.5**	1.7
Proceeds on disposal of property, plant and equipment and assets held for sale		**4.5**	3.4
Acquisition of property, plant and equipment		**(175.2)**	(101.1)
Acquisition of intangible assets		**(5.0)**	(3.4)
Acquisition of businesses		**(938.1)**	(528.5)
Proceeds on disposal of businesses		**0.1**	4.0
Net cash flows used in investing activities		**(1,112.2)**	(623.9)
Cash flows from financing activities			
Dividends paid	8	**(62.1)**	(40.8)
Purchase of own shares	24	**(5.1)**	(3.0)
Proceeds from the issue of share capital		**629.2**	230.1
Repayment of borrowings		**(85.6)**	–
Proceeds of borrowings		**444.8**	321.9
Net cash flows from financing activities		**921.2**	508.2
Net increase in cash and cash equivalents		**85.5**	35.2
Cash and cash equivalents at beginning of year		**86.3**	47.4
Effect of foreign exchange rate changes		**11.2**	3.7
Cash and cash equivalents at end of year		**183.0**	86.3
Cash and cash equivalents comprise:			
Cash at bank		**258.1**	130.2
Bank overdrafts		**(75.1)**	(43.9)
		183.0	86.3

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Share capital £m	Share premium account restated £m	Merger reserve restated £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
At 1 April 2016	**15.2**	**591.4**	**52.2**	**0.9**	**74.2**	**1.8**	**157.9**	**0.3**	**893.9**
Profit for the period	–	–	–	–	–	–	**132.0**	–	**132.0**
Actuarial loss	–	–	–	–	–	–	**(7.2)**	–	**(7.2)**
Deferred tax on actuarial loss	–	–	–	–	–	–	**1.0**	–	**1.0**
Exchange differences on foreign currencies	–	–	–	–	**101.3**	–	–	–	**101.3**
Movement in fair value of derivatives	–	–	–	–	–	**6.1**	–	–	**6.1**
Amounts recycled to profit and loss	–	–	–	–	–	**(8.0)**	–	–	**(8.0)**
Amounts recycled to balance sheet	–	–	–	–	–	**(1.7)**	–	–	**(1.7)**
Deferred tax on hedging movements	–	–	–	–	–	**0.7**	–	–	**0.7**
Movement in swaps designated as net investment hedges	–	–	–	–	**(3.8)**	–	–	–	**(3.8)**
Total comprehensive income for the period	–	–	–	–	**97.5**	**(2.9)**	**125.8**	–	**220.4**
Issue of shares	**5.6**	**89.2**	**675.2**	–	–	–	–	–	**770.0**
Equity-settled share-based payments	–	–	–	–	–	–	**4.5**	–	**4.5**
Deferred tax on equity-settled share-based payments	–	–	–	–	–	–	**0.3**	–	**0.3**
Current tax on equity-settled share-based payments	–	–	–	–	–	–	**0.8**	–	**0.8**
Purchase of own shares	–	–	–	–	–	–	**(5.1)**	–	**(5.1)**
Dividends paid	–	–	–	–	–	–	**(62.1)**	–	**(62.1)**
Total transactions with owners recorded directly in equity	**5.6**	**89.2**	**675.2**	–	–	–	**(61.6)**	–	**708.4**
At 31 March 2017	**20.8**	**680.6**	**727.4**	**0.9**	**171.7**	**(1.1)**	**222.1**	**0.3**	**1,822.7**
At 1 April 2015	12.6	363.9	52.2	0.9	26.3	(5.6)	130.5	0.3	581.1
Profit for the period	–	–	–	–	–	–	54.9	–	54.9
Actuarial gains	–	–	–	–	–	–	15.1	–	15.1
Deferred tax on actuarial gains	–	–	–	–	–	–	(2.7)	–	(2.7)
Exchange differences on foreign currencies	–	–	–	–	61.6	–	–	–	61.6
Movement in fair value of derivatives	–	–	–	–	–	11.7	–	–	11.7
Amounts recycled to profit and loss	–	–	–	–	–	(1.9)	–	–	(1.9)
Amounts recycled to balance sheet	–	–	–	–	–	(4.0)	–	–	(4.0)
Deferred tax on hedging movements	–	–	–	–	–	(2.0)	–	–	(2.0)
Transfer between reserves	–	–	–	–	(3.6)	3.6	–	–	–
Movement in swaps designated as net investment hedges	–	–	–	–	(10.1)	–	–	–	(10.1)
Total comprehensive income for the period	–	–	–	–	47.9	7.4	67.3	–	122.6
Issue of shares	2.6	227.5	–	–	–	–	–	–	230.1
Equity-settled share-based payments	–	–	–	–	–	–	3.3	–	3.3
Deferred tax on equity-settled share-based payments	–	–	–	–	–	–	0.6	–	0.6
Purchase of own shares	–	–	–	–	–	–	(3.0)	–	(3.0)
Dividends paid	–	–	–	–	–	–	(40.8)	–	(40.8)
Total transactions with owners recorded directly in equity	2.6	227.5	–	–	–	–	(39.9)	–	190.2
At 31 March 2016	15.2	591.4	52.2	0.9	74.2	1.8	157.9	0.3	893.9

FINANCIAL STATEMENTS

COMPANY BALANCE SHEET

at 31 March 2017

	Notes	2017 £m	2016 restated £m
Non-current assets			
Investment in subsidiaries	13	**1,346.9**	886.3
Derivative financial instruments	21	**39.0**	28.7
Deferred tax asset	23	**0.3**	–
Total non-current assets		**1,386.2**	915.0
Current assets			
Trade and other receivables	16	**1,985.8**	1,149.6
Derivative financial instruments	21	**1.0**	–
Cash and cash equivalents		**1.4**	–
Total current assets		**1,988.2**	1,149.6
Current liabilities			
Bank loans and overdrafts	18	**(33.0)**	(92.3)
Trade and other payables	18	**(392.6)**	(266.4)
Current tax liabilities		**–**	(0.6)
Derivative financial instruments		**(2.3)**	–
Total current liabilities		**(427.9)**	(359.3)
Net current assets		**1,560.3**	790.3
Total assets less current liabilities		**2,946.5**	1,705.3
Non-current liabilities			
Bank loans and other borrowings	19	**(1,229.1)**	(761.3)
Deferred tax liabilities	23	–	(0.6)
Total non-current liabilities		**(1,229.1)**	(761.9)
Net assets		**1,717.4**	943.4
Equity			
Called up share capital	24	**20.8**	15.2
Share premium account		**680.6**	591.4
Merger reserve		**727.4**	52.2
Capital redemption reserve		**0.9**	0.9
Retained earnings		**289.7**	286.2
Cash flow hedging reserve		**(2.0)**	1.8
Cumulative translation differences reserve		**–**	(4.3)
Total equity attributable to equity shareholders		**1,717.4**	943.4

The financial statements on pages 92 to 139 were approved by the Board of Directors on 7 June 2017 and were signed on its behalf by:

J R P PIKE
Chairman

S J KESTERTON
Group Finance Director

REGISTERED NUMBER
2578443

FINANCIAL STATEMENTS

COMPANY CASH FLOW STATEMENT

for the year ended 31 March 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Profit before tax	9	**66.9**	78.6
Dividends received	9	**(89.9)**	(90.1)
Net financing costs		**(5.9)**	(1.1)
Loss from operations		**(28.9)**	(12.6)
Operating cash flows before movements in working capital		**(28.9)**	(12.6)
Increase in working capital		**(603.8)**	(269.5)
Cash used in operations		**(632.7)**	(282.1)
Interest paid		**(21.8)**	(13.0)
Net cash used in operating activities		**(654.5)**	(295.1)
Cash flows used in investing activities			
Interest received		**–**	0.1
Investments in subsidiaries		**(370.6)**	(248.4)
Net cash flows used in investing activities		**(370.6)**	(248.3)
Cash flows from financing activities			
Dividends paid	8	**(62.1)**	(40.8)
Proceeds from the issue of share capital	24	**680.0**	230.1
New bank loans raised		**407.8**	347.3
Net cash flows from financing activities		**1,025.7**	536.6
Net increase/(decrease) in cash and cash equivalents		**0.6**	(6.8)
Cash and cash equivalents at beginning of year		**(32.2)**	(25.4)
Cash and cash equivalents at end of year		**(31.6)**	(32.2)
Cash and cash equivalents comprise:			
Cash and cash equivalents		**1.4**	–
Bank overdraft		**(33.0)**	(32.2)
		(31.6)	(32.2)

FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Share capital £m	Share premium account restated £m	Merger reserve restated £m	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2016	**15.2**	**591.4**	**52.2**	**0.9**	**(4.3)**	**1.8**	**286.2**	**943.4**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**67.5**	**67.5**
Movement in fair value of derivatives	**–**	**–**	**–**	**–**	**–**	**5.0**	**–**	**5.0**
Amounts recycled to profit and loss	**–**	**–**	**–**	**–**	**–**	**(8.0)**	**–**	**(8.0)**
Amounts recycled to balance sheet	**–**	**–**	**–**	**–**	**–**	**(1.7)**	**–**	**(1.7)**
Deferred tax on hedging movements	**–**	**–**	**–**	**–**	**–**	**0.9**	**–**	**0.9**
Transfer between reserves	**–**	**–**	**–**	**–**	**4.3**	**–**	**(4.3)**	**–**
Total comprehensive (expense)/income for the period	**–**	**–**	**–**	**–**	**4.3**	**(3.8)**	**63.2**	**63.7**
Issue of shares	**5.6**	**89.2**	**675.2**	**–**	**–**	**–**	**–**	**770.0**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**2.4**	**2.4**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(62.1)**	**(62.1)**
Total transactions with owners recorded directly in equity	**5.6**	**89.2**	**675.2**	**–**	**–**	**–**	**(59.7)**	**710.3**
At 31 March 2017	**20.8**	**680.6**	**727.4**	**0.9**	**–**	**(2.0)**	**289.7**	**1,717.4**
At 1 April 2015	12.6	363.9	52.2	0.9	(0.7)	(5.6)	246.7	670.0
Profit for the period	–	–	–	–	–	–	78.6	78.6
Movement in fair value of derivatives	–	–	–	–	–	11.7	–	11.7
Amounts recycled to profit and loss	–	–	–	–	–	(1.9)	–	(1.9)
Amounts recycled to balance sheet	–	–	–	–	–	(4.0)	–	(4.0)
Deferred tax on hedging movements	–	–	–	–	–	(2.0)	–	(2.0)
Transfer between reserves	–	–	–	–	(3.6)	3.6	–	–
Total comprehensive (expense)/income for the period	–	–	–	–	(3.6)	7.4	78.6	82.4
Issue of shares	2.6	227.5	–	–	–	–	–	230.1
Equity-settled share-based payments	–	–	–	–	–	–	1.7	1.7
Dividends paid	–	–	–	–	–	–	(40.8)	(40.8)
Total transactions with owners recorded directly in equity	2.6	227.5	–	–	–	–	(39.1)	191.0
At 31 March 2016	15.2	591.4	52.2	0.9	(4.3)	1.8	286.2	943.4

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

1. PRINCIPAL ACCOUNTING POLICIES

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

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 on a going concern basis and in accordance with the historical cost convention except for derivative financial instruments and deferred and contingent consideration which are stated at their fair value.

In the preparation of the financial statements, comparative amounts have been restated to reflect the following:

- The provisional GCS and JP Plast acquisition accounting has been reviewed and hindsight adjustments made to goodwill, provisions, current and deferred tax, accounts receivable and property, plant and equipment. These have been adjusted in the comparative balance sheet.
- The shares issued in 2014 as consideration for Ace met the criteria for merger relief. As a result, £52.2m has been reclassified from the share premium account to merger reserve in opening balances.
- Earnings per share in the prior year has been restated to reflect the rights issue on 27 February 2017.
- Current tax receivables of £2.9m have been separately disclosed in the comparative balance sheet which were previously netted off current tax liabilities.

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:

ACQUISITION ACCOUNTING

IFRS 3 'Business Combinations' requires that the consideration for an acquisition is recorded at fair value. Where contingent consideration is part of the acquisition cost then management have estimated the fair value of the amount payable. Contingent consideration is revalued each reporting period according to the latest forecasts of the acquired business based on the terms of the earn-out arrangement. Where deferred consideration is part of an acquisition cost then it is recorded and held on the balance sheet at amortised cost. Where payment is dependent on the recipient remaining in employment, the payment will be accounted for as post-acquisition remuneration as required under IFRS 3 and be classified as exceptional remuneration expense over the earn-out period. This is also held at fair value and revalued each reporting period.

Assets and liabilities must also be recognised at fair value on acquisition. The identification and measurement of contingent liabilities, out-of-market contracts and intangible assets are key areas of judgement. For intangible assets appropriate valuation methods are used, including royalty rates and the excess earnings model to recognise the fair value of the assets acquired. More details are set out in note 25.

EXCEPTIONAL AND OTHER NON-UNDERLYING ITEMS

The directors believe that the presentation of the results after adjusting for exceptional and non-underlying items assists in comparing trends and with improving an understanding of business performance. The Company has developed a policy of accounting treatment and disclosure which is consistently applied in identifying these costs which in some situations require judgement as to their amount and the appropriateness of their classification.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Intangible assets are tested at least annually for impairment and the Group's tangible assets other than inventories, financial assets within the scope of International Accounting Standard (IAS) 39 and deferred tax assets, are tested when there is an indication of impairment in accordance with the accounting policy set out below and in note 11 to the financial statements. The recoverable amounts of cash-generating units (CGUs) 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.

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 on page 103 and details of the assumptions used are set out in note 28 to the financial statements.

TAXATION

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

BASIS OF CONSOLIDATION

The consolidation includes the financial statements of the Company and its subsidiaries made up to 31 March 2017. 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.

Investments in joint ventures are accounted for using the equity method.

ACQUISITION ACCOUNTING

Acquisitions are accounted for by applying the purchase method. The cost of an acquisition is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. A systematic approach is taken to identify the assets, liabilities and contingent liabilities of the acquiree, and to measure them at fair value at the acquisition date, irrespective of the extent of any non-controlling interests, using appropriate valuation methods and third party valuation specialists where appropriate. The excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

NEW STANDARDS AND INTERPRETATIONS

In the current year there were no new standards adopted that had a material impact on the Group results.

There are a number of standards and interpretation issued by the IASB that are effective for financial statements after this reporting period, including IFRS 9, IFRS 15 and IFRS 16. The Group is in the process of assessing the impact that the application of these standards will have on the Group's financial statements.

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 less any residual value 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.

NON-CURRENT ASSETS (DISPOSAL GROUPS) HELD FOR SALE

Non-current assets and all assets and liabilities classified as held for sale are measured at the lower of carrying value and fair value less costs to sell. Non-current assets and all assets and liabilities, or disposal groups, are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from the date of classification.

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, trade and other receivables and derivatives.

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 cash flow statement.

TRADE AND OTHER PAYABLES

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

PROVISIONS

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

INVESTMENTS IN SUBSIDIARIES

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

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

FOREIGN CURRENCIES

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

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

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

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

BANK BORROWINGS

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

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are measured at fair value and include interest rate swaps, cross currency swaps and forward foreign exchange contracts. The fair values are determined by reference to the market prices available from the market on which the instruments involved are traded. 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. Fair value of Level 3 financial instruments are where inputs for the asset or liability are not based on observable market data (that is, unobservable inputs).

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

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

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

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

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

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

REVENUE

Revenue, which excludes value added tax, other sales taxes and trade discounts, represents the invoiced value of goods supplied. Revenue is recognised in the income statement when 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.

NON-UNDERLYING ITEMS

Items which are non-underlying are presented separately from underlying business performance in the Consolidated income statement due to their materiality, nature or infrequency. The separate reporting of non-underlying items helps facilitate comparison with prior periods and assess trends in financial performance. The principal events which may give rise to items include business restructuring and closure costs, including related asset impairments and losses during the closure period, business acquisition and integration costs, gains or losses on the disposal of businesses and property, goodwill impairments, significant litigation and tax claims, amortisation of acquired intangible assets, deferred consideration on acquisitions that is treated as remuneration, one-off tax items that are linked to restructuring and other gains or losses, which, in the management's 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 on deductible temporary differences where they can be offset against taxable temporary differences or to the extent that it is probable that taxable profits will be available against which they 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.

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

OTHER EMPLOYEE BENEFITS

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

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

LEASING

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

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

RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

GOODWILL

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

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

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

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

OTHER INTANGIBLE ASSETS

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

Patents	remaining life of patent
Product development costs	over the life of the project
Computer software and IT systems development costs	4 to 5 years
Customer contacts and relationships acquired	5 to 10 years
Technology	7 years
Brands	10 years

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet date, the Group reviews the carrying amount of 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. Goodwill is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

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

EQUITY-SETTLED SHARE-BASED PAYMENTS

The Group operates an employee savings related share option scheme and executive share option schemes. 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.

NON GAAP MEASURES

The Group presents adjusted operating profit, adjusted profit before tax, adjusted earnings per share and free cash flow 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 non-underlying items, the amortisation of certain acquired intangible assets and non-underlying finance costs and in the case of free cash flow, non-underlying cash provision movements. These measures are used by the Group for internal performance analysis and as a basis for incentive compensation arrangements for employees. The terms adjusted and non-underlying 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, or be superior to, GAAP measurements of performance.

RELATED PARTY DISCLOSURES

Transactions between the Group and any related parties which require disclosure under IAS 24 'Related Party Disclosures' are given in note 29.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

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 are reported under 2 segments. A number of operating segments meet the aggregation criteria set out in IFRS 8 and they have been amalgamated into one reporting segment, Packaging. The remaining operating segments have been included as Non-packaging. The business performance of the two segments can be found in the Operating review.

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:

	Packaging		Non-packaging		Total	
	2017 £m	2016 restated £m	**2017 £m**	2016 restated £m	**2017 £m**	2016 restated £m
Revenue						
External sales	**2,365.3**	1,345.4	**381.9**	297.0	**2,747.2**	1,642.4
Inter-segment sales	**1.0**	0.2	**15.8**	11.2		
Total revenue	**2,366.3**	1,345.6	**397.7**	308.2		
Segmental results						
Segment adjusted operating profit	**246.2**	133.4	**62.0**	40.9	**308.2**	174.3
Non-underlying expenses					**(116.2)**	(79.1)
Finance costs					**(38.0)**	(20.2)
Share of investment					**0.7**	0.6
Profit before tax					**154.7**	75.6
Tax					**(22.7)**	(20.7)
Profit after tax					**132.0**	54.9
Segment assets	**3,596.4**	2,126.5	**946.1**	559.5	**4,542.5**	2,686.0
Unallocated assets					**203.7**	108.0
Assets for sale					**5.6**	1.6
Total assets					**4,751.8**	2,795.6
Total non-current assets					**3,377.7**	1,989.2
Total current assets					**1,374.1**	806.4
Total assets					**4,751.8**	2,795.6
Segment net operating assets	**1,235.2**	834.8	**229.1**	179.5	**1,464.3**	1,014.3
Unallocated net operating assets					**21.5**	21.0
Total net operating assets					**1,485.8**	1,035.3
Property, plant and equipment					**1,265.5**	895.1
Inventories					**480.2**	275.1
Trade and other receivables					**625.9**	396.6
Trade and other payables					**(885.8)**	(531.5)
Total net operating assets					**1,485.8**	1,035.3

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.

	Packaging		Non-packaging		Total	
	2017 £m	2016 £m	**2017 £m**	2016 £m	**2017 £m**	2016 £m
Depreciation and amortisation	**138.8**	69.9	**25.4**	17.3	**164.2**	87.2
Impairment charge	**12.3**	11.9	**–**	–	**12.3**	11.9

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:

2017

	UK £m	Germany £m	France £m	Other £m	**Mainland Europe £m**	**Rest of World £m**	**Total £m**
External sales	**736.1**	488.2	313.9	825.1	**1,627.2**	**383.9**	**2,747.2**
Non-current assets	**647.1**	273.5	290.2	1,074.4	**1,638.1**	**937.4**	**3,222.6**
Goodwill							**1,575.1**
Intangible assets							**377.8**
Property, plant and equipment							**1,265.5**
Investments accounted for under the equity method							**4.2**
Non-current assets							**3,222.6**

2016 RESTATED

	UK £m	Germany £m	France £m	Other £m	Mainland Europe £m	Rest of World £m	Total £m
External sales	373.6	333.0	210.5	507.0	1,050.5	218.3	1,642.4
Non-current assets	401.2	237.0	286.8	545.5	1,069.3	418.4	1,888.9
Goodwill							825.1
Intangible assets							165.5
Property, plant and equipment							895.1
Investments accounted for under the equity method							3.2
Non-current assets							1,888.9

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

MAJOR CUSTOMERS

No single customer accounts for more than 10% of Group revenue in either 2017 or 2016.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

3. OPERATING COSTS

	2017 £m	2016 £m
Raw material and consumables	**1,359.8**	787.5
Own work capitalised	**(3.1)**	(2.8)
Changes in stock of finished goods and work in progress	**(22.9)**	0.5
Other external charges	**289.8**	183.4
Carriage	**107.3**	67.5
Staff costs (note 5)	**650.1**	412.8
Depreciation of property, plant and equipment (note 12)	**129.8**	74.0
Amortisation of intangibles (note 11)	**34.4**	13.2
Impairment losses	**12.3**	11.9
Other operating income	**(2.3)**	(0.8)
	2,555.2	1,547.2

	2017 £m	2016 £m
Other external charges include the following:		
Operating lease rentals:		
Hire of plant and machinery	**10.9**	8.5
Other operating leases	**4.9**	2.6
Research and development	**5.0**	3.5
Foreign exchange (gains)/losses	**(1.3)**	0.7
Other operating income includes:		
Loss on disposal of property, plant and equipment	**–**	0.1
Loss on disposal of business	**1.9**	0.6

The analysis of auditor's remuneration is as follows:

	2017 £m	2016 £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	**3.1**	1.4
– audit related assurance services	**0.1**	–
– tax compliance services	**–**	0.1
– corporate finance services	**0.4**	–
– other non-audit services	**0.3**	–
– other assurance services	**0.5**	0.7

Fees payable to PwC 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. NON-UNDERLYING ITEMS

	2017 £m	2016 £m
Exceptional items		
Acquisition costs	**18.9**	11.5
Integration costs	**56.1**	49.5
Integration related impairment loss on property, plant and equipment and assets held for sale	**10.7**	11.9
Other restructuring, closure costs and other losses	**6.4**	6.2
Acquisition, Integration and restructuring related costs	**92.1**	79.1
Insurance proceeds	**–**	(1.3)
Other impairment losses on property, plant and equipment	**1.3**	–
Remuneration charge on deferred consideration	**11.8**	7.8
Adjustments to deferred consideration	**(23.0)**	(18.9)
Other exceptional items	**2.0**	1.5
Total exceptional items included in operating costs	**84.2**	68.2
Other non-underlying items		
Amortisation – acquired intangibles	**31.0**	10.3
Other non-underlying items	**1.0**	0.6
Total non-underlying items included in operating costs	**116.2**	79.1
Non-underlying finance costs	**15.2**	5.9
Non-underlying taxation		
Recognition of losses from previous acquisitions	**(19.2)**	–
Tax effect of non-underlying adjustments	**(23.2)**	(17.8)
Total non-underlying taxation	**(42.4)**	(17.8)

2017

Acquisition costs include the transactional acquisition costs, primarily of BPI, Letica, ESE and Plastiape. Integration costs relate to the integration of the Promens, GCS and BPI businesses into the RPC organisation, including related restructuring and closure costs. Following closure and restructuring announcements, the buildings at Pulheim, Germany; Kerkrade, Netherlands and Envases, Spain, have been impaired, together with plant and equipment at other sites resulting in a charge of £12.0m for impairment loss on property, plant and equipment. Remuneration charge on deferred consideration includes the provision for remuneration earned by the shareholders of Ace, Letica and Strata, who must remain as employees of the Group for the duration of the earn-out period to qualify for the remuneration. This year a further write back to deferred consideration of £23.0m has been made to reflect the current view of the final payment that will be made in respect of the Ace acquisition. Other exceptional items for the year include £1.4m in respect of start-up costs for a project in Brazil.

Non-underlying operating items include amortisation of acquired intangibles. Non-underlying finance costs are described in note 6. Non-underlying taxation comprises the recognition of £19.2m of tax losses from previous acquisitions that were able to be accessed in the year, and the tax effects of the other exceptional and non-underlying items.

2016

Acquisition costs include the transactional acquisition costs of GCS, Strata Products, Innocan and JP Plast. Integration costs relate to the integration of the Promens and GCS businesses into the RPC organisation, including related restructuring and closure costs. Following closure and restructuring announcements, the buildings at Pulheim, Germany, and Old Dalby, UK have been impaired, together with plant and equipment at other sites and a reduction in the net book value was recorded for a building held for sale at Beuningen, Netherlands, resulting in a charge of £11.9m for impairment loss on property, plant and equipment. Included within other restructuring and closure costs are the costs of other business optimisation programmes not directly affected by the Promens integration, including the final closure costs of Troyes, France. Insurance proceeds include the final settlement proceeds of the insurance claim for the flood at Troyes. Remuneration charge on deferred consideration includes the provision for remuneration earned by the shareholders of Ace who must remain as employees of the Group for the duration of the earn-out period to qualify for the remuneration. However a write back to deferred consideration of £18.9m has been made to reflect the current view of the final payment that will be made in respect of the Ace acquisition. Other exceptional items for the year include £0.6m in respect of start-up costs for a project in Brazil, the loss on the sale of Superfos Turkey and other items.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

5. STAFF COSTS

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

	2017 Number	2016 Number
Production	**16,826**	12,809
Selling	**938**	663
Administration	**2,365**	1,705
	20,129	15,177

Staff costs for the above personnel were:

	2017 £m	2016 £m
Wages and salaries	**528.6**	310.6
Restructuring and closure costs	**22.4**	33.7
Termination benefits	**0.4**	1.1
Social security costs	**82.1**	55.3
Share-based payments (note 24)	**4.5**	3.3
Pension costs – defined contribution plans	**8.9**	6.7
Pension costs – defined benefit plans (note 28)	**3.2**	2.1
	650.1	412.8

The Company had no employees.

EMOLUMENTS OF THE DIRECTORS

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

6. FINANCIAL INCOME AND EXPENSES

	2017 £m	2016 £m
Interest receivable on cash at bank	**(1.6)**	(1.4)
Fair value adjustment to borrowings	**(2.2)**	(0.4)
Mark-to-market gain on foreign currency hedging instruments	**(8.8)**	(2.5)
Total financial income	**(12.6)**	(4.3)
Interest payable on bank loans and overdrafts	**15.9**	6.8
Interest payable on bonds and US private placement notes	**6.8**	6.0
Fair value adjustment to borrowings	**10.5**	2.5
Other interest payable and similar charges	**2.2**	3.3
Total financial expenses	**35.4**	18.6
Defined benefit pensions scheme finance expense (note 28)	**4.9**	2.7
Loss/(gain) on unhedged financial instruments	**0.2**	(0.8)
Finance cost and foreign exchange movement on deferred and contingent consideration	**10.1**	4.0
Total non-underlying	**15.2**	5.9
Net financing costs	**38.0**	20.2

Finance cost and foreign exchange movement on deferred and contingent consideration largely comprises the Ace contingent consideration finance cost and the associated foreign exchange impact on the US dollar liability. See note 22 for details.

7. TAXATION

	2017 £m	2016 £m
United Kingdom corporation tax at 20% (2016: 20%):		
Current year	**2.0**	3.8
Adjustments in respect of prior years	**(3.3)**	(0.7)
Overseas taxation:		
Current year	**27.2**	23.6
Adjustments in respect of prior years	**2.5**	1.0
Total current tax	**28.4**	27.7
Deferred tax (note 23):		
United Kingdom:		
Current year	**3.4**	1.2
Adjustments in respect of prior years	**(0.8)**	(0.9)
Overseas:		
Current year	**13.3**	(3.1)
Non-underlying recognition of losses from previous acquisitions	**(19.2)**	–
Adjustments in respect of prior years	**(2.4)**	(4.2)
Total tax expense in the Consolidated income statement	**22.7**	20.7

TAX RECONCILIATION

	2017 £m	2016 £m
Profit before taxation	**154.7**	75.6
Current tax at 20% (2016: 20%)	**31.0**	15.1
Expenses not deductible for tax purposes	**7.6**	9.5
Local tax incentives	**(1.2)**	(1.6)
Net losses not provided/utilised	**3.5**	1.2
Adjustments to deferred consideration (see note 4)	**(3.3)**	(2.3)
Tax rate differential	**8.3**	3.6
Non-underlying recognition of losses from previous acquisitions	**(19.2)**	–
Adjustments in respect of prior years	**(4.0)**	(4.8)
Total tax expense in the Consolidated income statement	**22.7**	20.7

The deferred tax on temporary differences at 31 March 2016 and 2017 has been calculated based on the tax rates substantively enacted at the balance sheet date.

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. Reductions to the Luxembourg tax rate (including the solidarity surcharge and municipal business tax) from 29.22% to 27.08% (effective from 1 January 2017) and 26.01% (effective from 1 April 2017) were substantively enacted on 27 December 2016.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). There is an initial two year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship although this timeframe can be extended. At this stage, there is significant uncertainty about the withdrawal process; its timeframe; and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. Following the negotiations between the UK and the EU, the UK's tax status may change and this may impact the Group. However, at this stage the level of uncertainty is such that it is impossible to determine if, how and when that tax status will change. There is inherent uncertainty surrounding the UK's exit from the EU and the impact on tax laws and rates. The directors have assessed and have not identified any significant matters impacting the financial statements.

The non-underlying tax credit arises due to future taxable profit being available to access historic tax losses following restructuring which arose in the year.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

8. DIVIDENDS

	2017 £m	2016 £m
Dividends on ordinary shares:		
Final for 2014/15 paid of 9.5p per share	–	27.7
Interim for 2015/16 paid of 4.5p per share	–	13.1
Final for 2015/16 paid of 11.5p per share	**40.6**	–
Interim for 2016/17 paid of 6.1p per share	**21.5**	–
	62.1	40.8

RPC has a progressive dividend policy. The aim of this policy is to target a dividend cover of 2.5x adjusted earnings throughout the cycle. Dividend cover for March 2017 was 2.59 (2016: 2.53).

All dividends per share have been restated for the bonus element of the rights issue that took place on 27 February 2017.

The proposed final dividend for the year ended 31 March 2017 of 17.9p per share with an estimated total cost of £74.4m has not been included as a liability as at 31 March 2017.

9. PROFIT FOR THE FINANCIAL YEAR

As permitted by section 408 of the Companies Act 2006, the holding Company's income statement has not been included in these financial statements. The profit after taxation within these financial statements includes a profit of £67.5m (2016: £78.6m) for the Company. This includes intercompany dividends received of £89.9m (2016: £90.1m).

Of the retained earnings of the Company of £289.7m (2016: £286.2m), £nil (2016: £194.4m) is classed as non-distributable.

10. EARNINGS PER SHARE

On 9 June 2016, the Company issued 11,042,945 ordinary shares by way of a share placement at a price of 815p. The net proceeds of the share placement were £89.1m after costs of £0.9m. There was no restatement of earnings per share for this transaction.

On 1 August 2016, the Company issued 16,505,511 ordinary shares at par value of 853p per share to the shareholders of British Polythene Industries Plc as part of the consideration for the acquisition of the group. The total value of the shares issued was £140.8m, with the nominal value of the shares issued of £0.8m credited to share capital and the remaining amount credited to the merger reserve account.

On 27 February 2017, the Company issued 82,954,687 ordinary shares by way of a 1 for 4 rights issue at a price of 665p per share. The net proceeds of the rights issue were £540.0m after costs of £12.1m. Earnings per share for 2016 has been restated to reflect the bonus element of the 1 for 4 rights issue.

BASIC

Earnings per share has been computed on the basis of earnings of £132.0m (2016: £54.9m), and on the weighted average number of shares in issue during the year of 355,501,884 (2016 restated: 302,406,308). The weighted average number of shares excludes shares held by the 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 3,180,775 (2016 restated: 1,781,851). The number of shares used for the diluted calculation for the year was 358,682,659 (2016 restated: 304,188,159).

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 adjusted items, being the restructuring, impairment and other exceptional and non-underlying items, amortisation of acquired intangibles, and one-off tax items related to restructuring, identified separately on the face of the Consolidated income statement, together with non-underlying finance costs, adjusted for the tax thereon, have been excluded.

BASIC AND ADJUSTED BASIC EARNINGS PER SHARE

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

	2017	2016 restated
Weighted average number of shares	**355,501,884**	302,406,308
Basic earnings per share	**37.1p**	18.1p
Adjusted basic earnings per share	**62.2p**	40.4p

DILUTED AND ADJUSTED DILUTED EARNINGS PER SHARE

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

	2017	2016 restated
Weighted average number of shares (basic)	**355,501,884**	302,406,308
Effect of share options in issue	**3,180,775**	1,781,851
Weighted average number of shares (diluted)	**358,682,659**	304,188,159
Diluted earnings per share	**36.8p**	18.0p
Adjusted diluted earnings per share	**61.6p**	40.1p

11. INTANGIBLE ASSETS

	Goodwill restated £m	Other intangible assets restated £m	Total restated £m
Cost			
At 1 April 2015	499.8	84.6	584.4
Additions internally developed	–	3.5	3.5
Acquisitions	298.0	100.9	398.9
Exchange differences	27.3	4.6	31.9
At 31 March 2016	825.1	193.6	1,018.7
At 1 April 2016	**825.1**	**193.6**	**1,018.7**
Additions internally developed	**–**	**5.0**	**5.0**
Acquisitions	**679.6**	**230.8**	**910.4**
Write-back of acquired negative goodwill	**0.6**	**–**	**0.6**
Exchange differences	**69.8**	**18.4**	**88.2**
At 31 March 2017	**1,575.1**	**447.8**	**2,022.9**
Amortisation			
At 1 April 2015	–	13.2	13.2
Charge for the year	–	13.2	13.2
Exchange differences	–	1.7	1.7
At 31 March 2016	–	28.1	28.1
At 1 April 2016	**–**	**28.1**	**28.1**
Charge for the year	**–**	**34.4**	**34.4**
Impairment	**–**	**0.2**	**0.2**
Exchange differences	**–**	**7.3**	**7.3**
At 31 March 2017	**–**	**70.0**	**70.0**
Net book value at 31 March 2017	**1,575.1**	**377.8**	**1,952.9**
Net book value at 31 March 2016 and 1 April 2016	825.1	165.5	990.6

The Company had no intangible assets at either year end.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

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 a divisional level within the Group and the carrying value of goodwill at 31 March is allocated as follows:

	2017 £m	2016 £m
Bramlage	**552.7**	413.6
Bebo	**16.8**	10.7
Superfos	**353.9**	95.8
Ace	**196.8**	175.9
Promens	**253.8**	129.1
bpi	**201.1**	–
	1,575.1	825.1

The directors determined that no 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 2017/18 budget and the outline plans for 2018/19 and 2019/20 approved by the Board together with terminal values which assume zero growth, with the exception of Ace which assumes a 4% terminal growth.

The key assumptions used in the recoverable amount calculations include:

(i) Sales. Forecasts are based on divisional 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 10% (2016: 10%) was used to discount the expected cash flows of the cash-generating units. As each CGU is considered to have similar risks the same discount rate has been applied, with the exception of Ace where a 12% rate has been used. The Group's impairment review is sensitive to a change in the key assumptions used, most notably the discount rate and profitability levels. Based on the Group's sensitivity analysis, an increase in the discount rate to 15% or a reduction in profitability of 33% would be required to indicate a potential impairment in one or more of the CGUs. Management does not view that this is a reasonable possibility.

OTHER INTANGIBLE ASSETS

Other intangible assets include customer contacts with a net book value of £337.3m (2016: £136.7m), brands with a net book value of £6.6m (2016: £2.8m), technology of £24.6m (2016: £14.3m) and internally generated development costs with a net book value of £9.3m (2016: £11.7m).

12. PROPERTY, PLANT AND EQUIPMENT

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

	Freehold land and buildings restated £m	Long leasehold land and buildings £m	Plant, equipment, moulds and vehicles £m	Total restated £m
Cost				
At 1 April 2015	281.3	14.9	659.0	955.2
Additions	10.7	0.5	85.5	96.7
Acquisitions	88.9	–	131.0	219.9
Reclassifications	(3.1)	4.5	(1.4)	–
Disposals	(4.8)	(0.1)	(11.9)	(16.8)
Exchange differences	38.0	1.1	57.4	96.5
At 31 March 2016	411.0	20.9	919.6	1,351.5
At 1 April 2016	**411.0**	**20.9**	**919.6**	**1,351.5**
Additions	**19.0**	**3.8**	**161.1**	**183.9**
Acquisitions	**138.4**	**–**	**134.5**	**272.9**
Reclassifications	**1.2**	**1.7**	**(2.9)**	**–**
Transfers to held for sale	**(5.6)**	**–**	**–**	**(5.6)**
Disposals	**(3.0)**	**(0.2)**	**(54.3)**	**(57.5)**
Exchange differences	**32.8**	**1.5**	**115.2**	**149.5**
At 31 March 2017	**593.8**	**27.7**	**1,273.2**	**1,894.7**
Depreciation				
At 1 April 2015	37.9	3.3	285.4	326.6
Charge for the year	7.5	0.8	65.7	74.0
Impairment charge	8.7	–	2.2	10.9
Reclassifications	(0.1)	1.0	(0.9)	–
Disposals	(3.7)	(0.1)	(11.1)	(14.9)
Exchange differences	7.6	1.4	50.8	59.8
At 31 March 2016	57.9	6.4	392.1	456.4
At 1 April 2016	**57.9**	**6.4**	**392.1**	**456.4**
Charge for the year	**14.3**	**2.0**	**113.5**	**129.8**
Impairment charge	**3.6**	**–**	**8.5**	**12.1**
Reclassifications	**–**	**(0.4)**	**0.4**	**–**
Disposals	**(3.0)**	**(0.2)**	**(52.0)**	**(55.2)**
Exchange differences	**10.6**	**0.5**	**75.0**	**86.1**
At 31 March 2017	**83.4**	**8.3**	**537.5**	**629.2**
Net book value at 31 March 2017	**510.4**	**19.4**	**735.7**	**1,265.5**
Net book value at 31 March 2016 and 1 April 2016	353.1	14.5	527.5	895.1

The value relating to land not depreciated is £87.1m (2016: £66.0m).

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

The impairment charge of £12.1m (2016: £10.9m) includes properties at Kerkrade, Envases and Pulheim. More information is given on the impairments in note 4.

The Group's obligations under finance leases (see note 19) are secured against the leased assets and have a carrying value at 31 March 2017 of £10.0m (2016: £10.8m).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

13. INVESTMENT IN SUBSIDIARIES

On 1 August 2016, the Company acquired 100% of the share capital of British Polythene Industries Plc, a leading manufacturer and supplier of polythene films for a diverse range of end markets. In addition, the Company subscribed for additional shares in RPC Packaging Holdings Limited and Rigid Plastic Containers Holdings Limited to fund further acquisitions.

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 140 to 145.

	Company	
	2017 £m	2016 £m
At 1 April	**886.3**	636.2
Cost of share options (note 24)	**2.4**	1.7
Subscription for additional shares in RPC Packaging Holdings Limited	**18.4**	24.8
Subscription for additional shares in Rigid Plastic Containers Holdings Limited	**165.3**	223.6
Acquisition of British Polythene Industries Plc	**274.5**	–
At 31 March	**1,346.9**	886.3

14. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group has a 46% share in Galion, a joint venture with an injection moulding business based in Tunisia. The carrying value of the investment represents the Group's share in Galion's net assets.

15. INVENTORIES

The amounts attributable to the different categories are as follows:

	2017 £m	2016 £m
Raw materials and consumables	**223.1**	130.5
Finished goods and goods for resale	**257.1**	144.6
	480.2	275.1

The Company had no inventories at either year end.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 £m	2016 restated £m	**2017 £m**	2016 £m
Trade receivables	**540.2**	332.8	**–**	–
Amounts owed by Group undertakings	**–**	–	**1,975.8**	1,143.8
Other receivables	**51.8**	41.4	**10.0**	5.8
Prepayments and accrued income	**33.9**	22.4	**–**	–
	625.9	396.6	**1,985.8**	1,149.6

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:

	2017 £m	2016 £m
Euro	**261.0**	178.7
Sterling	**126.8**	69.2
Others	**152.4**	84.9
	540.2	332.8

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:

	2017 £m	2016 £m
As at 1 April	**12.6**	8.9
Charge for the year	**6.1**	3.7
Amounts written off	**(2.5)**	(1.5)
Unused amounts reversed	**(0.9)**	(0.6)
Acquired in the period	**11.9**	0.9
Exchange differences	**0.1**	1.2
At 31 March	**27.3**	12.6

As at 31 March 2017, 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 2017	**540.2**	**450.1**	**57.2**	**22.8**	**10.1**
31 March 2016	332.8	273.6	44.8	9.3	5.1

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

17. ASSETS CLASSIFIED AS HELD FOR SALE

	2017 £m	2016 £m
Buildings classified as held for sale	**5.6**	1.6
	5.6	1.6

The assets held for sale at the year ended March 2017 relate to properties at Kerkrade, Netherlands, and Pulheim, Germany. Assets previously classified as held for sale at 31 March 2016 relating to a surplus property in the Netherlands were sold during the year.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 £m	2016 £m	2017 £m	2016 £m
Bank loans, finance leases and overdrafts (note 19)	**85.1**	111.0	**33.0**	92.3
Payments received on account	**41.1**	28.9	**–**	–
Trade payables	**600.5**	330.1	**3.6**	6.7
Amounts owed to Group undertakings	**–**	–	**378.9**	259.7
Other payables	**150.5**	113.8	**–**	–
Accruals	**93.7**	58.7	**10.1**	–
	885.8	531.5	**392.6**	266.4

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

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

19. NON-CURRENT LIABILITIES

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Bank loans and other borrowings	**1,249.8**	782.0	**1,228.4**	759.0
Finance leases	**9.1**	9.9	–	–
Fair value adjustment to borrowings	**0.7**	2.3	**0.7**	2.3
	1,259.6	794.2	**1,229.1**	761.3

The maturity of current and non-current bank loans and other borrowings including finance leases, but excluding fair value adjustment to borrowings is set out below:

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Repayable as follows:				
In one year or less	**10.0**	67.1	–	60.0
Between one and two years	**108.7**	6.4	**103.6**	–
Between two and five years	**1,137.4**	665.8	**1,125.5**	652.8
Greater than five years	**12.8**	119.7	–	106.2
	1,268.9	859.0	**1,229.1**	819.0

The facilities comprised:

(i) a multi-currency revolving credit facility of up to £870m at normal commercial interest rates falling due on 30 April 2020;

(ii) a multi-currency revolving credit facility of up to €450m at normal commercial interest rates falling due on 24 June 2019;

(iii) a term loan of $750m expiring on 30 July 2018, with the option to extend to 2020;

(iv) US private placement notes of $92m and €35m expiring on 15 December 2018;

(v) US private placement notes of $124m and €25m expiring on 15 December 2021;

(vi) uncommitted overdraft facilities of £22.5m, €101m and other smaller local facilities; and

(vii) mortgages secured on manufacturing facilities totalling £12.6m as at 31 March 2017 (2016: £12.2m).

The currency and interest rate profile of the Group's net debt, after taking account of the impact of interest rate swaps but excluding a fair value adjustment to borrowings, is as follows:

	Fixed rate 2017 £m	**Floating rate 2017 £m**	**Cash/overdraft 2017 £m**	**Total 2017 £m**	Fixed rate 2016 £m	Floating rate 2016 £m	Cash/overdraft 2016 £m	Total 2016 £m
Sterling	**1.2**	**223.0**	**(44.6)**	**179.6**	1.5	404.0	(10.2)	395.3
Euro	**82.2**	**166.1**	**(39.8)**	**208.5**	59.7	226.0	(27.2)	258.5
US dollar	**92.8**	**685.0**	**(40.7)**	**737.1**	80.7	69.9	(7.7)	142.9
Other	**7.1**	**11.5**	**(57.9)**	**(39.3)**	7.0	10.2	(41.2)	(24.0)
	183.3	**1,085.6**	**(183.0)**	**1,085.9**	148.9	710.1	(86.3)	772.7

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2017 £m	2016 £m
Adjusted EBITDA	**441.4**	251.2
Share-based payment expense	**4.5**	3.3
Movement in working capital	**28.5**	0.2
Net interest paid	**(21.7)**	(15.5)
Tax paid	**(33.2)**	(13.6)
Proceeds on disposal of property, plant and equipment	**4.5**	3.4
Acquisition of property, plant and equipment	**(175.2)**	(101.1)
Acquisition of intangible assets	**(5.0)**	(3.4)
(Gain)/loss on disposal of property, plant and equipment	**–**	0.1
Pension deficit payments in excess of income statement charge	**(4.8)**	(2.0)
Free cash flow	**239.0**	122.6
Payment of non-underlying items	**(81.1)**	(50.3)
Non-underlying cash provision movements	**(39.4)**	(13.4)
Other movements in provisions and financial liabilities	**(16.2)**	(7.4)
Acquisition of businesses	**(938.1)**	(528.5)
Proceeds on disposal of businesses	**0.1**	4.0
Dividends paid	**(62.1)**	(40.8)
Purchase of own shares	**(5.1)**	(3.0)
Proceeds from the issue of share capital	**629.2**	230.1
Change in net debt resulting from cash flows	**(273.7)**	(286.7)
Translation movements	**(35.9)**	(20.6)
Net debt acquired	**(3.5)**	–
Movement in derivative instruments	**8.0**	(5.4)
Movement in net debt in the year	**(305.1)**	(312.7)
Net debt at the beginning of the year	**(744.0)**	(431.3)
Net debt at the end of the year	**(1,049.1)**	(744.0)
Analysis of net debt		
Cash and cash equivalents	**258.1**	130.2
Overdrafts due within one year	**(75.1)**	(43.9)
Bank loans due within one year	**(10.0)**	(67.1)
Bank loans due greater than one year	**(1,259.6)**	(794.2)
Less: Fair value adjustment to borrowings	**0.7**	2.3
Derivative financial instruments: assets	**39.1**	28.7
Derivative financial instruments: liabilities	**(2.3)**	–
Net debt at the end of the year	**(1,049.1)**	(744.0)

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's principal financial instruments are set out below:

	Loans and receivables £m	Derivatives used for hedging £m	Assets at fair value through profit and loss £m	Available for sale £m	Total £m
March 2017					
Financial assets					
Cash and cash equivalents	**258.1**	**–**	**–**	**–**	**258.1**
Trade and other receivables	**625.9**	**–**	**–**	**–**	**625.9**
Investment accounted for under the equity method	**–**	**–**	**4.2**	**–**	**4.2**
Assets held for sale	**–**	**–**	**–**	**5.6**	**5.6**
Cross currency interest rate swaps	**–**	**39.0**	**–**	**–**	**39.0**
Foreign currency forwards	**–**	**1.0**	**–**	**–**	**1.0**
Total financial assets	**884.0**	**40.0**	**4.2**	**5.6**	**933.8**

	Derivatives used for hedging £m	Other financial liabilities at amortised cost £m	Total £m
Financial liabilities			
Trade and other payables	**–**	**885.8**	**885.8**
Short-term borrowings and bank overdrafts	**–**	**85.1**	**85.1**
Medium and long-term borrowings	**–**	**1,259.6**	**1,259.6**
Foreign currency forwards	**3.0**	**–**	**3.0**
Total financial liabilities	**3.0**	**2,230.5**	**2,233.5**

	Loans and receivables £m	Derivatives used for hedging £m	Assets at fair value through profit and loss £m	Available for sale £m	Total £m
March 2016 (restated)					
Financial assets					
Cash and cash equivalents	130.2	–	–	–	130.2
Trade and other receivables	396.6	–	–	–	396.6
Investment accounted for under the equity method	–	–	3.2	–	3.2
Assets held for sale	–	–	–	1.6	1.6
Cross currency interest rate swaps	–	28.7	–	–	28.7
Total financial assets	526.8	28.7	3.2	1.6	560.3

	Liabilities at fair value through profit and loss £m	Other financial liabilities at amortised cost £m	Total £m
Financial liabilities			
Trade and other payables	–	(531.5)	(531.5)
Short-term borrowings and bank overdrafts	–	(111.0)	(111.0)
Medium and long-term borrowings	–	(794.2)	(794.2)
Other derivatives	(0.5)	–	(0.5)
Total financial liabilities	(0.5)	(1,436.7)	(1,437.2)

The Group's financial derivatives in the Group and Company balance sheet as at 31 March 2017 comprise the following:

GROUP

	2017			2016		
	Assets £m	**Liabilities £m**	**Net £m**	Assets £m	Liabilities £m	Net £m
Cross currency interest rate swaps – cash flow hedge	**19.3**	**–**	**19.3**	9.7	–	9.7
Cross currency interest rate swaps – fair value hedge	**18.6**	**–**	**18.6**	9.8	–	9.8
Cross currency interest rate swaps – net investment hedge	**1.1**	**–**	**1.1**	9.2	–	9.2
Foreign currency forwards – cash flow hedge	**1.0**	**(6.3)**	**(5.3)**	–	–	–
Foreign currency forwards – net investment hedge	**4.0**	**–**	**4.0**	–	–	–
Other derivatives – not hedge accounted	**–**	**(0.7)**	**(0.7)**	–	(0.5)	(0.5)
	44.0	**(7.0)**	**37.0**	28.7	(0.5)	28.2

COMPANY

	2017			2016		
	Assets £m	**Liabilities £m**	**Net £m**	Assets £m	Liabilities £m	Net £m
Cross currency interest rate swaps – cash flow hedge	**19.3**	**–**	**19.3**	9.7	–	9.7
Cross currency interest rate swaps – fair value hedge	**19.7**	**–**	**19.7**	19.0	–	19.0
Foreign currency forwards – cash flow hedge	**1.0**	**(6.3)**	**(5.3)**	–	–	–
Foreign currency forwards – fair value hedge	**4.0**	**–**	**4.0**	–	–	–
	44.0	**(6.3)**	**37.7**	28.7	–	28.7

At the year end the Group had in place:

(i) 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. These have been partitioned into separate elements and have been accounted for as 10 net investment hedges relating to GBP:EUR currency risk, 5 fair value hedges covering interest rate and currency exposure and 10 cash flow hedges.

(ii) Foreign currency forwards for ZAR 700m to hedge the consideration payable for Astrapak. This has been accounted for as a cash flow hedge

(iii) 13 foreign currency forwards for the purpose of managing exchange rate risk on the $750m term loan drawn in the year. These have been partitioned into separate elements and have been accounted for as 13 net investment hedges relating to GBP:EUR currency risk, and 13 cash flow hedges.

During the year the Group had in place derivatives relating to the acquisition of ESE and Plastiape, which had a fair value of £1.7m on expiry. The fair value on expiry has been recognised within the consideration paid, which is further detailed in note 25.

I) CASH FLOW HEDGES

Cash flow hedges are in place to manage interest rate and foreign exchange rate risk in relation to $100m of fixed rate debt, as well as the foreign exchange risk in relation to the fixed GBP margin payable on an additional $100m of external debt. At the balance sheet date, the fair value of USD to GBP cross currency interest rate swaps taken out to manage this risk was £19.3m (2016: £9.7m). In the year, £10.5m (2016: £1.9m) was recycled from the cash flow hedge reserve to offset FX movements on retranslation of the $100m fixed rate debt. The hedge reserve will be recycled to the income statement to offset foreign exchange movements on retranslation and repayment in 2018 and 2021.

On 1 February 2017 the Group entered into 7 forward contracts to purchase a total ZAR700m in order to hedge the consideration for the announced acquisition of Astrapak. At the 31 March 2017 these forwards were held at a value of £1.0m and were included within a cash flow hedge relationship.

On 10 March 2017 the Group entered into 13 forward currency contracts to purchase a total of $250m in exchange for a fixed amount of EUR, in order to hedge a percentage of USD denominated debt. The USD to GBP element of these contracts is accounted for as a cash flow hedge. At 31 March 2017 these contracts have a fair value of £(6.3)m. A total of £2.5m has been recycled from the cash flow hedge reserve to offset foreign exchange movements on the retranslation of USD denominated debt. No ineffectiveness was noted on cash flow hedges during the year (2016: nil).

II) FAIR VALUE HEDGES

Fair value hedges are in place to manage interest rate and foreign exchange rate risk in relation to an additional $100m of floating rate debt. At the balance sheet date, the fair value of USD to GBP cross currency interest rate swaps taken out to manage this risk was £18.6m (2016: £9.8m). In the year, a movement in fair value of £(8.1)m was noted on the hedged item. No ineffectiveness was noted on fair value hedges during the year (2016: nil).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

III) NET INVESTMENT HEDGES

Net investment hedges are in place to manage foreign exchange rate risk on the retranslation of euro and US dollar denominated subsidiaries. The Group has designated 10 GBP to EUR cross currency swaps and 13 GBP to EUR foreign currency forwards as net investment hedges, which have a fair value at the balance sheet date of £1.1m (2016: £9.2m) and £4.0m (2016: £nil). Additionally, external debt of $16m and €60m is also designated as a hedging instrument in hedge relationships. No ineffectiveness was noted on net investment hedges during the year (2016: nil).

Cross currency interest rate swaps included within net investment hedges at a consolidated level are included within fair value hedges within company accounts. No ineffectiveness (2016: none) was noted on these fair value hedges within the year.

Other smaller foreign exchange contracts are used to manage the Group's exposure to foreign currency fluctuations.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments and external borrowings to hedge certain risk exposures.

The Group's risk management is carried out by a central treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. 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 instruments for speculative purposes.

(B) INTEREST RATE RISK

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain a balanced position in respect of its fixed and floating borrowings, using derivative instruments where relevant.

The interest rate profile of the Group's net debt is shown in note 19.

With respect to the $216m USPP notes issued in December 2011, $100m was converted from fixed US dollar to floating GBP and $100m was converted from fixed US dollar to fixed GBP, through the use of ten cross currency interest rate swaps; three of these swaps totalling $92m expire in December 2018 with the remaining two, totalling $108m, expiring in December 2021. The remaining USPP balance of $16m and notes of €60m are not swapped and therefore pay interest at fixed US dollar and fixed euro interest rates.

An increase of 1% in the interest rate charged during the year on floating rate borrowings not fixed by interest rate swaps would have reduced profit before tax by approximately £8.7m (2016: £3.9m) before accounting for exchange differences, and would reduce net equity by approximately £6.7m (2016: £3.0m).

	2017			2016		
	Sterling %	**Euro %**	**US dollar %**	Sterling %	Euro %	US dollar %
Fixed interest rate	**3.2–3.9**	**1.1–11.2**	**4.2–4.8**	2.5–4.4	2.0–11.2	4.2–4.8
Floating rate interest margin above:						
– Euribor	**n/a**	**0.8–4.5**	**n/a**	n/a	0.8–4.5	n/a
– Libor	**1.1–2.5**	**n/a**	**0.8–2.5**	1.1-2.5	n/a	1.2–1.8

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

(C) LIQUIDITY RISK

The Group monitors and reviews its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 20) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The maturity profile of the Group's undrawn borrowing facilities in respect of which all conditions precedent have been met at 31 March 2017, but excluding overdrafts, is as follows:

	2017 £m	2016 £m
Maturity date		
Expiring in one year	**117.6**	0.8
Expiring in one to two years	**601.3**	0.1
Expiring in more than two years	**254.6**	210.9
	973.5	211.8

The maturity of bank loans and overdrafts is set out in note 19.

In order to improve liquidity and ensure continuity of funding, the Group has a credit agreement with seven recognised international banks providing a £870m multi-currency revolving credit facility, maturing in April 2020. This was extended by use of an accordion facility from the initial £770m during the year. During 2011 the Group issued $92m and €35m USPP notes expiring in December 2018 and $124m and €25m USPP notes expiring in December 2021. During the year the Group entered into a €450m multi-currency revolving credit facility, maturing in June 2019, and a $750m term loan with 7 banks expiring in July 2018, with the option to extend to 2020.

Short-term flexibility is achieved through additional overdraft facilities.

The table below analyses the Group's contractual undiscounted cash flows relating to non-derivative financial liabilities. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

	Within 1 year or on demand £m	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**After 5 years £m**	**Total £m**
March 2017					
Non-derivative financial liabilities					
Trade and other payables	**(885.8)**	–	–	–	**(885.8)**
Borrowings:					
Repayment of principal	**(10.0)**	**(108.7)**	**(1,137.4)**	**(12.8)**	**(1,268.9)**
Expected future interest payments	**(28.5)**	**(27.1)**	**(31.9)**	**(1.7)**	**(89.2)**
Total non-derivative financial liabilities	**(924.3)**	**(135.8)**	**(1,169.3)**	**(14.5)**	**(2,243.9)**
Derivative financial instruments					
Cross-currency interest rate swaps	**3.9**	**21.7**	**28.5**	–	**54.1**
Other derivative liabilities	**(2.3)**	**(0.7)**	–	–	**(3.0)**
Total	**(922.7)**	**(114.8)**	**(1,140.8)**	**(14.5)**	**(2,192.8)**
March 2016					
Non-derivative financial liabilities					
Trade and other payables	(531.5)	–	–	–	(531.5)
Borrowings:					
Repayment of principal	(67.1)	(6.4)	(665.8)	(119.7)	(859.0)
Expected future interest payments	(19.9)	(18.7)	(37.5)	(6.0)	(82.1)
Total non-derivative financial liabilities	(618.5)	(25.1)	(703.3)	(125.7)	(1,472.6)
Derivative financial instruments					
Cross-currency interest rate swaps	2.6	2.6	18.8	16.3	40.3
Other derivative liabilities	(0.5)	–	–	–	(0.5)
Total	(616.4)	(22.5)	(684.5)	(109.4)	(1,432.8)

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

(D) FOREIGN CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to protect the Group's balance sheet and income statement from the adverse effect of changes in the exchange rate relating to both transactional and translational risk.

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

Of the Group's net assets, 70% (2016: 88%) before borrowings are in non sterling currencies, 41% of which are denominated in euros.

In December 2011 the Company issued $216m and €60m fixed rate USPP notes. In order to manage the interest rate and foreign exchange exposure, 10 cross currency interest swaps were taken out totalling $200m. In order to manage the foreign exchange rate risk on payment of interest and principal balances, the debt is designated within cash flow and fair value hedges.

In March 2017 the Company took out a $750m revolving credit facility. In order to manage the interest rate and foreign exchange exposure, 13 forward currency contracts to purchase a total of $250m in exchange for a fixed amount of euro were entered into. In order to manage the foreign exchange rate risk on repayment of principal balances, the debt is designated within cash flow and net investment hedges.

The remaining $16m and €60m of the USPP notes was designated within Net Investment hedge relationships. Additionally, ten GBP to EUR cross currency interest rate swaps were designated within Net Investment hedges to manage translation risk in relation to the assets of subsidiaries denominated in non-sterling currencies. The exchange gains or losses on these borrowings are included in the FX reserve within the Consolidated statement of comprehensive income.

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 2016 and 2017 on the profit before tax has resulted in a net increase to the 2017 result of approximately £17.5m (2016: net increase of £5.2m). The main currency that drives this change is the euro. Movements in US dollar and other exchange rates were less significant.

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 £1.3m (2016: £1.7m) and on the Group's net assets of £21.1m (2016: £8.9m).

The closing rate of exchange for the euro at 31 March 2017 was €1.17 (2016: €1.26) and for the US dollar was $1.25 (2016: $1.44). The average rate of exchange for the euro for 2017 was €1.19 (2016: €1.37) and for the US dollar $1.31 (2016: $1.51).

(E) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations and arises principally from amounts receivable from customers and deposits of cash made with financial institutions. The Group monitors its credit risk with its customers and only uses financial institutions as counter-parties that have an investment grade credit rating. The methods used to evaluate customers' credit worthiness are described in more detail in note 16.

CAPITAL MANAGEMENT

The Board 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 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 19.

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 six months or less, based on the appropriate Libor / Euribor rate.

With respect to the USPP notes, $100m of the $216m issued in December 2011 was converted from fixed US dollar to floating euro by the use of five cross currency interest rate swaps; three of these swaps totalling $50m expire in December 2018 with the remaining two, totalling $50m, expiring in December 2021. These were in place at the year end with a market value of £39.0m (2016: £28.7m).

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 £8.7m (2016: £3.9m) before accounting for exchange differences, and would reduce net equity by approximately £6.7m (2016: £3.0m).

GROUP

	2017		2016	
	Carrying amount £m	**Fair value £m**	Carrying amount restated £m	Fair value restated £m
Cash and cash equivalents	**258.1**	**258.1**	130.2	130.2
Trade receivables and other debtors	**625.9**	**625.9**	396.6	396.6
Bank loans and overdrafts	**(85.1)**	**(85.1)**	(111.0)	(111.0)
Trade and other payables	**(885.8)**	**(885.8)**	(531.5)	(531.5)
Primary financial instruments held to finance the Group's operations:				
Long-term borrowings	**(1,259.6)**	**(1,267.9)**	(794.2)	(804.3)
Derivative financial instruments	**37.0**	**37.0**	28.2	28.2

COMPANY

	2017		2016	
	Carrying amount £m	**Fair value £m**	Carrying amount restated £m	Fair value restated £m
Cash and cash equivalents	**1.4**	**1.4**	–	–
Trade receivables and other debtors	**1,985.8**	**1,985.8**	1,149.6	1,149.6
Bank loans and overdrafts	**(33.0)**	**(33.0)**	(92.3)	(92.3)
Trade and other payables	**(392.6)**	**(392.6)**	(266.4)	(266.4)
Primary financial instruments held to finance the Group's operations:				
Long-term borrowings	**(1,229.1)**	**(1,237.4)**	(761.3)	(771.4)
Derivative financial instruments	**37.7**	**37.7**	28.7	28.7

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 2017 and 2016, 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. Level 3 inputs are inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The fair value of the USPP is estimated by discounting expected future cash flows. Contingent consideration and acquisition remuneration (note 22) is held at fair value which is estimated based on latest forecasts by the Ace and Letica businesses. The Group does not hold any Level 1 instruments measured at fair value.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

22. DEFERRED AND CONTINGENT CONSIDERATION

	Deferred and contingent consideration £m	Acquisition remuneration £m	Total £m
At 1 April 2016	**46.8**	**10.6**	**57.4**
Arising in the year	**–**	**11.8**	**11.8**
Unwinding of discount	**1.7**	**–**	**1.7**
Utilised in the year	**(4.1)**	**–**	**(4.1)**
Released in the year	**(17.1)**	**(5.9)**	**(23.0)**
Exchange differences	**6.7**	**1.7**	**8.4**
At 31 March 2017	**34.0**	**18.2**	**52.2**
Current at 31 March 2017	**–**	**2.8**	**2.8**
Non-current at 31 March 2017	**34.0**	**15.4**	**49.4**
	34.0	**18.2**	**52.2**

	Deferred and contingent consideration £m	Acquisition remuneration £m	Total £m
At 1 April 2015	58.4	6.3	64.7
Arising in the year	0.6	7.8	8.4
Unwinding of discount	2.0	–	2.0
Utilised in the year	(0.5)	–	(0.5)
Released in the year	(15.5)	(3.4)	(18.9)
Exchange differences	1.8	(0.1)	1.7
At 31 March 2016	46.8	10.6	57.4
Current at 31 March 2016	4.2	–	4.2
Non-current at 31 March 2016	42.6	10.6	53.2
	46.8	10.6	57.4

Deferred and contingent consideration relates to the acquisition of Ace. During the year a final payment was made in respect of Helioplast.

The acquisition remuneration is for vendors of Ace, Letica, Strata Products, Innocan and Synergy who remain in employment and is therefore classified as post-acquisition remuneration under IFRS 3. All payments are linked to the performance of the respective businesses measured against an EBITDA growth target over various periods. These are held at fair value estimated using Level 3 inputs described in note 21.

During the year a write back of £23.0m has been made to the Ace deferred consideration to reflect the current view of the final payment that is due to be made in May 2018.

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:

	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2016 (restated)	**77.5**	**(24.6)**	**(23.4)**	**15.9**	**45.4**
Adjustment in respect of prior years	**2.2**	**(0.3)**	**(30.7)**	**6.4**	**(22.4)**
(Credit)/charge to income	**(1.4)**	**0.9**	**9.3**	**7.9**	**16.7**
Credit to equity	**–**	**(1.3)**	**–**	**(0.7)**	**(2.0)**
Acquisitions	**41.8**	**(13.1)**	**(9.5)**	**54.0**	**73.2**
Exchange differences	**6.0**	**(0.7)**	**(1.3)**	**2.2**	**6.2**
At 31 March 2017	**126.1**	**(39.1)**	**(55.6)**	**85.7**	**117.1**
Deferred tax liabilities	**126.1**	**–**	**–**	**107.1**	**233.2**
Deferred tax assets	**–**	**(39.1)**	**(55.6)**	**(21.4)**	**(116.1)**
	126.1	**(39.1)**	**(55.6)**	**85.7**	**117.1**

	Accelerated capital allowances £m	Employee benefits £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 April 2015	44.5	(17.8)	(8.2)	(3.5)	15.0
Adjustment in respect of prior years	–	0.1	(4.3)	(0.9)	(5.1)
Charge/(credit) to income	0.2	–	1.7	(3.8)	(1.9)
Charge to equity	–	2.1	–	2.0	4.1
Acquisitions	29.7	(9.3)	(12.2)	22.1	30.3
Exchange differences	3.1	0.3	(0.4)	–	3.0
At 31 March 2016 (restated)	77.5	(24.6)	(23.4)	15.9	45.4
Deferred tax liabilities	77.5	–	–	39.5	117.0
Deferred tax assets	–	(24.6)	(23.4)	(23.6)	(71.6)
	77.5	(24.6)	(23.4)	15.9	45.4

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 £65.2m (2016: £89.1m) in respect of tax losses of £222.4m (2016: £363.0m) that have not been recognised as it is not probable that sufficient suitable profits will be available to utilise these assets.

The aggregate amount of temporary differences associated with investments in subsidiaries for which no deferred tax has been provided is £129.8m (2016: £114.7m). No taxation is expected to arise in respect of these temporary differences.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 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 2017 £m	Other temporary differences 2016 £m
Deferred tax liabilities/(assets) at 1 April	**0.6**	(1.2)
Credit to income	**–**	(0.2)
(Credit)/charge to equity	**(0.9)**	2.0
Deferred tax (assets)/liabilities at 31 March	**(0.3)**	0.6

Other temporary differences relate to hedging movements.

OTHER PROVISIONS

	Termination and restructuring provisions £m	**Contract provisions £m**	**Other provisions and liabilities £m**	**Total £m**
At 1 April 2016 (restated)	**23.8**	**49.9**	**28.8**	**102.5**
Acquired in the year	**–**	**37.7**	**12.4**	**50.1**
Provided in the year	**9.0**	**–**	**6.0**	**15.0**
Utilised in the year	**(7.8)**	**(50.2)**	**(3.4)**	**(61.4)**
Released in the year	**(2.9)**	**–**	**–**	**(2.9)**
Exchange differences	**1.7**	**5.0**	**1.6**	**8.3**
At 31 March 2017	**23.8**	**42.4**	**45.4**	**111.6**
Current at 31 March 2017	**22.7**	**30.1**	**13.2**	**66.0**
Non-current at 31 March 2017	**1.1**	**12.3**	**32.2**	**45.6**
	23.8	**42.4**	**45.4**	**111.6**

Restated	Termination and restructuring provisions £m	Contract provisions £m	Other provisions and liabilities £m	Total £m
At 1 April 2015	10.2	41.8	23.9	75.9
Acquired in the year	0.6	25.3	5.9	31.8
Provided in the year	22.2	–	3.9	26.1
Utilised in the year	(9.2)	(18.2)	(6.4)	(33.8)
Exchange differences	–	1.0	1.5	2.5
At 31 March 2016	23.8	49.9	28.8	102.5
Current at 31 March 2016	22.3	30.6	7.9	60.8
Non-current at 31 March 2016	1.5	19.3	20.9	41.7
	23.8	49.9	28.8	102.5

The termination and restructuring provisions relate to the integration, closure and restructuring of certain activities detailed further in note 4.

Contract provisions and Other provisions and liabilities are adjustments relating to recent acquisitions and represent mainly out-of-market contract adjustments and provisions for property and legal claims. Of the Contract provisions £30.1m 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.

The provisional GCS acquisition accounting has been reviewed and hindsight adjustments of £2.3m have been made to provisions. The prior year comparatives have been restated accordingly.

24. SHARE CAPITAL

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

	2017 Number	2016 Number
In issue at 1 April	**303,612,870**	252,152,276
Exercise of employee share options	**741,456**	878,066
Share placing	**11,042,945**	–
Shares issued as consideration	**16,505,511**	–
Rights issue	**82,954,687**	50,582,528
In issue at 31 March	**414,857,469**	303,612,870

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. 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.

RIGHTS ISSUE

On 20 January 2016, the Company issued 50,582,528 ordinary shares by way of 1 for 5 rights issue at a price of 460p per share under an authority given to the directors at an Extraordinary General Meeting held on 4 January 2016. The net proceeds of the rights issue were £227.5m after costs of £5.2m. The nominal value of the shares issued of £2.5m credited to share capital and the remaining amount credited to the share premium account.

On 27 February 2017, the Company issued 82,954,687 ordinary shares by way of a 1 for 4 rights issue at a price of 665p. The net proceeds of the rights issue were £540.0m after costs of £12.1m.

The rights issue was effected through a structure which involved RPC Group Plc subscribing for shares in Alpha Funding Limited. Alpha Funding Limited subsequently redeemed its redeemable preference shares for cash. Following the receipt of the cash proceeds through the structure, the excess of the net proceeds received over the nominal value of the share capital issued has been transferred to merger reserve.

SHARE PLACING

On 9 June 2016, the Company issued 11,042,945 ordinary shares by way of a share placement at a price of 815p per share. The net proceeds of the share placement were £89.1m after costs of £0.9m.

SHARES ISSUED AS CONSIDERATION

On 1 August 2016, the Company issued 16,505,511 ordinary shares at par value of 853p per share to the shareholders of British Polythene Industries Plc as part of the consideration for the acquisition of the group. The total value of the shares issued was £140.8m, with the nominal value of the shares issued of £0.8m credited to share capital and the remaining amount credited to the merger reserve account.

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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

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 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 options granted in 2014, a target for earnings per share is met. Further information on these schemes is given in the Remuneration report.

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

	2017		2016	
	Average exercise price	**Number of options**	Average exercise price	Number of options
Outstanding at 1 April	**450p**	**5,923,520**	398p	5,735,374
Granted	**741p**	**5,499,367**	654p	851,250
Rights issue adjustment	**456p**	**434,668**	423p	451,430
Forfeited	**453p**	**(85,913)**	485p	(155,622)
Exercised	**289p**	**(741,456)**	295p	(878,066)
Lapsed	**453p**	**(104,440)**	387p	(24,320)
Cancelled	**371p**	**(33,203)**	430p	(56,526)
Outstanding at 31 March	**575p**	**10,892,543**	450p	5,923,520
Exercisable at 31 March	**282p**	**998,689**	320p	721,653

The weighted average share price in respect of options exercised during the year was 887p per share (2016: 666p).

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

	Number of options 2017	**Option price range 2017**	**Weighted average remaining contractual life (years) 2017**	Number of options 2016	Option price range 2016	Weighted average remaining contractual life (years) 2016
RPC Group 2013 Sharesave Scheme	**7,287,869**	**371p-741p**	**2.6**	2,755,416	225p–399p	3.4
RPC Group 2013 Executive Share Option Schemes	**2,787,028**	**304p-742p**	**6.8**	1,682,299	327p–606p	6.5
RPC Group 2003 Executive Share Option Schemes	**817,646**	**180p-307p**	**4.6**	1,485,805	145p–328p	5.1
Outstanding at 31 March	**10,892,543**			5,923,520		

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 rights issues.

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 2013 Executive Share Option Scheme			
Date of grant	16.01.15	31.03.17	10.07.13	16.07.14	15.07.15	13.07.16
Share price at date of grant	542p	782p	414p	594p	663p	803p
Original exercise price	430p	741p	397p	584p	654p	791p
Fair value of options	96p*	121p	75p*	126p*	132p*	149p*
Expected volatility	23%	25%	35%	34%	29%	27%
Dividend yield	3.0%	2.4%	3.6%	2.6%	2.4%	2.2%
Annual risk-free interest rate	0.7%	0.2%	1.6%	2.2%	1.7%	0.4%
Option life	3.4 years	3.3 years	6.4 years	6.4 years	6.4 years	6.5 years

* Adjusted to take account of the rights issues in January 2015, January 2016 and February 2017 where relevant.

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 and, for the 2014, 2015 and 2016 awards, total shareholder return performance 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. Awards under the Plan will only be satisfied with market purchase shares. 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 2017	Number of shares 2016
Outstanding at 1 April	**1,435,897**	1,300,191
Granted	**550,296**	364,097
Rights issue adjustment	**101,226**	106,288
Forfeited	**–**	(133,299)
Transferred or exercised	**(589,860)**	(200,139)
Lapsed	**(19,114)**	(1,241)
Outstanding at 31 March	**1,478,445**	1,435,897
Exercisable at 31 March	**–**	–
Weighted average remaining contractual life	**8.6 years**	8.4 years

The market price of the shares transferred on vesting during the year was 877p per share (2016: 633p). 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:

	RPC Group 2008 Performance Share Plan			
Date of grant	**10.07.13**	**16.07.14**	**15.07.15**	**13.07.16**
Share price at date of grant	**414p**	**594p**	**663p**	**803p**
Fair value of award*	**196p**	**383p**	**500p**	**651p**
Expected volatility	**30%**	**23%**	**23%**	**23%**
Dividend yield	**3.6%**	**2.6%**	**2.4%**	**0.0%**
Annual risk-free interest rate	**0.6%**	**1.3%**	**0.9%**	**0.1%**
Expected life of award	**3 years**	**3 years**	**3 years**	**3 years**

* Adjusted to take account of the rights issue in January 2015, January 2016 and February 2017 where relevant.

There is no entitlement to dividends during the vesting period.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 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. Purchases are funded using interest free loans from the Company. As at 31 March 2017 the Employee Benefit Trust held 1,384,156 (2016: 1,289,689) shares in the Company acquired at an average cost of 606p (2016: 457p) 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 £8.4m (2016: £5.9m). The market value of the shares held by the trust at 31 March 2017 was £10.8m (2016: £9.8m). 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:

	2017 £m	2016 £m
RPC Group 2008 Performance Share Plan	**2.7**	1.5
RPC Group 2013 Executive Share Option Schemes	**1.0**	0.9
RPC Group 2013 Sharesave Scheme	**0.8**	0.9
Total included in staff costs (note 5)	**4.5**	3.3

25. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

During the year the Group acquired 100% of the share capital of the following businesses:

Name	**Date**	**Description**
British Polythene Industries Plc	1 August 2016	Leading manufacturer and supplier of polythene films for a diverse range of end markets.
Sanders Polyfilms Limited	3 October 2016	A specialist manufacturer of innovative high yield collation shrink film manufactured from locations in UK and Romania.
Jagtenberg Beheer BV	14 October 2016	Large blow moulded products for packaging and selected non-packaging markets.
Plastiape S.p.A.	24 November 2016	A market leader in the design, engineering and manufacture of drug delivery devices.
Synergy Packaging Pty Ltd	1 December 2016	Melbourne based manufacturer of PET blow moulded containers.
Shenzen Howyecen Automotive Electronic Company Limited	3 January 2017	Chinese specialist in the printing, forming and cutting of foils to the automotive and smart electronics markets.
ESE World BV	31 January 2017	European based design and engineering provider of temporary waste solutions.
Letica Corporation	9 March 2017	A large family owned business based in Rochester MI USA with robust engineering capabilities in injection moulding and a proprietary in-house design team.
Amber Plastics Pty Ltd	31 March 2017	Serving predominately the food and dairy sectors with innovative high quality injection moulded containers with in-mould labelling.

The purchases of these acquisitions have been accounted for as business combinations. The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Provisional fair value total (£m)				
	BPI	**Letica**	**ESE**	**Plastiape**	**Others**
Intangible assets	42.2	65.7	76.5	38.2	8.2
Property, plant and equipment	117.7	107.2	19.9	8.0	20.1
Inventories	61.8	43.2	13.7	5.7	7.4
Trade and other receivables	88.5	52.0	28.4	13.0	12.0
Trade and other payables	(103.4)	(55.2)	(30.6)	(7.6)	(8.0)
Employee benefit obligations	(92.2)	–	(0.5)	(2.9)	–
Provisions	(13.5)	(17.7)	(10.0)	(6.3)	(2.6)
Taxes	2.1	(49.5)	(19.7)	(9.4)	(3.7)
Net debt	(29.8)	15.2	11.1	3.1	(3.1)
Total identifiable assets	**73.4**	**160.9**	**88.8**	**41.8**	**30.3**
Goodwill	201.1	246.7	144.5	74.9	12.4
Consideration					
– payable to shareholders	133.7	338.0	133.2	83.1	38.7
– payable for external debt	–	69.6	100.1	33.6	4.0
– paid as equity	140.8	–	–	–	–
Total consideration	**274.5**	**407.6**	**233.3**	**116.7**	**42.7**

Adjustments to the completion balance sheets primarily relate to intangible assets of customer contacts, patents and licensing agreements, revaluation of property, plant and equipment in accordance with IFRS 13 and recognition of provisions relating to out of market contracts and other necessary provisions. Adjustment to taxes relate to additional tax provisions and deferred tax on the fair value adjustments.

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 skills and experience of the assembled workforce, the increase in scale, significant synergies and the future growth opportunities that the businesses provide to the Group's operations. The goodwill recognised is not deductible for tax purposes.

The acquisitions made during the year contributed the following to the Group results:

	BPI	**Letica**	**ESE**	**Plastiape**	**Others**
Contribution to adjusted operating profit post-acquisition	27.0	3.1	2.4	2.1	1.5
Contribution to revenue post-acquisition	325.9	23.6	25.2	14.4	26.1

If the acquisitions had taken place on 1 April 2016 they would have contributed the following to the Group results:

	BPI	**Letica**	**ESE**	**Plastiape**	**Others**
Adjusted operating profit from 1 April 2016 to 31 March 2017	41.7	31.8	21.7	12.3	5.7
Revenue from 1 April 2016 to 31 March 2017	521.3	387.7	173.5	47.5	79.1

PRIOR YEAR ACQUISITIONS

In the prior year the Group acquired GCS, Strata Products, JP Plast, Innocan and Depicton.

The fair values of the assets and liabilities acquired have been reconsidered as part of the hindsight period. The changes made were to GCS, where additional provisions of £2.3m were created and a write down of fixed assets (£1.9m) and other receivables (£2.8m) were made; a deferred tax asset of £0.9m has been created in relation to these adjustments. Hindsight adjustments have also been made in respect of deferred tax assets on losses (£2.7m) and pensions (£1.3m).

At JP Plast an increase in fixed assets of £1.9m was made due to a property valuation being received after the provisional fair values had been agreed. A corresponding deferred tax liability of £0.3m has been created.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

26. DISPOSALS OF SUBSIDIARY UNDERTAKINGS

On 15 August 2016 the Group disposed of its interest in the share capital of Promens (India) Private Ltd (Ahmedabad), a 100% subsidiary based in India, by way of a management buy out for £0.1m. The loss on disposal of Ahmedabad was £1.9m.

In the prior year the Group disposed of its interest in the share capital of RPC Superfos Ambalaj San. Tic. Ltd, a 51% subsidiary based in Turkey.

27. COMMITMENTS AND CONTINGENT LIABILITIES

	2017 £m	2016 £m
Expenditure contracted for but not provided	**62.0**	37.9

FINANCIAL COMMITMENTS

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

	2017 £m	2016 £m
Within one year	**16.3**	13.5
Between one and five years	**39.5**	39.6
After five years	**9.7**	12.0
	65.5	65.1

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 £31.0m (2016: £11.8m), and for the Company this amounted to £9.8m (2016: £1.1m). The Group and the Company also held a guarantee relating to the acquisition of Astrapak of £84.1m.

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

	Maximum amount guaranteed	Utilised at 31 March 2017
RPC Containers Limited	**GBP 10.0m**	**–**
RPC Packaging Europe BV	**EUR 22.0m**	**EUR 1.2m**
RPC Packaging Europe BV	**EUR 21.0m**	**EUR 10.2m**
RPC Packaging Europe BV	**EUR 10.0m**	**EUR 5.4m**
RPC Packaging Europe BV	**EUR 10.0m**	**–**
RPC Bramlage Morgantown Inc.	**USD 10.0m**	**–**
Promens Group AS	**EUR 15.0m**	**EUR 1.9m**
ESE World BV	**EUR 15.0m**	**–**

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 2017, the underfunded amount in excess of the provision in the Consolidated balance sheet based on the most recent section 179 valuation was £75.8m (2016: £75.8m). 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 2017 the guarantee was capped at £71.5m (2016: £54.6m). The cap will increase annually by 25% of the average of the Company's consolidated profit before tax for the three preceding financial years.

28. EMPLOYEE BENEFITS

	2017 £m	2016 £m
Retirement benefit obligations	**251.6**	146.7
Termination benefits	**0.9**	0.6
Other long-term employee benefit liabilities	**3.5**	3.0
Employee benefits due after one year	**256.0**	150.3

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 2017	**UK £m**	**Netherlands £m**	**Germany £m**	**France £m**	**Other mainland Europe £m**	**Group £m**
Present value of funded obligations	**657.3**	**22.7**	**–**	**–**	**28.7**	**708.7**
Fair value of plan assets	**(500.1)**	**(22.1)**	**–**	**–**	**(25.3)**	**(547.5)**
Net funded obligations	**157.2**	**0.6**	**–**	**–**	**3.4**	**161.2**
Present value of unfunded obligations	**–**	**–**	**67.4**	**12.6**	**10.4**	**90.4**
Liability in the Consolidated balance sheet	**157.2**	**0.6**	**67.4**	**12.6**	**13.8**	**251.6**

As at 31 March 2016	UK £m	Netherlands £m	Germany £m	France £m	Other mainland Europe £m	Group £m
Present value of funded obligations	238.5	25.0	–	–	15.6	279.1
Fair value of plan assets	(181.3)	(23.2)	–	–	(9.7)	(214.2)
Net funded obligations	57.2	1.8	–	–	5.9	64.9
Present value of unfunded obligations	–	–	62.5	12.4	6.9	81.8
Liability in the Consolidated balance sheet	57.2	1.8	62.5	12.4	12.8	146.7

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

	2017 £m	2016 £m
Fair value of plan assets	**(547.5)**	(214.2)
Present value of defined benefit obligations	**799.1**	360.9
Balance sheet liability	**251.6**	146.7

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

	2017 £m	2016 £m
Current service cost	**3.6**	2.1
Pension administration costs	**1.0**	0.6
Past service cost	**(1.4)**	(0.6)
Total included in staff costs (note 5)	**3.2**	2.1
Defined benefit pension scheme finance expense (note 6)	**4.9**	2.7
Total amount recognised in the Consolidated income statement	**8.1**	4.8

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

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

	2017 £m	2016 £m
At 1 April	**54.7**	69.8
Actuarial losses/(gains) recognised during the year	**7.2**	(15.1)
At 31 March	**61.9**	54.7

The actuarial losses recognised during the year were:

	2017 £m	2016 £m
Experience (gains)/losses on plan assets	**(54.8)**	5.9
Experience gains on liabilities	**(7.2)**	(2.6)
Losses/(gains) on change of financial assumptions	**70.3**	(15.5)
Loss on change of demographic assumptions	**(1.1)**	(2.9)
	7.2	(15.1)

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

	2017 £m	2016 £m
Defined benefit obligations at 1 April	**360.9**	311.1
Obligations acquired on acquisition	**368.2**	63.9
Current service cost	**3.6**	2.1
Past service cost	**(1.4)**	(0.6)
Remeasurement of defined benefit plans	**15.9**	9.0
Contributions by participants	**1.0**	0.7
Actuarial losses/(gains) on liabilities	**62.0**	(21.0)
Net benefits paid	**(20.8)**	(9.2)
Exchange differences	**9.7**	4.9
Defined benefit obligations at 31 March	**799.1**	360.9

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

	2017 £m	2016 £m
Fair value of assets at 1 April	**214.2**	204.8
Assets acquired on acquisition	**273.0**	9.0
Remeasurement of defined benefit plans	**11.0**	6.3
Actuarial gains/(losses) on assets	**54.8**	(5.9)
Contributions by employer	**12.7**	7.1
Contributions by participants	**1.0**	0.7
Net benefits paid	**(20.8)**	(9.2)
Administration expense	**(1.0)**	(0.6)
Exchange differences	**2.6**	2.0
Fair value of assets at 31 March	**547.5**	214.2

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

	2017 £m	2016 £m
Liability at 1 April	**146.7**	106.3
Net liabilities acquired on acquisition	**95.2**	54.9
Total expense charged to the Consolidated income statement	**8.1**	4.8
Actuarial losses/(gains) recognised in the Consolidated statement of comprehensive income	**7.2**	(15.1)
Contributions and benefits paid	**(12.7)**	(7.1)
Exchange differences	**7.1**	2.9
Liability at 31 March	**251.6**	146.7

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:

	2017			2016		
	UK	**Netherlands**	**Group**	UK	Netherlands	Group
Equities	**32%**	**–**	**31%**	38%	–	34%
Property	**14%**	**–**	**13%**	2%	–	2%
Government and corporate bonds	**34%**	**–**	**31%**	48%	–	41%
Insurance policies	**–**	**98%**	**7%**	–	98%	11%
Other	**20%**	**2%**	**18%**	12%	2%	12%

The majority of the assets are quoted on an active market. However, the following assets can be considered unquoted:

- All insurance policies
- Some of the property investments
- Hedge funds which are included within 'Other'

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

	2017		2016	
	UK	**Mainland Europe**	UK	Mainland Europe
Discount rate	**2.6%**	**1.8%**	3.5%	1.7%
Inflation rate	**2.1%**	**1.7%**	1.9%	1.4%
Increase in benefits in payment	**2.2%**	**1.8%**	2.9%	1.4%
Salary increases	**3.0%**	**2.0%**	2.6%	2.0%

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 current mortality assumptions applied as at 31 March 2017 are specific to each UK Scheme and the allowance made for mortality improvements is assumed to be in line with the 2014 CMI Core Projections with a long-term rate of 1.25% p.a.

The life expectancies from the age of 65 of scheme members assumed at the balance sheet date in years were as follows:

	2017 UK	2016 UK
Current age:		
Aged 65:		
Male	**22**	22
Female	**24**	24
Aged 45:		
Male	**24**	24
Female	**26**	26

The weighted average duration of the defined benefit obligation is 19 years.

The Group expects to contribute approximately £13.3m (2016 £8.8m) to its defined benefit plans in the next financial year. This includes proposed contributions to the main UK pension schemes described above of £7.9m (2016 £4.7m).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017 Continued

FUNDED RETIREMENT BENEFIT OBLIGATIONS

UNITED KINGDOM

The two main retirement benefit obligations in the UK are final salary defined benefit pension schemes, called the RPC Containers Limited Pension Scheme and the British Polythene Industries Limited Pension Scheme, are both closed to future entrants and to future accrual. The assets of all the schemes are held in a separate trustee administered fund to meet long-term liabilities for past and present employees. The corporate trustees, which are independent from the Group, have a duty to act in the best interest of the schemes beneficiaries. The appointment of trustee directors is determined by the schemes corporate and trust documentation and by statute.

The last completed triennial valuation performed by an independent actuary for the trustee of the RPC Containers Limited Pension Scheme was carried out as at 31 March 2015. The valuation, which is calculated on an ongoing funding basis and is different from that prescribed by IAS 19, showed a deficit of £41.8m. The Company agreed to make contributions to cover the scheme's expenses and pay monthly deficit reduction contributions of £3.2m each year until 31 March 2019, and £2.4m each year from 1 April 2019 with the aim of eliminating the deficit by September 2024. 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.

The last completed triennial valuation performed by an independent actuary for the trustee of the British Polythene Pension Scheme was carried out as at 6 April 2014. The valuation, which is calculated on an ongoing funding basis and is different from that prescribed by IAS 19, showed a deficit of £77m. The Company and the trustee agreed to make contributions of £3.6m per annum from 2015; rising in line with the CPI index subject to a cap of 5%. There is also provision for three additional one-off payments in 2016 to 2018, subject to the bpi Group's profit before tax achieving agreed targets in 2015 to 2017. The one-off payments would be £0.25m, £0.5m, £1.0m or £1.5m subject to profit before tax exceeding £22.5m, £25m, £27.5m or £30m respectively. In addition the scheme has a pension funding partnership whereby additional contributions of £1.8m p.a. increasing by CPI will be paid until January 2032. Should the scheme have a funding surplus in the future these payments will cease.

As a result of previous acquisitions the Group has four other UK final salary defined benefit pension arrangements providing benefits based on final pensionable salary and pensionable service. The total deficit in the fund calculated in accordance with IAS 19 as at 31 March 2017 for the remaining UK schemes was £46.5m (2016: £25.0m).

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.

OVERSEAS FUNDS

The Group operates a number of overseas defined benefit pension schemes, in Germany, France, the Netherlands, Belgium, Italy, Switzerland, Poland, Sweden, Thailand and The Philippines. In the Netherlands, Belgium, Switzerland, Norway and Thailand, these are contributory with funds held separately from the finances of the Group either by trustee-administered funds or by insurance contracts. In all cases, the retirement benefit obligations for these plans have been calculated by actuaries using the projected unit method.

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. The majority of the plans are now closed (the pension plan at Kerkrade was closed during 2017 resulting in a curtailment gain of £0.6m).

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.

All of the Group's subsidiaries in France provide unfunded retirement indemnities according to the applicable collective agreement. The benefit takes the form of a lump sum, based on final salary and service with the Company, payable on reaching retirement age.

RPC's operations in Belgium and Switzerland provide pension benefits which are defined contribution by design. However, the existence of investment guarantees requires these plans to be treated as defined benefit for accounting purposes.

RPC's Italian businesses are required to provide service-related lump sum benefits payable on leaving service for any reason, including retirement.

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 meetings 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	bpi Pension Scheme £m	M&H Plastics Pension Scheme £m
0.1% decrease in discount rate	**(3.5)**	**(5.8)**	**(2.3)**
0.1% increase in inflation	**(3.0)**	**(6.3)**	**(1.6)**
1 year increase in life expectancy	**(6.0)**	**(10.8)**	**(3.4)**

29. RELATED PARTIES

GROUP

IDENTITY OR RELATED PARTIES

The Group has a related party relationship with its subsidiaries (see pages 140 to 145) 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 THE 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:

	2017 £m	2016 £m
Salaries and other short-term employee benefits	**2.3**	1.5
Post-employment benefits	**0.2**	0.2
Share-based benefits and other long-term benefits	**2.1**	2.2
	4.6	3.9

COMPANY

The amounts due to and from the Company in respect of its subsidiaries are set out in notes 16 and 18. The transactions entered into between the Company and its subsidiaries were as follows.

	2017 £m	2016 £m
Management charges made to fellow Group undertakings	**3.3**	2.7
Management charges received from fellow Group undertakings	**(8.0)**	(6.1)
Net interest payable	**(7.4)**	(0.4)
Net interest receivable	**35.0**	14.6

SHAREHOLDER INFORMATION

RELATED UNDERTAKINGS

The following companies are related undertakings of RPC Group Plc. All of the companies are wholly owned (except where indicated) and the Group's interests are in ordinary shares or their equivalent.

REGISTERED OFFICE ADDRESS	COUNTRY	COMPANY NAME
Section 6, Ilot de Propriete No. 284, Hamadi Boumerdes	Algeria	SPA Galion Algeria (46% owned)
10 International Square, Tullamarine, Victoria 3043	Australia	RPC Australia Holdings Pty Limted
Suite 11, 431 Burke Road, Glen Iris, Victoria 3146	Australia	Synergy Packaging Pty Limited
342 Main St, Mornington, Victoria 3931	Australia	Amber Plastics Pty Limited
Dr. Schrebergasse 6, 2380 Perchtoldsdorf	Austria	PET Power Handels GmbH (70% owned)
Begoniastraat 44 B-9810, Nazareth	Belgium	RPC Promens Eke NV
Biezeweg 19 9230 Wetteren	Belgium	RPC Superfos Wetteren NV
Diamantsstraat 8/341 2200 Herentals	Belgium	ESE NV
Rubensstraat 104, 2300 Turnhout	Belgium	Robinplast BVBA
Singel 18, Gent 9000	Belgium	RPC Packaging Belgium NV
Singel 20, B-9000 Gent Havennr. 0955	Belgium	RPC Bramlage Antwerpen NV, RPC Packaging Gent NV
Sint-Aldegondiskaai 18, 2000 Antwerpen	Belgium	RPC Promens Innocan BVBA
Barnilaca grada b.b. Gracanica, 75320	Bosnia and Herzegovina	RPC Superfos Balkan d.o.o.
Rue Boa Vista, 254 130 andar Conjunto 02 Centro CEP 01014907, Sao Paulo	Brazil	RPC Packaging Brasil Comércio de Embalagens Ltda
100 Industrial Drive, St John, PO Box 2087 NB	Canada	Saeplast Americas Inc
Macpherson Leslie & Tyerman LLP, 10235 – 101 Street NW, 2200 Edmonton	Canada	AT Films Inc
Camino a Pargua km 8, parcela 5 - Casilla 1372, Puerto Montt, Décima Región de Los Lagos	Chile	Saeplast Chile spa
10th, Min Fu Road, Shatou Community, Shajing Jiedao, Bao'an District Shenzhen	China	Ace Mold Industrial (Shenzhen) Company Limited
2592 Penglai Road, Hefei, Hefei Economic and Technological Development Zone, 230601 Anhui	China	RPC ACE Plastics (Hefei) Co Limited
8 Dingwan 7 Road, Sanzao Town, Jinwan District, Zhuhai	China	Ace Plastics (Zhuhai) Company Limited, Ace Mold (Zhuhai) Company Limited
No. 1929 Tian Du Road, Economic and Technological Development Area, Hefei	China	Ace Mold (Hefei) Company Limited
No. 89, 1985 Chunshen Road - Minhang District -, Shanghai Municipality, 200237	China	Zeller Plastik Shanghai Limited
No.888 North Round-the-city Road Nanqiao, Shanghai Industrial Comprehensive Development Zone, Fengxian, Shanghai	China	Ace Classic Medical Components (Shanghai) Company Limited, Ace Mold (Shanghai) Company Limited, Ace Mold Industrial (Shanghai) Company Limited
Room 206 Mingmen Building, Zhuhai, 2188 Yingbin Rd South	China	Promens Asia Limited Zhuhai Representative Office
Unit 501 Building B, 50 Zhuangcun Road, Shajing Street, Bao'an District, Shenzhen City	China	Shenzhen Howyecen Automotive Electronic Company Limited
Section H, 3rd Industrial Zone, Gonghe Zone, Shajing Jiedao, Bao'an District Shenzhen	China	Ace Plastics (Shenzhen) Company Limited
Cecilka 38, 760 01 Zlin	Czech Republic	Promens AS
Svatoborska 988, CZ- 697 01 Kyjov	Czech Republic	J P Plast S R O
Auktionsgade 2, 6700 Ebsjerg	Denmark	iTub Danmark ApS

REGISTERED OFFICE ADDRESS	COUNTRY	COMPANY NAME
Gammel Donsvej 12, DK-6000 Kolding	Denmark	RPC Promens A/S
Industrivej 12, 8660 Skanderborg, Stilling	Denmark	RPC Promens Holding Denmark A/S, RPC Superfos Stilling A/S
Industrivej 3, 4632 Bjæverskov	Denmark	RPC Promens Bjæverskov A/S
Skejby Nordlandsvej 305 8200 Aarhus N	Denmark	PWS Danmark A/S
Spotorno Allé 8, Postboks 186, Taastrup, 2630 Høje	Denmark	RPC Superfos A/S
Tehase 4, 61001 Rõngu	Estonia	Promens AS, Promens Holding OU
Heikklante 7.2 krs 00210 Helsinki	Finland	PWS Finland Oy
Päivöläntie 5, 28400 Ulvila	Finland	RPC Superfos Pori Oy
Vanha Tampereentie, Turku, 260. 20380	Finland	Promens OY
12 Rue de Villevert, Senlis, 60300	France	RPC Promens Consumer France SASU, Innocan France SARL
130 Boulevard de la Liberte, 59800, Lille	France	BPI Formipac France SARL
220, 92213 Saint Cloud Cedex, Bureaux de la Colline, Paris	France	Global Closure Systems France 1 SAS, Global Closure Systems France 2 SAS
42 rue Paul Sabatier - BP 40329, 71108 Chalon sur Saone cedex	France	Citec Environement SASU, ESE Holding SASU
5 Rue Castellion Prolongee, F-01117 Oyonnax	France	Promens SA, GDMH SA, Promens RE SAS
73 Rue Henri Gautier, F-44550 Montoir De Bretagne	France	Promens France SAS, Promens Huningue SAS, Promens Montoir SAS
Boulevard Napoléon Bullukian, 69830 Saint-Georges-de-Reneins	France	Astra Plastique SAS
BP30, F-39260 Moirans en Montagne, Z.I. du Vernoire	France	RPC Emballages Moirans SAS
Les Touppes, F-71470 Montpont en Bresse	France	RPC Emballages Montpont SAS, RPC Emballages SAS
Plaine de l'Ain, 01150 Blyes, Lieudit Les Troussillières	France	Promens SARL
RCS Chalon sur Saone	France	RPC Superfos La Genete SAS
Route de Courgains, Zone Industrielle La Touche, F-72260 Marolles Les Braults	France	RPC Beauté Marolles SAS
Rue De President Coty Zone Industrial Trielle B Lotissement, 62232 Annezin Les Bethune	France	Promens Annezin SAS
Rue La Fayette 11, 25000 Besançon Cedex 9, CS 99401	France	RPC Superfos Besancon SAS
ZI Vichy-Rhue - 03300 Creuzier Le Vieux	France	Zeller Plastik France SAS
Zone Industrielle, Route d'Obermorden, F-67330 Bouxwiller, BP30	France	RPC Tedeco- Gizeh SAS, RPC Tedeco- Gizeh Troyes SAS, RPC Packaging Holdings France SARL
4. Industriestraße 18 68766, Hockenheim	Germany	Promens Hockenheim GmbH, Promens Germany GmbH, Promens Unterstutzungseinrichtung GmbH, Promens Personal Healthcare GmbH
Barlstraße 23, D-56856 Zell/Mosel	Germany	Global Closure Systems Germany GmbH, Zeller Plastik Deutschland GmbH
Brägeler Straße 70, 49393, Lohne	Germany	RPC Bramlage Werkzeugbau GmbH & Co KG, RPC Bramlage GmbH
Bremer Weg, 205 29223, Celle	Germany	RPC Bramlage Food GmbH
Donatusstraße 102, 50259 Pulheim	Germany	RPC Wiko GmbH, RPC Wiko Verwaltungsgellschaft GmbH

SHAREHOLDER INFORMATION

RELATED UNDERTAKINGS

Continued

REGISTERED OFFICE ADDRESS	COUNTRY	COMPANY NAME
Dr. Herbert Kittel Straße, 1D-87600 Kaufbeuren	Germany	PET-Power Deutschland GmbH
Frankenstraße 12-14 - 67227, Frankenthal	Germany	Bender GmbH
Friedrich-Bückling-Straße 8, 16816 Neuruppin	Germany	ESE GmbH
Gewerbestraße 5, 3, 9291 Möckern OT Theesen	Germany	Promens Packaging GmbH
Klausnerring 8, 85551 Kircheim	Germany	Promens Munchen GmbH
Industriestrasse 3, 27449 Kutenholz	Germany	RPC Verpackungen Kutenholz GmbH
Lloydstraße 6 27432, Bremervörde	Germany	RPC Bebo Division Managment & IT Services GmbH, RPC Bebo Plastik GmbH, RPC Packaging (Deutschland) BV & Co KG, RPC Packaging Holdings (Deutschland) BV & Co KG, RPC Bebo Print Patent GmbH, RPC Formatec VW GmbH
Stockheimer Str 30 97638 Mellrichstadt	Germany	RPC Formatec GmbH
Königstraße 2A 24568 Kaltenkirchen	Germany	RPC Bebo Food Packaging GmbH
Willi-Gräbner-Str., 4 - D-56856 Zell/Mosel	Germany	Zeller Engineering GmbH
Wittauerstraße 17, 74564 Crailsheim	Germany	Jagtenberg Plastics GmbH
Units A-C 25/F, No. 9-23 Shell Street, Seabright Plaza, North Point	Hong Kong	Promens China Holding 1 Limited
15/F Tung Wai Commercial Building 109-111 Gloucester Road, Wanchai	Hong Kong	Venture Hong Kong Limited
Suite 2006 20th Floor 340 Queens Rd Central	Hong Kong	Promens Asia Limited
Unit 510, 5/F., Vanta Industrial Centre, 21-23 Tai Lin Pai Road, N.T., Kwai Chung	Hong Kong	RPC Ace Company Limited, Ace Mold Company Limited, Ace Classic Medical Components Co Limited, Ace Corporation Holdings Limited, Ace Industrial Technologies Limited, Ace Plastics Company Limited, Ace Plastics Technologies Limited
Varosmajor u. 12-14 1122 Budapest	Hungary	ESE Kft
Gunnarsbraut 12, 620 Dalvik	Iceland	Saeplast Iceland ehf, iTub ehf
Hlioasmara 1, 201 Kopavogur	Iceland	Promens Reykjavik ehf, Promens US Holding ehf
Íshella 8, IS-221 Hafnarfjörður	Iceland	Tempra ehf
Unit H16 Centrepoint Business Park, Dublin 12, Oak Road	Ireland	CVP Limited, Irish Polythene Industries Limited, Irish Ropes Limited
Osnago (LC) Via Primo Maggion 8	Italy	Plasti-ape S.p.A.
Viale Majao Luigi, 31 CAP, Milan	Italy	Multicom SrL
Via Mantovana 51, 26863 Orio Litta (Lo)	Italy	Zeller Plastik Italia Srl
Via Ramazzotti 12 – 20020, Lainate, Milan	Italy	Promens Firenze SrL
Via S. Carlo, 40023 Castel Guelfo (BO), 10 Int. 20/22	Italy	RPC Superfos Italy SrL
Viale Regina Giovanna n°9, Plant and operative Seat Voghera (PV), Via Lomellina 134, 20129 Milan	Italy	Obrist Italia Srl
Viale Vittorio Veneto 80, 59100 Prato	Italy	Promens Italy SrL
Žalgirio g. 88-607, LT-09303 Vilnius	Lithuania	UAB ESE Baltija
6 Rue Eugene Ruppert I-2453	Luxembourg	Financiere Daunou 1 SA, GCS Holdco Finance I SA, GCS Holdco Finance II Sarl

REGISTERED OFFICE ADDRESS	COUNTRY	COMPANY NAME
Av. Tejocotes s/n Col. San Martín Tepetlixpan, Cuautitlán Izcalli, Estado de México, C.P. 54760	Mexico	Zeller Plastik Mexico SA de CV
5271 XM Sint-Michielsgestel, Ede	Netherlands	RPC Superfos Ede BV
Bergweidedijk 1, AB Deventer, NL 7418	Netherlands	RPC Packaging Holdings BV, RPC Finance Europe BV, RPC Finance US BV, RPC Packaging BV, RPC Packaging Europe BV, RPC Packaging Holdings Brazil BV, RPC Verwaltungs- gesellschaft BV, Cooperatieve RPC Finance WA
Bruchterweg 88/WA-3, 7772 BJ Hardenberg	Netherlands	BPI Europe BV, Combipac BV
De Pinckart 37-39, 5674CB, Nuenen	Netherlands	ESE BV
Einsteinstraat 22, 6902 PB, Zevenaar	Netherlands	RPC Promens Zevenaar BV, RPC Promens Group BV
Hermelijnweg 2, 4877AE, Etten-Leur	Netherlands	PET Power BV, PET Power Holding BV
Hogewaard 12, 6624 KP Heerewaarden	Netherlands	Jagtenberg Beheer BV, Henk Jagtenberg Plastics BV, Jagtenberg Packaging BV
Spekhofsstraat 16, NL-6466 LZ Kerkrade	Netherlands	RPC Packaging Kerkrade BV
Zweedsestraat 10, 7418 BG Deventer	Netherlands	Promens Deventer BV, Promens Deventer Holding BV, RPC Bramlage DHS BV, RPC Promens International BV, RPC Packaging BV
Luxemburglaan 35, 6199 AM Maastricht Airport	Netherlands	ESE World BV
Brevikvelen 535, 1539 Moss	Norway	RPC Packaging Holdings Norway AS, RPC Promens Group AS
Ringtunveien 2, 1712 Grålum	Norway	PWS Norge AS
Stadionveien 15, 4632 Kristiansand	Norway	RPC Packaging AS
Tverrvegen, 37 6025 Aalesund	Norway	iTub AS, Saeplast Norway AS
Building 3 Philcrest Compound, Km. 23 West Service Road, Cupang, Muntinlupa City, 1702 Metro Manila	Philippines	Zeller Plastik Philippines Inc
ul. Mianowskiego 316, 02-044, Warsaw	Poland	Plastiape Sp. z.o.o.
Sad Rejonowy w Toruniu, VII Wydział Gospodarczy Krajowego Re	Poland	RPC Superfos Poland Sp. z.o.o.
ul. Batorego Street 6, 05-400 Otwock	Poland	RPC Bramlage Warszawa Sp. z.o.o.
ul. Topolowa 38 - 08-410, Wola, Rebkowska	Poland	Zeller Plastik Poland Sp. z.o.o.
ul. Urszuli Ledochowskiej, 33/35 60- 462 Poznan	Poland	RPC Bebo Polska Sp. z o.o.
Zakaszewskiego nr 2, 66-300 Miedzyrzecz	Poland	Promens Miedzyrzecz Sp. z.o.o.
ul. Postepu 21 02-676	Poland	ESE Sp. z.o.o.
17 Nicolaus Lenau Street, 310 263, Arad	Romania	SC Romfilms SrL
DN 59 Timisoara, Moravita KM 16 - Village Sag/Parta, 307396, Timis County	Romania	Obrist Easten Europe SrL
620089 Russian Federation, Yekaterinburg, al., Bazovyi 21, Mailbox 171	Russian Federation	LLC RPC Bramlage Yekaterinburg
Hasicska 304/4 971 01, Atare Mesto, Prievidza I	Slovakia	J.P. Plast Slovakia spol s.r.o
Okacska 74, 932 01 Vel'ky Meder	Slovakia	RPC Bramlage Vel'ky Meder S R O
Prazska 33 949 01 Nitra	Slovakia	Promens Nitra s.r.o.
5 Kruger Street, Denver, Johannesburg, Gauteng, 2094	South Africa	RPC Africa Holdings PTY Limited

SHAREHOLDER INFORMATION

RELATED UNDERTAKINGS

Continued

REGISTERED OFFICE ADDRESS	COUNTRY	COMPANY NAME
Avenida de Madrid 68-70, Madrid, E-28500 Arganda del Rey	Spain	RPC Envases SA
Calle Mogoda 1, Pol. Ind. Can Salvatella, Despacho 303, Barberá del Vallés 08210	Spain	Promens Packaging SA Unipersonal
Calle Viena, 10, Polígono Industrial Pozo de la Fuente, Torres de la Alameda, Madrid	Spain	Global Closure Systems Spain SLU, Obrist Iberia SLU
Polígono Industrial, 36880 La Caniza, 15	Spain	Saeplast Spain SA
Poligono Industrial, Calle L 14-16, Comarca n1, E-31 160 Orcoyen, Navarra	Spain	RPC Superfos Pamplona SA
Poligono Industrial, El Marital, Camino del Cementario, 08440 Cardedeu, Barcelona	Spain	Zeller Plastik Espana SLU
Box 47, S-284 21 Perstorp	Sweden	PWS Nordic AB
Industrivägen 13, 565 91 Mullsjö	Sweden	RPC Superfos Mullsjo AB
Skogvaktarevägen 2, SE-531 17 Lidköping, P.O Box 794	Sweden	RPC Superfos Lidköping AB, RPC Packaging Holdings (Sweden) AB
Hässleholmsvägen 10 284 34 Perstorp	Sweden	ESE Sweden Holding AB
Römerstraße 83, 4153 Reinach (BL)	Switzerland	Obrist Closures Switzerland GmbH
St Alban-Anlage 46, 4052 Basel	Switzerland	Promens AG
978 Bangpoo Industrial Estate Moo, 4 Aumphur Muangsamutprakarn, Tambol Preaksa, Samutprakarn 10280	Thailand	Obrist (Thailand) Co Limited
Route de Fouchana, 1135 Naâssen, Chebedda	Tunisia	Galion SA
Route Mazdour Jemmel, Bembla GP 6, Monastir, 5021	Tunisia	Promens Monastir SARL
1 Steuart Road, Bridge of Allan, Stirling, FK9 4JG	United Kingdom	United Closures and Plastics Limited
109 Summerisland Road, Co Armagh, Portadown, BT62 1SJ	United Kingdom	Jordan Plastics Limited
3 Castlegate, Grantham, Lincolnshire, NG31 6SF	United Kingdom	PET-Power UK Limited
6th Floor, Prospect Hill, Victory House, Douglas, Isle of Man	United Kingdom	RPC Group Management Limited
8th Floor, Pearl Assurance House, Friar Lane, Nottingham, NG1 6EX	United Kingdom	ESE Holdings Limited, ESE World Limited
96 Port Glasgow Road, Greenock, Renfrewshire, PA15 2UL	United Kingdom	BPI Pension Funding Limited Partnership, Trevor Jones Limited, BPI 1998 Limited, BPI 2012 Limited, Agripac (Dundee) Limited, BPI General Partner Limited, BPI Limited Partner Limited, Dumfries Plastics Recycling Limited, Edinburgh Plastics Limited, James Scott & Sons Limited, PCL Recycling Limited, Plasti-Covers Limited, Polycon Limited, Promopack Limited, Scott & Robertson Limited, Lustroid Limited, Tay Flexible Packaging Limited
London Road, Beccles, Suffolk, NR34 8TS	United Kingdom	Maynard & Harris Plastics Pension Trustee Limited

REGISTERED OFFICE ADDRESS	COUNTRY	COMPANY NAME
One London Wall, London, EC2Y 5AB	United Kingdom	Advanced Films Limited, Anaplast Limited, Bibby and Baron Group Limited, BPI 2002 Limited, BPI 2007 Limited, BPI 2010 Limited, BPI Employees Trust Limited, BPI International (No 2) Limited, BPI International Limited, BPI Limited, BPI Pension Trustees Limited, Brampton Films Limited, Brithene Films Limited, British Polythene Industries Limited, British Polythene Limited, Calnay Limited, Clingtech Films Limited, Clingtech Packaging Limited, Delta Polythene Limited, Excelsior Packaging Limited, Flexer Sacks Limited, Flexfilm Limited, Flexoset Limited, High Performance Films Limited, Kardon Limited, Megafilm Limited, Minster Polythene Films Limited, Moore & Company (Nottingham) Limited, Novathene Films Limited, P C Polythene Limited, Pavelodge Packaging Limited, Polycrop Limited, Polythene Films Limited, Riverside Trading Limited, Roll-A-Rap Limited, Singleton Flint Limited, Sussex Polythene Limited, UK Polyfilm Limited, UK Polythene Limited, V M B Limited, Valentine Mann & Brown Limited, Visqueen Aprons Limited, Widnes Films Limited, Zedcor Limited
Plymouth Avenue, Brookhill Industrial Estate, Pinxton, Notts, NG16 6NS	United Kingdom	Strata Products Limited
Sapphire House, Crown Way, Rushden, Northants, NN10 6FB	United Kingdom	Barplas Limited, BPSW19 Limited, Brownoak (Final) Assured Tenancies Limited, Drumrace Limited, Manuplastics Products Limited, Massmould Limited, Maynard & Harris (EBT Trustees) Limited, Maynard & Harris Group Limited, Maynard & Harris Holdings Limited, Promens Food Packaging Limited, Promens Holding UK Limited, Rigid Plastic Containers Finance Limited, Rigid Plastic Containers Holdings Limited, Rigid Plastic Containers Packaging Limited, RPC Containers Limited, RPC Europe Limited, RPC Finance Limited, RPC Group Share Trustee Limited, RPC Packaging Holdings Limited, RPC Packaging Limited, RPC Pisces Holdings Limited, RPC Tedeco-Gizeh (UK) Limited, Stag Plastics Limited, Superfos Runcorn Limited, Superfos Tamworth Limited, Wiko UK Limited, Seroptic Lustroid Limited, Manuplastics Limited, Maynard & Harris Plastics, Maynard & Harris Plastics (UK) Limited, Promens Packaging Limited, RPC Asia Pacific Holdings Limited
Staines One, Staines, Station Approach, TW18 4LY	United Kingdom	Global Closure Systems UK Limited
Westfield Trading Estate, Hereford HR4 9NS	United Kingdom	Coflex Films Limited, Exlshrink Limited, Romfilms Limited, Sanders Polyfilms Limited
1515 Franklin Bld - Libertyville, - 60048 - 4459, Illinois	United States	Global Closure Systems America 1 Inc, RPC Zeller Plastik Libertyville Inc
23 Office Park Ct. 103, Columbia, South Carolina	United States	AT Films US Inc
3300 N Kenmore Street, South Bend, Indiana	United States	Promens America Inc, Promens USA Inc
411 Brooke Road, VA 22603, Winchester	United States	RPC Superfos US Inc
485 Brooke Rd, VA 22603, Winchester	United States	M & H Plastics Inc
1075 Hemlock Road, Morgantown, PA 19543 VA	United States	RPC Bramlage Morgantown Inc
52585 Dequindre Rd., Rochester, MI 48307	United States	Letica Corporation, Letica Development Inc, Letica Resources Inc
2711 Centerville Road, Suite 400, County of New Castle, Wilmington, DE 19808	United States	RPC Leopard Holdings Inc, RPC Packaging Holdings (US) Inc

All related undertakings are indirectly owned by RPC Group Plc with the exception of Rigid Plastic Containers Holdings Limited, RPC Packaging Holdings Limited, RPC Group Share Trustee Limited, RPC Packaging Limited, RPC Europe Limited and British Polythene Industries Limited, which are directly owned.

SHAREHOLDER INFORMATION

SHAREHOLDER AND CORPORATE INFORMATION

SHAREHOLDERS' ENQUIRIES

Any shareholder with enquiries relating to their shareholding should, in the first instance, contact our Registrar, Equiniti, using the address on page 147.

ANALYSIS OF ORDINARY SHAREHOLDERS

At 31 March 2017 the Company had 4,204 registered shareholders who held 414,857,479 ordinary shares between them, analysed as follows:

Balance Ranges	Total Holdings	% of Holders	Total Shares	% Issued capital
1 to 10,000	3,506	83.4%	3,994,229	0.96%
10,001 to 500,000	546	12.99%	54,640,817	13.18%
500,001 to 1,000,000	64	1.52%	46,370,898	11.18%
1,000,001+	88	2.09%	309,851,525	74.69%
Total	**4,204**	**100.00%**	**414,857,469**	**100.00%**

DIVIDENDS

Shareholders who wish to have their dividends paid directly into a bank or building society account should contact Equiniti PLC (Equiniti) the Registrars using the details on page 147. In addition, the Registrars are now able to pay dividends in 90 foreign currencies. This service enables the payment of your dividends directly into your bank account in your home currency. For international payments a charge is deducted from each dividend payment to cover the costs involved. Please contact Equiniti to request further information.

ELECTRONIC SHAREHOLDER COMMUNICATIONS

Shareholders who would prefer to view documentation electronically can elect to receive automatic notification by email each time the Company distributes documents, instead of receiving a paper version of such documents. Registering for electronic communication is very straightforward and can be done via Shareview, at www.shareview.co.uk. Shareview is Equiniti's suite of online services that helps shareholders manage their holdings and gives access to a wide range of useful information. There is no fee for using this service and you will automatically receive confirmation that a request has been registered. Should you wish to change your mind or request a paper version of any documents in the future, you may do so by contacting Equiniti by email or by post. The facility allows shareholders to view details about their holdings, submit a proxy vote for shareholder meetings, complete a change of address and provide dividend mandates online, so that dividends can be paid directly into a nominated bank account. Shareholders can also find out what to do if a share certificate is lost, as well as download forms in respect of share transfers.

SHARE DEALING SERVICES

Equiniti offer a real-time telephone and internet dealing service for the UK. Further details including terms and rates can be obtained by logging on to the website at www.shareview.co.uk/dealing or by calling 0345 603 7037. Lines are open between 8am and 4.30pm, Monday to Friday.

SHAREGIFT

If you have a small shareholding which is uneconomical to sell, you may want to consider donating it to ShareGift. Details of the scheme are available from ShareGift at www.sharegift.org or telephone +44 (0) 20 7930 3737.

SHARE PRICE INFORMATION

Information on the Company's share price is available from the Company's website at www.rpc-group.com.

Financial Calendar	**2017**
Annual General Meeting	19 July
Pre-close statement	28 September
Half Year Results	29 November

	2018
Trading Update	1 February
Pre-close statement	29 March
Full Year Results	June

All future dates are indicative and subject to change.

REGISTRARS

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Tel: 0371 384 2242 (UK)
Tel: +44 121 415 7047 (outside UK)

AUDITOR

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

BROKERS

Deutsche Bank
1 Great Winchester Street
London
EC2N 2DB

Jeffries International
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

REGISTERED OFFICE

RPC Group Plc
Sapphire House
Crown Way
Rushden
Northamptonshire NN10 6FB
United Kingdom

Tel: +44 (0) 1933 410064
Fax: +44 (0) 1933 410083

Registered Number: 2578443

www.rpc-group.com

ISIN: GB0007197378

LEI: 213800RASBUP2MGA8H34

London Stock Exchange General Industries

Symbol: RPC

FORWARD-LOOKING STATEMENTS

The Annual Report contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

SHAREHOLDER INFORMATION

TEN YEAR FINANCIAL RECORD

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Revenue	**2,747.2**	1,642.4	1,222.4	1,046.9	982.3	1,056.0	752.2	660.9	703.3	641.1
Adjusted operating profit[1]	**308.2**	174.3	131.6	101.0	91.6	95.5	56.0	40.9	34.7	39.0
Profit/(loss) before taxation[1]	**154.7**	75.6	67.1	59.0	48.2	60.9	34.0	19.2	(5.3)	8.2
Profit/(loss) after taxation[1]	**132.0**	54.9	45.8	43.7	34.0	46.0	25.0	13.2	(8.5)	2.8
Net assets employed	**1,822.7**	893.9	581.1	271.6	271.7	271.9	264.0	156.4	170.9	179.7
Property, plant and equipment additions	**183.9**	96.7	90.1	67.8	60.0	71.4	50.1	27.8	30.4	35.1
Cash generated by operations	**332.9**	181.7	122.1	125.1	108.2	115.2	80.9	71.4	115.2	63.5
Basic earnings/(loss) per share (p)[1, 2]	**37.1**	18.1	18.0	20.3	15.8	21.7	14.7	8.2	(5.2)	1.8
Adjusted basic earnings per share (p)[1, 2]	**62.2**	40.4	35.4	31.6	28.4	29.3	23.0	16.2	10.6	12.4
Dividend per share (p)[2]	**24.0**	16.0	13.3	11.9	11.4	11.0	8.8	6.5	5.7	5.5
Average number of employees[1]	**20,129**	15,177	10,738	7,296	6,969	7,110	5,878	5,881	6,346	6,668

1 Results restated for current continuing operations.

2 Earnings per share and dividends per share have been restated after adjusting for rights issues.

3 The above table is unaudited.

Results for 2013 onwards are under IAS 19 (Revised 2011). Results for 2012 and earlier have not been restated.

Results for 2015 and 2014 have been revised to account for the Joint Venture under the equity method. Results for 2013 and earlier have not been restated.

GROUP PLC

RPC Group Plc
Sapphire House
Crown Way
Rushden
Northamptonshire NN10 6FB
United Kingdom
Tel: +44 (0) 1933 410064

For more information on our business please go to:

www.rpc-group.com

@rpc_group