

## Strong profit growth and improved returns

Rexam, the global consumer packaging company, announces its results for the six months to 30 June 2010.

### Underlying business performance<sup>1</sup>

	Six months to 30.06.10	Six months to 30.06.09
Sales (£m)	<b>2,491</b>	2,516
Underlying operating profit (£m) <sup>1</sup>	<b>266</b>	218
Underlying profit before tax (£m) <sup>1</sup>	<b>198</b>	135
Underlying earnings per share (pence) <sup>1,2</sup>	<b>15.9</b>	13.0
Interim dividend per share (pence)	<b>4.0</b>	–

### Highlights

- Organic<sup>3</sup> sales up 2% as volumes begin to recover
- Organic<sup>3</sup> operating profit up 25%
- Strong free cash flow of £130m
- Return on capital improved to 12%
- Beverage Cans volume growth of 2% driven by strong recovery in specialty cans
- Plastic Packaging performance in line with expectations
- Interim 2010 dividend of 4.0p

Commenting on the 2010 half year results, Graham Chipchase, Rexam's Chief Executive, said:

"We are pleased with our performance in the first half. There has been some volume recovery as well as pricing improvement. Our relentless cost control has driven strong profit growth. Tight management of capital expenditure and working capital has yielded good cash flow, and our return on capital has improved significantly.

In most of our businesses, the trading environment is stabilising and the outlook for Beverage Cans has improved since the start of the year. However, uncertainty persists about the global economic outlook and visibility remains low.

We expect our results in the second half of the year to be similar to those of the first. We are confident that our focus on the fundamentals of cash, costs and return on capital will continue to strengthen our business and improve shareholder value."

### Statutory results<sup>4</sup>

	Six months to 30.06.10	Six months to 30.06.09
Sales (£m)	<b>2,491</b>	2,516
Operating profit (£m)	<b>223</b>	44
Profit/(loss) before tax (£m)	<b>144</b>	(30)
Profit/(loss) for the financial period (£m)	<b>102</b>	(15)
Total basic earnings/(loss) per share (pence) <sup>2</sup>	<b>11.6</b>	(1.9)

<sup>1</sup> Underlying business performance is before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives.

<sup>2</sup> 2009 basic and underlying earnings per share restated for the 2009 rights issue.

<sup>3</sup> Organic change is year on year change in underlying business performance excluding disposed businesses at constant exchange rates.

<sup>4</sup> Statutory results include exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives.

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**Live webcast**

A presentation for analysts and investors will be held today at 09:00 UK time at the Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ.

A dial in conference call will be held today at 14.30 UK time. For callers in the US, please dial +1 480 629 9643 or +1 877 941 0843. The dial in number in the UK is +44 (0)20 8515 2302 or 0800 358 0857.

A copy of this press release has been posted on the Rexam website, [www.rexam.com](http://www.rexam.com). Subject to certain restrictions, the presentation will be webcast live on [www.rexam.com](http://www.rexam.com) at the above time and subsequently will be available on demand.

This press release contains statements which are not based on current or historical fact and which are forward looking in nature. These forward looking statements reflect knowledge and information available at the date of preparation of this press release and the Company undertakes no obligation to update these forward looking statements. Such forward looking statements are subject to known and unknown risks and uncertainties facing the Group including, without limitation, those risks described in this press release, and other unknown future events and circumstances which can cause results and developments to differ materially from those anticipated. Nothing in this press release should be construed as a profit forecast.

## **BUSINESS REVIEW**

In the Annual Report 2009 we stated that we were committed to improving our performance after a disappointing year. In the first half of 2010 we took the first steps to deliver on that commitment. Rexam produced an encouraging trading performance as volumes improved, markets started to stabilise and, above all, our cost reduction programme began to take effect.

At the start of the year we were still uncertain as to the outlook on volumes. However, it was clear that we needed to renew our focus on the fundamentals of cash optimisation, cost control, and increasing return on capital to meet our commitment to create shareholder value. In summary, we managed our working capital and our capital expenditure tightly, resulting in a free cash flow in the half year of £130m. Our restructuring and efficiencies have reduced costs by £51m in the first half of 2010. We are on track to deliver the expected restructuring savings of £45m for the full year and efficiencies of more than £30m in line with our achievements in recent years; £75m for the full year in total. We have better leveraged the assets under our control such that the return on capital employed has improved to 12.1% from 9.5% for the equivalent period last year. Measurement and a consistent focus on the strategic priorities throughout the organisation are key to improving our return on capital.

### **Group performance**

Reported Group sales were down slightly at £2,491m impacted adversely by £30m of currency translation, primarily owing to the weaker US dollar and euro. Group organic sales growth (excluding the impact of foreign currency exchange and disposals) was 2%. However, this includes the impact of lower aluminium and higher resin costs which are largely passed through to customers. Excluding the impact of pass through, sales grew by 3% in Beverage Cans and were broadly flat in Plastic Packaging.

Reported underlying operating profit rose 22% to £266m mainly owing to the impact of our cost reduction and restructuring programmes and the effect of improved volumes and better mix in Beverage Cans. On a like for like basis, excluding the effect of disposed businesses, organic underlying operating profit increased 25%. Underlying profit before tax increased to £198m compared with £135m for the equivalent six month period in 2009. This 47% increase is due to the improvement in operating profit as well as lower total underlying net finance costs.

Underlying earnings per share rose 22% to 15.9p (June 2009 restated: 13.0p).

On a statutory basis, which includes the effect of disposed businesses, currency translation and exceptional and other items, profit before tax was £144m (June 2009: loss £30m). Exceptional and other items totalled £54m comprising £20m costs for restructuring, £23m in amortisation of certain acquired intangible assets and £11m fair value changes on financing derivatives. Total profit for the financial period was £102m (June 2009: loss £15m) and total basic earnings per share was 11.6p (June 2009 restated: loss 1.9p).

While we keep a tight rein on our spending, we are still investing in higher growth and higher return projects such as beverage cans in Brazil and Egypt and pharmaceutical packaging. Capital expenditure for the half year was £61m (June 2009: £99m) and it is still expected to be in the region of £200m during 2010 as spend is weighted towards projects in the second half of the year.

As at 30 June 2010, net debt was £1.8bn. Our credit rating remains investment grade with stable outlook with both Moody's and Standard & Poor's. In May 2010, we took the opportunity to refinance £1bn of bank debt facilities for 5 years and therefore our next significant debt maturity is now in 2013. Our total committed facilities are £2.8bn.

## Cost reduction and efficiencies on plan

In response to the significant reduction in volumes and profits in 2009, we implemented major restructuring plans in both Beverage Cans and Plastic Packaging. The restructuring cost and efficiency savings are coming through strongly and were £51m in the half year in total.

Restructuring accounted for £29m of these savings and we are well on track to meet our £45m target for the full year. The restructuring in Beverage Cans, which included the closure of four plants, is complete while the restructuring in Plastic Packaging is in its final stages: six plants have been closed already and two more will follow before the end of the year. Since the start of 2009, we have reduced our headcount to date by around 2,200 people and this is expected to rise to 2,300 by year end.

Efficiency savings are on track to exceed £30m for the full year. In the first half they totalled £22m consistent with the continued Group wide deployment of Lean Enterprise and Six Sigma practices.

## Beverage Cans

	6 months to 30.6.10	6 months to 30.6.09
Sales	<b>£1,824m</b>	£1,842m
Underlying operating profit	<b>£196m</b>	£147m
Return on sales	<b>10.7%</b>	8.0%
Return on net assets	<b>28%</b>	23%

Reported sales in Beverage Cans were down slightly on the first half of 2009. Excluding the effect of lower overall aluminium costs, which were passed through to our customers, organic sales grew by 3% with net volume gains in most of the regions and good pricing in Europe and South America.

The improvement in underlying operating profit was driven by cost reductions, better pricing, volume growth (predominantly in South America) and a better mix afforded by the growth in specialty cans.

### ***Beverage Can Europe & Asia***

In Europe, the total market volume returned to growth at 4% and cans overall maintained their share of the beverage packaging mix. Our own volume increased by 2%. Volume in standard cans excluding Russia was down 3% following the closure in December of our plant in Dunkirk, France, and our continued focus on improving returns. Specialty cans recovered strongly across Europe and our own volume increased 22% driven largely by energy drinks.

Russia remains challenging and our can volumes were down 8% on the first half of 2009. This is attributable to a number of factors including the general state of the Russian economy, the recent entry of a new competitor and also the introduction of a new tax on beer at the start of the year. As part of our restructuring plans the Dmitrov plant was closed in mid 2009. The beverage can's share of the packaging mix for beer (the main use of cans in Russia) remains stable.

### ***Beverage Can North America***

In North America, industry volumes were flat overall and the beverage can's long term share of the packaging mix remained unchanged.

Our own volumes were also flat. Standard can volumes were 3% below last year but our specialty cans continued to grow strongly, rising 22%, driven by beer and iced teas. We plan to convert some 12oz can capacity to accommodate the continuing growth in 24oz specialty cans.

We are in contract negotiations with a number of customers in North America. Some price increase overall will be secured although the current market price is limiting the upside. It is becoming clear that following these negotiations, volumes in North America will be lower in 2011 but we are planning for overall profits in the business to be comparable with 2010 and our strong cash conversion will continue. We are prepared to consider mothballing some capacity while seeking to rebuild our volumes to current levels with new customers over the next three years as we act positively to diversify our customer base.

In order to improve our cost efficiency and our competitiveness, we plan to invest around £30m over the next two years to reduce the weight of our can ends. This, along with other cost reductions, is expected to improve returns and maintain the current strong return on net assets (RONA) for the business.

### ***Beverage Can South America***

In South America, the combination of high single digit GDP growth, greater disposable income, lower unemployment and customer promotions in conjunction with the FIFA World Cup, helped to sustain robust growth in a region where Rexam has around 60% of the beverage can market.

The beverage can share of the packaging mix continued to grow. The availability of innovations such as laser engraved tabs, high impact printing techniques, tactile varnish and special inks adds further to the inherent advantages of the can as a beverage pack.

Our total volume growth in the region was 15%. Standard 12oz can volumes continued their recent impressive growth, increasing by 10%. Specialty cans grew 39% as a result of the successful penetration of these types of cans for new product launches and they now account for 17% of total volumes, up from 14% at the last half year. Energy drinks, for example, grew sharply in South America, owing to the introduction of new products, especially in Brazil, and to the can's well established presence in traditional and supermarket channels.

With our 12oz lines operating at full capacity and specialty cans growing strongly, we have accommodated the increase in demand in the short term by speeding up our lines and leveraging our North American network to import cans. Further, we have announced the reopening of the Pouso Alegre plant in Brazil as well as a number of additional line enhancements across the network in South America. We are planning further investments to support growth in the region.

## Plastic Packaging

	6 months to 30.6.10	6 months to 30.6.09
Sales	<b>£667m</b>	£639m
Underlying operating profit	<b>£70m</b>	£66m
Return on sales	<b>10.5%</b>	10.3%
Return on net assets	<b>25%</b>	21%

The first half trading performance of Plastic Packaging was in line with our expectations. Against an improved economic environment in both the US and Europe, overall volumes have begun to stabilise. Organic sales grew 6%, entirely due to the pass through to customers of higher resin costs. Good volume recovery in Personal Care and stable Healthcare volumes were largely offset by continuing volume reductions in beverage closures.

Organic underlying operating profit was up 8%. The higher volume and change in mix, along with efficiency gains from operational improvements and the impact of the restructuring programme, were offset by the volume shortfalls in Closures, inflationary cost increases, the absence of some of the cost benefits achieved in 2009 from shortened working hours, as well as pricing reductions in parts of the business in an increasingly competitive environment.

### **Healthcare**

In Healthcare, sales increased 5%. There was continued growth in the Pharma business driven by the ramp up of new products together with the sustained growth of existing product lines. In the other two businesses, Primary Packaging and Prescription, sales were softer due to pricing pressure.

### **Closures**

In Closures, performance continued to be disappointing. Although sales increased owing to resin pass through, volumes decreased 9% with the continued decline in the demand for beverage closures. Volumes for high barrier food containers returned to growth due to restocking and consumers returning to convenience foods.

### **Personal Care**

In Personal Care, sales recovered as planned and volumes grew 11%. Part of this was due to restocking but the overall market appears to be gaining momentum in both premium and massige market products judging by first half customer activity. Dispensing Systems sales were higher due to increased volumes driven by improved sales in pumps for fragrances and lotions as well as foam pumps and samplers. Make Up sales increased on a like for like basis as the market began to recover. In Home and Personal Care, volumes are recovering primarily due to restocking.

## Financial performance

The financial review of our business is based on what we term the underlying business performance, as shown in the first column in the table below, which excludes exceptional and other items. We believe that the underlying figures aid comparison of the Group's financial performance. The basis of preparation of the half year condensed financial statements is set out in note 1 to the condensed set of financial statements.

The summary Group consolidated income statements for the six months to 30 June 2010 and six months to 30 June 2009 are set out below.

	Underlying business performance <sup>1</sup> £m	Exceptional and other items £m	Total £m
6 months to 30.6.10:			
Sales	<b>2,491</b>	–	<b>2,491</b>
Operating profit/(loss)	<b>266</b>	<b>(43)</b>	<b>223</b>
Share of associates and joint ventures profit after tax	<b>2</b>	–	<b>2</b>
Total net finance cost <sup>2</sup>	<b>(70)</b>	<b>(11)</b>	<b>(81)</b>
Profit/(loss) before tax	<b>198</b>	<b>(54)</b>	<b>144</b>
Profit/(loss) after tax	<b>139</b>	<b>(37)</b>	<b>102</b>
Total basic earnings per share (p)			<b>11.6</b>
Underlying earnings per share (p)	<b>15.9</b>		
Dividends per share (p)	<b>4.0</b>		
6 months to 30.6.09:			
Sales	2,516	–	2,516
Operating profit/(loss)	218	(174)	44
Share of associates and joint ventures loss after tax	–	(4)	(4)
Total net finance cost <sup>2</sup>	(83)	13	(70)
Profit/(loss) before tax	135	(165)	(30)
Profit/(loss) after tax	93	(108)	(15)
Total basic loss per share (p) – restated			(1.9)
Underlying earnings per share (p) – restated	13.0		

<sup>1</sup> Underlying business performance is the primary performance measure used by management who believe that the exclusion of exceptional and other items aids comparison of underlying performance of continuing operations. Exceptional items include the gains and losses on disposal of businesses, the restructuring and integration of businesses, major asset impairments and disposals, significant litigation and tax related claims and significant gains arising on reduction of retiree medical and pension liabilities. Other items comprise the amortisation of certain acquired intangible assets (customer contracts and relationships and technology and patents) and fair value changes on certain financing derivative financial instruments.

<sup>2</sup> Underlying total net finance cost of £70m (2009: £83m) comprises net interest of £61m (2009: £67m) and retirement benefit obligations net finance cost of £9m (2009: £16m).

A summary of underlying business performance is set out below.

	6 months to 30.6.10 £m	6 months to 30.6.09 £m
Ongoing operations	<b>2,491</b>	2,481
Disposals	–	35
Sales	<b>2,491</b>	2,516
Ongoing operations	<b>266</b>	213
Disposals	–	5
Underlying operating profit	<b>266</b>	218
Share of associates and joint ventures profit after tax	<b>2</b>	–
Underlying total net finance cost	<b>(70)</b>	(83)
Underlying profit before tax	<b>198</b>	135
Underlying profit after tax	<b>139</b>	93
Underlying earnings per share (p)	<b>15.9</b>	13.0

The following tables, showing sales and underlying operating profit, compare the ongoing operations on a consistent basis to demonstrate 'like for like' trading performance. This excludes disposals. Organic change is the year on year change arising on businesses owned since the beginning of 2010 at constant exchange rates.

#### ***Analysis of sales movement***

	Total £m	Beverage Cans £m	Plastic Packaging £m
Sales reported 6 months to 30.6.09	2,516		
Disposals	(35)		
Ongoing operations 6 months to 30.6.09 reported in 2010	2,481	1,842	639
Currency fluctuations	(30)	(19)	(11)
Ongoing operations 6 months to 30.6.09 pro forma basis	<b>2,451</b>	<b>1,823</b>	<b>628</b>
Organic change in sales	40	1	39
Sales reported 6 months to 30.6.10	<b>2,491</b>	<b>1,824</b>	<b>667</b>

Organic sales, which excludes the impact of disposals and currency, increased by £40m, or 2%. In Beverage Cans net volume gains in most of the business together with good pricing in Europe and South America were partially offset by the impact of lower aluminium costs being passed through to customers. For Plastic Packaging, the increase was primarily due to passing on higher resin costs along with some volume gains in Personal Care and Healthcare offset by continuing volume reductions in Closures. Excluding the effect of aluminium and resin cost changes which were passed through to customers, organic sales grew by 3% in Beverage Cans and Plastic Packaging was broadly flat.

## Analysis of underlying operating profit movement

	Total £m	Beverage Cans £m	Plastic Packaging £m
Underlying operating profit reported 6 months to 30.6.09	218		
Disposals	(5)		
Ongoing operations 6 months to 30.6.09 reported in 2010	213	147	66
Currency fluctuations	–	1	(1)
Ongoing operations 6 months to 30.6.09 pro forma basis	<b>213</b>	<b>148</b>	<b>65</b>
Organic change in operating profit	53	48	5
Underlying operating profit reported 6 months to 30.6.10	<b>266</b>	<b>196</b>	<b>70</b>

Analysis of the organic change in underlying operating profit:

	Total £m	Beverage Cans £m	Plastic Packaging £m
Sales price and cost changes	7	14	(7)
Volume/mix changes	24	19	5
Efficiency and other savings	22	15	7
Organic change in operating profit	53	48	5

Underlying operating profit, after adjusting for the impact of disposals and currency, increased by £53m reflecting pricing benefits, the improvement in volumes across most of the business and continued efficiency savings offset in part by increases in costs.

Beverage Cans was driven by price improvements, cost reductions and volume benefits in South America and specialty cans. These gains, together with the benefit of restructuring, were partly offset by cost increases, including: higher labour costs; asset write offs due to conversion from steel to aluminium can production in Europe; provisions for non recoverable sales taxes and other regulatory costs; and non recurrence of £7m of licence income earned in 2009.

It was a similar pattern for Plastic Packaging with volume gains in Healthcare and Personal Care, efficiency gains from operational improvements and the cost reduction impact of the restructuring programme offset by continuing volume reductions in Closures, inflationary cost increases, the unwind of short term furlough gains achieved in 2009 and pricing pressures in an increasingly competitive environment.

## Exchange rates

The principal exchange rates used in the preparation of the half year condensed financial statements are as follows:

	6 months to 30.6.10	6 months to 30.6.09	Year to 31.12.09
Average:			
Euro	<b>1.15</b>	1.12	1.12
US dollar	<b>1.53</b>	1.49	1.57
Russian rouble	<b>45.89</b>	49.20	49.52
Closing:			
Euro	<b>1.22</b>	1.18	1.11
US dollar	<b>1.51</b>	1.65	1.61
Russian rouble	<b>46.71</b>	51.38	48.07

### **Consolidated income statement**

The US dollar, euro and the Russian rouble are the principal currencies that impact our results. The movement in exchange rates had the following impact on the translation into sterling for sales and underlying operating profit in the first half of 2010:

	Sales £m	Underlying operating profit £m
Euro	<b>(15)</b>	<b>(1)</b>
US dollar	<b>(38)</b>	<b>(3)</b>
Russian rouble	<b>12</b>	<b>3</b>
Other currencies	<b>11</b>	<b>1</b>
	<b>(30)</b>	<b>-</b>

In addition to the translation exposure, the Group is also exposed to movements in exchange rates on certain transactions. These are principally the US dollar/euro movement and US dollar and euro/Russian rouble on the European operations and the US dollar/Brazilian real movement on the South American Beverage Can operations. These exposures are largely hedged and therefore did not impact underlying profit in the first half of this year.

### **Consolidated balance sheet**

Most of the Group's net borrowings are denominated in US dollars and euros. Currency movements did not have a significant effect on the balance sheet; net borrowings increased by £59m and equity reduced by £24m.

### **Underlying total net finance cost**

The underlying total net finance cost comprises:

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Net interest	<b>(61)</b>	(67)	(131)
Retirement benefit obligations net finance cost	<b>(9)</b>	(16)	(31)
Underlying total net finance cost	<b>(70)</b>	(83)	(162)

The underlying total net finance cost reduced by £13m compared with the equivalent period last year, of which £7m was attributable to retirement benefit obligations net finance cost which is discussed in 'Retirement benefits' below. The reduction in net interest of £6m is primarily due to lower average net borrowings following the rights issue in July 2009 and an improvement in cash flow offset by the acceleration of the amortisation of bank facility arrangement fees of around £9m following the refinancing undertaken in May 2010. The overall average interest rate, excluding the accelerated amortisation, during the period was around 5.5% compared with 5% in the equivalent period last year; this reflects the higher proportion of bond versus bank debt financing and fixed rate versus floating rate debt instruments together with the higher facility fee amortisation cost.

Based on reported underlying operating profit, interest cover was 4.4 times compared with 3.3 times for the six months to June 2009. This is consistent with the Group's long term target to be above 4 times. Interest cover is based on underlying operating profit divided by underlying net interest excluding charges in respect of retirement benefit obligations.

## Tax

The tax charge on profit before exceptional and other items for the six months to 30 June 2010 was £59m (30%) (June 2009: £42m (31%)). The rate for the six months to 30 June 2010 is also forecast to be the rate for the year to 31 December 2010. This reflects the mix of territories in which we operate, offset in part by the availability of tax incentives in some jurisdictions. Tax cash payments in the first half of the year were £29m compared with £28m for the equivalent period last year, lower than the charge in the income statement due to the utilisation of tax assets, refunds received and the phasing of tax payments.

## Exceptional and other items

The exceptional and other items arising in 2010 in respect of continuing operations are as follows:

	Before tax £m	Tax £m	After tax £m
Exceptional items and other items included in operating profit:			
Restructuring of businesses	<b>(20)</b>	<b>6</b>	<b>(14)</b>
Amortisation of certain acquired intangible assets	<b>(23)</b>	<b>8</b>	<b>(15)</b>
Total exceptional and other items included in operating profit	<b>(43)</b>	<b>14</b>	<b>(29)</b>
Fair value changes on financing derivatives	<b>(11)</b>	<b>3</b>	<b>(8)</b>
Total exceptional and other items	<b>(54)</b>	<b>17</b>	<b>(37)</b>

## Exceptional items

### *Restructuring of businesses*

The restructuring charge comprises £17m (including asset write downs of £8m) in respect of Plastic Packaging, principally relating to the closure of a US Closures business located in Constantine, MI, and £3m in Beverage Cans in respect of the previously announced plant closures in Europe. The cash cost of the total restructuring programme in the period was £24m and the cost savings realised were £29m, both in line with our expectations.

It is expected that a further £11m will be charged in the second half of 2010 to complete the restructuring programme with additional cash outflows of around £50m being incurred, principally in 2010. The restructuring programmes are expected to benefit underlying operating profit by £82m on a full year basis by 2011, with £29m already realised up to 2009, some £45m in 2010 and the remaining £8m in 2011.

## Other items

### *Amortisation of certain acquired intangible assets*

Intangible assets, such as technology patents and customer contracts, are required to be recognised on the acquisition of businesses and amortised over their useful life. The directors consider that separate disclosure, within exceptional and other items, of the amortisation of such acquired intangibles amounting to £23m before tax (2009: £23m) aids comparison of organic change in underlying profit.

### *Fair value changes on financing derivatives*

The fair value of the derivatives arising on financing activities directly relates to changes in interest rates and foreign exchange rates. The fair value will change as the transactions to which they relate mature, as new derivatives are transacted and due to the passage of time. The fair value change on financing derivatives for the half year was a net loss of £11m (June 2009: net gain £13m). The impact of derivatives arising on trading items such as commodities and forward foreign exchange contracts is included within underlying operating profit.

## Earnings per share

	6 months to 30.6.10	6 months to 30.6.09 restated	Year to 31.12.09
Underlying earnings per share (pence)	<b>15.9</b>	13.0	25.4
Basic earnings/(loss) per share (pence)	<b>11.6</b>	(1.9)	(3.7)
Average number of shares in issue (millions) <sup>1</sup>	<b>876</b>	721	787
Period end number of shares in issue (millions)	<b>877</b>	721	877

<sup>1</sup> The average number of shares exclude 0.5m shares held by the Rexam Employee Share Trust (June 2009: 0.5m, December 2009: 0.5m).

Underlying earnings per share was 15.9p compared with 13.0p in the comparable period, an increase of 22%, mainly due to the improvement in underlying profit.

Basic earnings per share, which includes exceptional and other items, was 11.6p (June 2009 restated: loss 1.9p). The improvement reflects the increase in underlying profit together with the reduction in exceptional and other items in 2010, principally a goodwill write off recorded in 2009.

## Retirement benefits

Retirement benefit obligations (net of tax) on the balance sheet at 30 June 2010 were £399m, an increase of £120m compared with £279m at 31 December 2009. This was principally due to changes in actuarial values amounting to £112m after tax, arising from lower equity returns, higher mortality assumptions in the US and lower discount rates. The changes to the actuarial value of retirement benefits at the balance sheet date are shown in the consolidated statement of comprehensive income. These changes are detailed below.

	£m
Defined benefit pension plans:	
Plan assets – lower than expected returns, principally on equities	<b>(26)</b>
Plan liabilities – lower discount rates	<b>(95)</b>
Plan liabilities – increased mortality assumption	<b>(39)</b>
Retiree medical – lower discount rates and increased mortality assumption	<b>(6)</b>
Actuarial losses before tax	<b>(166)</b>
Tax	<b>54</b>
Actuarial losses after tax	<b>(112)</b>

The total cash payments in respect of retirement benefits are as follows:

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Defined benefit pension plans	<b>14</b>	10	20
Other pension plans	<b>6</b>	6	12
Retiree medical	<b>5</b>	6	11
Total cash payments	<b>25</b>	22	43

It is expected that the total cash payments for the full year will be approximately £47m compared with £43m in 2009 reflecting increased UK deficit funding. As previously indicated, pension legislation in the US will require higher minimum statutory funding for US defined benefit schemes in the future. Based on current legislation and actuarial projections, it is now estimated that cash contributions to the US defined benefit plan will increase by around \$40m in 2011 compared with 2010 and continue at that level for a number of years thereafter. This has reduced from an increase of around \$80m advised previously due to recent changes in legislation.

The retirement benefit obligations net finance cost is analysed as follows:

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Expected return on plan assets	<b>72</b>	64	127
Interest on plan liabilities	<b>(77)</b>	(76)	(150)
Defined benefit pension plans	<b>(5)</b>	(12)	(23)
Retiree medical – interest on liabilities	<b>(4)</b>	(4)	(8)
Net finance cost	<b>(9)</b>	(16)	(31)

The reduction in retirement benefit obligations net finance cost, which is a non cash accounting charge, is attributable to an increase in expected asset returns.

### Cash flow

Free cash flow for the period was an inflow of £130m compared with £171m for the six months to June 2009. This reflects the outflow of working capital, which is comparable with historic seasonal patterns, and higher restructuring cash costs offset by the improvement in underlying operating profit, lower capital expenditure, which is discussed more fully in 'Capital expenditure' below, and a reduction in refinancing facility fees which are included in interest payments.

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Underlying operating profit	<b>266</b>	218	446
Depreciation and amortisation <sup>1</sup>	<b>116</b>	115	227
Retirement benefit obligations	<b>(10)</b>	(9)	(18)
Change in working capital	<b>(75)</b>	72	40
Restructuring costs	<b>(24)</b>	(12)	(36)
Other movements	<b>9</b>	4	6
Cash flow from operating activities	<b>282</b>	388	665
Capital expenditure (net) <sup>2</sup>	<b>(54)</b>	(99)	(174)
Net interest and tax paid	<b>(98)</b>	(118)	(201)
Free cash flow	<b>130</b>	171	290
Equity dividends	<b>(70)</b>	–	(79)
Business cash flow	<b>60</b>	171	211
Acquisitions	–	(5)	(5)
Disposals	–	2	21
Cash flow including borrowings acquired and disposed	<b>60</b>	168	227
Share capital changes	–	–	334
Exchange differences	<b>(59)</b>	260	192
Other financing and non cash items	<b>(6)</b>	38	20
Net borrowings at the beginning of the period	<b>(1,828)</b>	(2,601)	(2,601)
Net borrowings at the end of the period	<b>(1,833)</b>	(2,135)	(1,828)

<sup>1</sup> Excludes amortisation of certain acquired intangibles amounting to £23m (June 2009: £23m, December 2009: £45m).

<sup>2</sup> Comprises gross capital expenditure of £61m (June 2009: £99m, December 2009: £184m) less proceeds from sale of property, plant and equipment and property classified as held for sale of £7m (June 2009: £nil, December 2009: £10m).

## Capital expenditure

	6 months to 30.6.10	6 months to 30.6.09	Year to 31.12.09
Capital expenditure (gross) (£m)	<b>61</b>	99	184
Depreciation and amortisation (£m)	<b>116</b>	115	227
Ratio (times)	<b>0.5</b>	0.9	0.8

Capital expenditure includes computer software that has been capitalised. Amortisation excludes £23m (June 2009: £23m, December 2009: £45m) on patents, customer contracts and intangibles other than computer software, which is included in exceptional and other items.

Capital expenditure in the first six months was £61m, around 0.5 times underlying depreciation and amortisation. The expenditure in the period was evenly split between strategic and growth projects and maintenance projects. The principal projects in Beverage Cans are to support growth in South America, the development of specialty can products and the conversion of two lines from steel to aluminium in Europe in response to customer requirements. Plastic Packaging investment continues to be focussed on new products.

It is anticipated that capital expenditure for the year will be around £200m driven mainly by the projects outlined above.

## Balance sheet and borrowings

	As at 30.6.10 £m	As at 30.6.09 £m	As at 31.12.09 £m
Goodwill and other intangible assets	<b>2,497</b>	2,501	2,481
Property, plant and equipment	<b>1,655</b>	1,718	1,723
Retirement benefits net of tax	<b>(399)</b>	(211)	(279)
Other net assets	<b>268</b>	–	225
	<b>4,021</b>	4,008	4,150
Equity, including non controlling interests	<b>2,188</b>	1,873	2,322
Net borrowings <sup>1</sup>	<b>1,833</b>	2,135	1,828
	<b>4,021</b>	4,008	4,150
Return on capital employed (%) <sup>2</sup>	<b>12.1</b>	9.5	9.5
Interest cover (times) <sup>3</sup>	<b>4.4</b>	3.3	3.4
Gearing (%) <sup>4</sup>	<b>84</b>	114	79

<sup>1</sup> Net borrowings comprise borrowings, cash and cash equivalents and financing derivatives.

<sup>2</sup> Based on underlying operating profit plus share of associates and joint ventures profit after tax divided by the average of opening and closing shareholders' equity after adding back retirement benefit obligations (net of tax) and net borrowings. Underlying operating profit and share of associates profit after tax are annualised by doubling the results for the six month periods.

<sup>3</sup> Based on underlying operating profit divided by underlying net interest expense.

<sup>4</sup> Based on net borrowings divided by equity including non controlling interests.

Net borrowings have been maintained at December 2009 levels with cash inflow in the period being offset by currency movements. Gearing has increased slightly in the period due mainly to the reduction in equity related to the actuarial losses on retirement benefits. Interest cover has improved from 3.4 times to 4.4 times, above our target range of at least 4 times. Bank debt facilities were refinanced in May 2010 extending bank debt maturity out to 2015. The Group remains comfortably within its debt covenants and has around £1bn of committed debt facility headroom.

Net borrowings, which include interest accruals and certain financial derivatives, are set out below.

	As at 30.6.10 £m	As at 30.6.09 £m	As at 31.12.09 £m
Net borrowings excluding financing derivatives	<b>1,867</b>	2,229	1,982
Financing derivatives	<b>(34)</b>	(94)	(154)
Net borrowings	<b>1,833</b>	2,135	1,828

Derivatives comprise instruments relating to net borrowings (cross currency swaps, interest rate swaps and forward foreign exchange contracts) and those related to other business transactions (forward commodity contracts and forward foreign exchange contracts). Total derivatives are set out below.

	As at 30.6.10 £m	As at 30.6.09 £m	As at 31.12.09 £m
Cross currency swaps	<b>37</b>	87	146
Interest rate swaps	<b>1</b>	8	11
Forward foreign exchange contracts	<b>(4)</b>	(1)	(3)
Financing derivatives included in net borrowings	<b>34</b>	94	154
Other derivatives	<b>(18)</b>	(90)	28
Total derivatives	<b>16</b>	4	182

The reduction in the value of cross currency and interest rate swaps since December 2009 is mainly attributable to the weakening of the euro, the strengthening of the US dollar and changes in interest rates. The decrease in value of other derivatives during the first half of 2010 was due mainly to the fall in aluminium prices offset by the weakening of the euro.

## Risks

The principal risks and key mitigation actions taken to manage those risks are described in more detail in the Annual Report 2009 on pages 22 and 23 and in Note 24 to the financial statements therein; they have not changed materially in the period.

Risk management is part of our focus on operational excellence, a key strategic priority for the Group. Rexam faces a wide range of risks, the main ones being market, operational, environmental, social, governance as well as financial. The Group risk register is monitored by the executive team, the Audit Committee and the Board on a regular basis.

Set out below is a summary of the key risks for the Group as a whole. It does not provide an exhaustive analysis of all risks affecting the Group. Not all of the factors listed are within the control of the Group and other factors besides those listed may affect the performance of its businesses. Some risks may be unknown at present and other risks, currently regarded as immaterial, could turn out to be material in the future.

- Dependency on key customers
- Customer contracts
- Changes in packaging legislation and regulatory environment
- Financial risk
- Tax risk
- Business interruption
- Competition
- Pension deficit
- Supply of faulty or contaminated products
- Changes in the cost or availability of direct materials
- Changes in consumer lifestyle, nutritional preferences and health related concerns
- National political and economic stability

The principal risks identified above will continue to affect the Group in the second half of the year, although some of the uncertainties surrounding them have been addressed through hedging policies and through contractual arrangements with customers and suppliers.

### **Dividends**

The Board has approved an interim dividend of 4.0p per share. The dividend will be paid on 5 October 2010 to holders of shares registered on 10 September 2010.

### **Summary and outlook**

The consumer packaging industry remains fundamentally attractive. Rexam is a strong and profitable global business. We have a sound financial position, well invested assets with good market positions and the right people to ensure that we can capitalise on them. Increasing shareholder value remains our single minded objective.

We are pleased with our performance in the first half. There has been some volume recovery as well as pricing improvement. Our relentless cost control has driven strong profit growth. Tight management of capital expenditure and working capital has yielded good cash flow, and our return on capital has improved significantly.

In most of our businesses, the trading environment is stabilising and the outlook for Beverage Cans has improved since the start of the year. However, uncertainty persists about the global economic outlook and visibility still remains low.

We expect our results in the second half of the year to be similar to those of the first. We are confident that our focus on the fundamentals of cash, cost and return on capital will strengthen our business and continue to improve shareholder value.

28 July 2010

## CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited		
		Unaudited 6 months to 30.6.10 £m	6 months to 30.6.09 restated £m	Audited year to 31.12.09 £m
<b>Sales</b>	2	<b>2,491</b>	2,516	4,866
Operating expenses		<b>(2,268)</b>	(2,472)	(4,774)
Underlying operating profit	2	<b>266</b>	218	446
Exceptional items	3	<b>(20)</b>	(151)	(309)
Amortisation of certain acquired intangible assets		<b>(23)</b>	(23)	(45)
<b>Operating profit</b>	2	<b>223</b>	44	92
Share of underlying post tax profits of associates and joint ventures		<b>2</b>	–	1
Exceptional items	3	<b>–</b>	(4)	(4)
Share of post tax profits/(losses) of associates and joint ventures		<b>2</b>	(4)	(3)
Retirement benefit obligations net finance cost	4	<b>(9)</b>	(16)	(31)
Underlying interest expense		<b>(63)</b>	(70)	(134)
Fair value changes on financing derivatives		<b>(11)</b>	13	14
Interest expense	5	<b>(74)</b>	(57)	(120)
Interest income	5	<b>2</b>	3	3
Underlying profit before tax		<b>198</b>	135	285
Exceptional items	3	<b>(20)</b>	(155)	(313)
Amortisation of certain acquired intangible assets		<b>(23)</b>	(23)	(45)
Fair value changes on financing derivatives		<b>(11)</b>	13	14
<b>Profit/(loss) before tax</b>		<b>144</b>	(30)	(59)
Tax on underlying profit		<b>(59)</b>	(42)	(85)
Tax on exceptional items	3	<b>6</b>	52	103
Tax on amortisation of certain acquired intangible assets		<b>8</b>	8	16
Tax on fair value changes on financing derivatives		<b>3</b>	(3)	(4)
Tax	6	<b>(42)</b>	15	30
<b>Profit/(loss) for the financial period</b>		<b>102</b>	(15)	(29)
Attributable to:				
Equity shareholders of Rexam PLC	7	<b>102</b>	(14)	(29)
Non controlling interests		<b>–</b>	(1)	–
		<b>102</b>	(15)	(29)
<b>Earnings/(loss) per share (pence)</b>	7			
Basic		<b>11.6</b>	(1.9)	(3.7)
Diluted		<b>11.6</b>	(1.9)	(3.7)
<b>Underlying earnings per share (pence)</b>	7	<b>15.9</b>	13.0	25.4

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 30.6.10 £m	Unaudited 6 months to 30.6.09 £m	Audited year to 31.12.09 £m
<b>Profit/(loss) for the financial period</b>	<b>102</b>	<b>(15)</b>	<b>(29)</b>
Actuarial losses on retirement benefits	<b>(166)</b>	(96)	(181)
Tax on actuarial losses on retirement benefits	<b>54</b>	32	61
Exchange differences before recognition of net investment hedges	<b>(54)</b>	(343)	(207)
Net investment hedges recognised	<b>30</b>	90	57
Exchange differences recycled on disposal of subsidiaries	<b>–</b>	–	(14)
Cash flow hedges recognised	<b>(36)</b>	2	73
Tax on cash flow hedges	<b>14</b>	(18)	(48)
Cash flow hedges transferred to inventory	<b>(11)</b>	104	163
Cash flow hedges transferred to income statement	<b>1</b>	20	14
Cash flow hedges transferred to property, plant and equipment	<b>–</b>	(1)	–
Changes in market value of available for sale financial assets	<b>–</b>	(3)	(4)
<b>Other comprehensive income for the period</b>	<b>(168)</b>	(213)	(86)
<b>Total comprehensive income for the period</b>	<b>(66)</b>	(228)	(115)
Attributable to:			
Equity shareholders of Rexam PLC	<b>(66)</b>	(227)	(115)
Non controlling interests	<b>–</b>	(1)	–
	<b>(66)</b>	(228)	(115)

## CONSOLIDATED BALANCE SHEET

		Unaudited as at 30.6.10 £m	Unaudited as at 30.6.09 £m	Audited as at 31.12.09 £m
	Notes			
<b>Assets</b>				
<b>Non current assets</b>				
Goodwill	9	<b>1,899</b>	1,899	1,886
Other intangible assets	10	<b>598</b>	602	595
Property, plant and equipment	11	<b>1,655</b>	1,718	1,723
Investments in associates and joint ventures		<b>59</b>	49	54
Deferred tax assets		<b>265</b>	147	201
Trade and other receivables		<b>107</b>	67	80
Available for sale financial assets		<b>25</b>	23	21
Derivative financial instruments	13	<b>233</b>	211	275
Pension assets	4	<b>–</b>	2	–
		<b>4,841</b>	4,718	4,835
<b>Current assets</b>				
Inventories		<b>433</b>	440	432
Trade and other receivables		<b>777</b>	664	630
Available for sale financial assets		<b>2</b>	1	2
Derivative financial instruments	13	<b>24</b>	13	65
Cash and cash equivalents	13	<b>51</b>	41	113
Assets classified as held for sale		<b>1</b>	37	4
		<b>1,288</b>	1,196	1,246
		<b>6,129</b>	5,914	6,081
<b>Total assets</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	13	<b>(116)</b>	(169)	(140)
Derivative financial instruments	13	<b>(33)</b>	(99)	(17)
Current tax		<b>(14)</b>	(8)	(15)
Trade and other payables		<b>(835)</b>	(920)	(748)
Provisions	12	<b>(58)</b>	(29)	(62)
Liabilities classified as held for sale		<b>–</b>	(14)	–
		<b>(1,056)</b>	(1,239)	(982)
<b>Non current liabilities</b>				
Borrowings	13	<b>(1,802)</b>	(2,101)	(1,955)
Derivative financial instruments	13	<b>(208)</b>	(121)	(141)
Retirement benefit obligations	4	<b>(578)</b>	(296)	(396)
Deferred tax liabilities		<b>(98)</b>	(99)	(99)
Non current tax		<b>(88)</b>	(87)	(87)
Other payables		<b>(57)</b>	(35)	(47)
Provisions	12	<b>(54)</b>	(63)	(52)
		<b>(2,885)</b>	(2,802)	(2,777)
		<b>(3,941)</b>	(4,041)	(3,759)
<b>Total liabilities</b>				
<b>Net assets</b>				
		<b>2,188</b>	1,873	2,322
<b>Equity</b>				
Ordinary share capital		<b>563</b>	413	563
Share premium account		<b>989</b>	1,005	989
Capital redemption reserve		<b>351</b>	351	351
Retained earnings		<b>(24)</b>	(76)	55
Other reserves		<b>306</b>	179	362
		<b>2,185</b>	1,872	2,320
Non controlling interests		<b>3</b>	1	2
		<b>2,188</b>	1,873	2,322

Approved by the Board on 28 July 2010  
 Graham Chipchase, Chief Executive  
 David Robbie, Finance Director

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months to 30.6.10 £m	Unaudited 6 months to 30.6.09 £m	Audited year to 31.12.09 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations (Note 14)	<b>282</b>	431	708
Interest paid	<b>(71)</b>	(92)	(142)
Tax paid	<b>(29)</b>	(28)	(62)
Net cash flows from operating activities	<b>182</b>	311	504
<b>Cash flows from investing activities</b>			
Capital expenditure	<b>(61)</b>	(99)	(184)
Proceeds from sale of property, plant and equipment	<b>3</b>	–	10
Proceeds from property classified as held for sale	<b>4</b>	–	–
Acquisition of businesses	<b>–</b>	(5)	(5)
Disposal of businesses	<b>–</b>	2	21
Interest received	<b>2</b>	2	3
Net cash flows from investing activities	<b>(52)</b>	(100)	(155)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	<b>6</b>	152	19
Repayment of borrowings	<b>(141)</b>	(436)	(540)
Proceeds from rights issue	<b>–</b>	–	334
Dividends paid to equity shareholders	<b>(70)</b>	–	(79)
Other financing items	<b>(29)</b>	–	–
Net cash flows from financing activities	<b>(234)</b>	(284)	(266)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(104)</b>	(73)	83
Cash and cash equivalents at the beginning of the period	<b>62</b>	(25)	(25)
Exchange differences and other non cash adjustments	<b>(2)</b>	8	4
Net (decrease)/increase in cash and cash equivalents	<b>(104)</b>	(73)	83
Cash and cash equivalents at the end of the period	<b>(44)</b>	(90)	62
Cash and cash equivalents comprise:			
Cash at bank and in hand	<b>33</b>	30	40
Short term bank deposits	<b>18</b>	11	73
Bank overdrafts	<b>(95)</b>	(131)	(51)
	<b>(44)</b>	(90)	62

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Other reserves £m	Shareholders' equity £m	Non controlling interests £m	Total equity £m
At 1 January 2010	<b>563</b>	<b>989</b>	<b>351</b>	<b>55</b>	<b>362</b>	<b>2,320</b>	<b>2</b>	<b>2,322</b>
Profit for the financial period	–	–	–	<b>102</b>	–	<b>102</b>	–	<b>102</b>
Actuarial losses on retirement benefits	–	–	–	<b>(166)</b>	–	<b>(166)</b>	–	<b>(166)</b>
Tax on actuarial losses on retirement benefits	–	–	–	<b>54</b>	–	<b>54</b>	–	<b>54</b>
Exchange differences before recognition of net investment hedges	–	–	–	–	<b>(54)</b>	<b>(54)</b>	–	<b>(54)</b>
Net investment hedges recognised	–	–	–	–	<b>30</b>	<b>30</b>	–	<b>30</b>
Cash flow hedges recognised	–	–	–	–	<b>(36)</b>	<b>(36)</b>	–	<b>(36)</b>
Tax on cash flow hedges	–	–	–	–	<b>14</b>	<b>14</b>	–	<b>14</b>
Cash flow hedges transferred to inventory	–	–	–	–	<b>(11)</b>	<b>(11)</b>	–	<b>(11)</b>
Cash flow hedges transferred to the income statement	–	–	–	–	<b>1</b>	<b>1</b>	–	<b>1</b>
Other comprehensive income for the period	–	–	–	<b>(112)</b>	<b>(56)</b>	<b>(168)</b>	–	<b>(168)</b>
Total comprehensive income for the period	–	–	–	<b>(10)</b>	<b>(56)</b>	<b>(66)</b>	–	<b>(66)</b>
Share options value of services provided	–	–	–	<b>2</b>	–	<b>2</b>	–	<b>2</b>
Change in non controlling interests	–	–	–	<b>(1)</b>	–	<b>(1)</b>	<b>1</b>	–
Dividends paid to equity shareholders (Note 8)	–	–	–	<b>(70)</b>	–	<b>(70)</b>	–	<b>(70)</b>
At 30 June 2010	<b>563</b>	<b>989</b>	<b>351</b>	<b>(24)</b>	<b>306</b>	<b>2,185</b>	<b>3</b>	<b>2,188</b>
At 1 January 2009	413	1,005	351	77	328	2,174	2	2,176
Loss for the financial period	–	–	–	(14)	–	(14)	(1)	(15)
Actuarial losses on retirement benefits	–	–	–	(96)	–	(96)	–	(96)
Tax on actuarial losses on retirement benefits	–	–	–	32	–	32	–	32
Exchange differences before recognition of net investment hedges	–	–	–	–	(343)	(343)	–	(343)
Net investment hedges recognised	–	–	–	–	90	90	–	90
Cash flow hedges recognised	–	–	–	–	2	2	–	2
Tax on cash flow hedges	–	–	–	–	(18)	(18)	–	(18)
Cash flow hedges transferred to inventory	–	–	–	–	104	104	–	104
Cash flow hedges transferred to income statement	–	–	–	–	20	20	–	20
Cash flow hedges transferred to property, plant and equipment	–	–	–	–	(1)	(1)	–	(1)
Changes in market value of available for sale financial assets	–	–	–	–	(3)	(3)	–	(3)
Other comprehensive income for the period	–	–	–	(64)	(149)	(213)	–	(213)
Total comprehensive income for the period	–	–	–	(78)	(149)	(227)	(1)	(228)
Share options value of services provided	–	–	–	4	–	4	–	4
Dividends paid to equity shareholders (Note 8)	–	–	–	(79)	–	(79)	–	(79)
At 30 June 2009	413	1,005	351	(76)	179	1,872	1	1,873

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Other reserves £m	Shareholders' equity £m	Non controlling interests £m	Total equity £m
At 1 January 2009	413	1,005	351	77	328	2,174	2	2,176
Loss for the financial year	–	–	–	(29)	–	(29)	–	(29)
Actuarial losses on retirement benefits	–	–	–	(181)	–	(181)	–	(181)
Tax on actuarial losses on retirement benefits	–	–	–	61	–	61	–	61
Exchange differences before recognition of net investment hedges	–	–	–	–	(207)	(207)	–	(207)
Net investment hedges recognised	–	–	–	–	57	57	–	57
Exchange differences recycled to the income statement on disposal of subsidiaries	–	–	–	–	(14)	(14)	–	(14)
Cash flow hedges recognised	–	–	–	–	73	73	–	73
Tax on cash flow hedges	–	–	–	–	(48)	(48)	–	(48)
Cash flow hedges transferred to inventory	–	–	–	–	163	163	–	163
Cash flow hedges transferred to the income statement	–	–	–	–	14	14	–	14
Changes in market value of available for sale financial assets	–	–	–	–	(4)	(4)	–	(4)
Other comprehensive income for the year	–	–	–	(120)	34	(86)	–	(86)
Total comprehensive income for the year	–	–	–	(149)	34	(115)	–	(115)
Proceeds from rights issue	150	(16)	–	–	200	334	–	334
Transfer to retained earnings	–	–	–	200	(200)	–	–	–
Share options value of services provided	–	–	–	6	–	6	–	6
Dividends paid to equity shareholders (Note 8)	–	–	–	(79)	–	(79)	–	(79)
At 31 December 2009	563	989	351	55	362	2,320	2	2,322

## NOTES

### 1 Basis of preparation

This condensed set of financial statements in the half year report for the six months to 30 June 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS34 "Interim Financial Reporting" as adopted by the European Union. This report should be read in conjunction with the annual financial statements for the year to 31 December 2009 which were prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements has been reviewed by PricewaterhouseCoopers LLP, not audited.

In preparing the condensed set of financial statements, earnings/(loss) per share and dividends per share for the six months to 30 June 2009 have been restated as a result of the 2009 rights issue as set out in notes 7 and 8.

Except as described below, the accounting policies adopted in this report are consistent with those set out in the annual financial statements for the year to 31 December 2009.

- (i) With effect from 1 January 2010, the Group adopted IFRS3 (Revised) "Business Combinations". This revision to an existing standard continues to apply the acquisition method to business combinations with certain changes which could impact the Group. For example, all payments to purchase a business must be recorded at fair value at the acquisition date with cash contingent payments classified as debt and subsequently remeasured through the consolidated income statement. In addition, all transaction costs must be expensed in the consolidated income statement. This revision does not have a material impact on this condensed set of financial statements.
- (ii) With effect from 1 January 2010, the Group adopted IAS27 (Revised) "Consolidated and Separate Financial Statements". This revision to an existing standard requires an entity to attribute comprehensive income to the parent company and any non controlling interests, even if this results in the non controlling interests having a deficit balance. It specifies that changes in a parent company's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary, whereby at the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. This revision does not have a material impact on this condensed set of financial statements.

There are no accounting standards or IFRICs that are not yet effective that would be expected to have a material impact on the Group.

The condensed set of financial statements does not constitute statutory accounts as defined by section 434 of the Companies Act 2006. The Group's statutory accounts for the year to 31 December 2009 have been filed with the Registrar of Companies. The auditors, PricewaterhouseCoopers LLP, reported on those accounts and their report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

Rexam presents underlying operating profit, underlying profit before tax and underlying earnings per share information as it believes these measures provide a helpful indication of its performance and underlying trends. The term underlying refers to the relevant measure being reported before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives. These measures are used by Rexam for internal performance analysis and as a basis for incentive compensation

arrangements for employees. The terms underlying and exceptional items are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to, GAAP measurements of profit.

## 2 Segment analysis

For internal reporting, Rexam is organised into three operating segments for Beverage Cans based on the geographical locations of Europe and Asia, North America and South America, and into one operating segment for Plastic Packaging. For external reporting, the three operating segments for Beverage Cans are combined into one reportable segment.

Beverage Cans comprise aluminium and steel cans for a wide variety of beverages including carbonated soft drinks, energy drinks and beer. Plastic Packaging comprises rigid plastic products for customers in the Healthcare, Personal Care and Closures markets.

### (i) Segment results

	Sales £m	Underlying operating profit <sup>(1)</sup> £m	Underlying return on sales <sup>(2)</sup> %	Exceptional and other items <sup>(3)</sup> £m	Profit £m
6 months to 30.6.10:					
Beverage Cans	<b>1,824</b>	<b>196</b>	<b>10.7</b>	<b>(6)</b>	<b>190</b>
Plastic Packaging	<b>667</b>	<b>70</b>	<b>10.5</b>	<b>(37)</b>	<b>33</b>
Total reportable segments	<b>2,491</b>	<b>266</b>	<b>10.7</b>	<b>(43)</b>	<b>223</b>
Share of post tax profits of associates and joint ventures					<b>2</b>
Retirement benefit obligations net finance cost					<b>(9)</b>
Net interest expense					<b>(72)</b>
Profit before tax					<b>144</b>
Tax					<b>(42)</b>
Profit for the financial period					<b>102</b>

<sup>1</sup> Comprises operating profit before exceptional items and the amortisation of certain acquired intangible assets.

<sup>2</sup> Comprises underlying operating profit divided by sales.

<sup>3</sup> Other items comprise the amortisation of certain acquired intangible assets.

	Sales £m	Underlying operating profit £m	Underlying return on sales %	Exceptional and other items £m	Profit/ (loss) £m
6 months to 30.6.09:					
Beverage Cans	1,842	147	8.0	(12)	135
Plastic Packaging	639	66	10.3	(162)	(96)
Total reportable segments	2,481	213	8.6	(174)	39
Disposals and businesses for sale	35	5	14.3	—	5
	<b>2,516</b>	<b>218</b>	<b>8.7</b>	<b>(174)</b>	<b>44</b>
Share of post tax losses of associates and joint ventures					(4)
Retirement benefit obligations net finance cost					(16)
Net interest expense					(54)
Loss before tax					(30)
Tax					15
Loss for the financial period					(15)

Year to 31.12.09:	Sales £m	Underlying operating profit £m	Underlying return on sales %	Exceptional and other items £m	Profit/ (loss) £m
Beverage Cans	3,573	310	8.7	(69)	241
Plastic Packaging	1,241	130	10.5	(287)	(157)
Total reportable segments	4,814	440	9.1	(356)	84
Disposals and businesses for sale	52	6	11.5	2	8
	4,866	446	9.2	(354)	92
Share of post tax losses of associates and joint ventures					(3)
Retirement benefit obligations net finance cost					(31)
Net interest expense					(117)
Loss before tax					(59)
Tax					30
Loss for the financial year					(29)

(ii) Segment assets

	As at 30.6.10 £m	As at 30.6.09 £m	As at 31.12.09 £m
Beverage Cans	<b>3,425</b>	3,313	3,340
Plastic Packaging	<b>2,072</b>	2,107	2,033
Total reportable segments	<b>5,497</b>	5,420	5,373
Disposals and businesses for sale	–	31	–
Associates and joint ventures	<b>59</b>	49	54
Unallocated assets <sup>(1)</sup>	<b>573</b>	414	654
	<b>6,129</b>	5,914	6,081

<sup>1</sup> Comprise derivative financial instrument assets, deferred tax assets, pension assets and cash and cash equivalents which are used as part of the Group's financing offset arrangements.

Segment assets are disclosed after deducting inter segment assets of £2m for Beverage Cans (30 June 2009: £6m; 31 December 2009: £2m) and £1m for Plastic Packaging (30 June 2009: £4m; 31 December 2009: £2m). Associates and joint ventures assets are attributable £58m to Beverage Cans (30 June 2009: £48m; 31 December 2009: £53m) and £1m to Plastic Packaging (30 June 2009: £1m; 31 December 2009: £1m).

### 3 Exceptional items

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Restructuring of businesses	<b>(20)</b>	(35)	(108)
Goodwill impairment	–	(116)	(196)
Disposal of subsidiaries	–	–	(5)
Exceptional items included in operating profit	<b>(20)</b>	(151)	(309)
Disposal of associate	–	(4)	(4)
Exceptional items included in profit/(loss) before tax	<b>(20)</b>	(155)	(313)
Tax on exceptional items	<b>6</b>	52	103
Total exceptional items after tax	<b>(14)</b>	(103)	(210)

The restructuring charge comprises £17m (including asset write downs of £8m) in respect of Plastic Packaging, principally relating to the closure of a US Closures business located in Constantine, MI, and £3m in Beverage Cans in respect of the previously announced plant closures in Europe.

### 4 Retirement benefit obligations

	UK defined benefit pensions £m	USA defined benefit pensions £m	All other defined benefit pensions £m	Total defined benefit pensions £m	Other pensions £m	Total pensions £m	Retiree medical £m	Gross retirement benefit obligations £m
At 1 January 2010	<b>(11)</b>	<b>(218)</b>	<b>(37)</b>	<b>(266)</b>	<b>(19)</b>	<b>(285)</b>	<b>(111)</b>	<b>(396)</b>
Exchange differences	–	<b>(14)</b>	<b>1</b>	<b>(13)</b>	<b>1</b>	<b>(12)</b>	<b>(6)</b>	<b>(18)</b>
Service cost	<b>(4)</b>	<b>(3)</b>	<b>(1)</b>	<b>(8)</b>	<b>(6)</b>	<b>(14)</b>	<b>(1)</b>	<b>(15)</b>
Net finance cost	<b>4</b>	<b>(8)</b>	<b>(1)</b>	<b>(5)</b>	–	<b>(5)</b>	<b>(4)</b>	<b>(9)</b>
Actuarial losses	<b>(97)</b>	<b>(57)</b>	<b>(6)</b>	<b>(160)</b>	–	<b>(160)</b>	<b>(6)</b>	<b>(166)</b>
Cash payments	<b>11</b>	<b>1</b>	<b>2</b>	<b>14</b>	<b>6</b>	<b>20</b>	<b>5</b>	<b>25</b>
Transfers	–	<b>1</b>	–	<b>1</b>	–	<b>1</b>	–	<b>1</b>
At 30 June 2010	<b>(97)</b>	<b>(298)</b>	<b>(42)</b>	<b>(437)</b>	<b>(18)</b>	<b>(455)</b>	<b>(123)</b>	<b>(578)</b>

Gross retirement benefit obligations at 30 June 2010 of £578m (30 June 2009: £294m; 31 December 2009: £396m) are reduced by tax of £179m (30 June 2009: £83m; 31 December 2009: £117m), giving rise to net retirement benefit obligations of £399m (30 June 2009: £211m; 31 December 2009: £279m).

The principal assumptions for defined benefit pensions as at 30 June 2010 compared with those at 31 December 2009 are set out below.

	UK 30.6.10 %	USA 30.6.10 %	All other 30.6.10 %	UK 31.12.09 %	USA 31.12.09 %	All other 31.12.09 %
Future salary increases	<b>4.90</b>	<b>4.00</b>	<b>3.08</b>	5.20	4.00	3.07
Future pension increases	<b>3.40</b>	–	<b>2.00</b>	3.70	–	2.00
Discount rate	<b>5.40</b>	<b>5.10</b>	<b>4.49</b>	5.70	5.50	5.06
Inflation rate	<b>3.40</b>	<b>2.50</b>	<b>2.00</b>	3.70	2.50	2.00
Expected return on plan assets (net of administration expenses):						
Equities	<b>7.75</b>	<b>7.56</b>	<b>8.30</b>	7.75	7.56	8.30
Bonds	<b>4.70</b>	<b>4.76</b>	<b>3.70</b>	4.70	4.76	3.70
Cash	<b>0.25</b>	<b>3.16</b>	<b>1.00</b>	0.25	3.16	1.00

The mortality assumptions used in valuing the liabilities of the UK pension plan are based on the standard tables PA92 as published by the Institute and Faculty of Actuaries. These tables are adjusted to reflect the circumstances of the plan membership. The life expectancy assumed for male pensioners aged 65 is 21.2 years (2009: 21.2 years) and for female pensioners aged 65 is 24.3 years (2009: 24.3 years). The life expectancy at age 65 for male non pensioners currently aged 45 is 23.4 years (2009: 23.4 years) and for female non pensioners currently aged 45 is 26.7 years (2009: 26.7 years). The mortality assumptions used in valuing the liabilities of the US pension plans are based on the RP2000 combined active and retiree mortality table projected to 2017 (2009: projected to 2006), weighted 70% blue collar and 30% white collar. The life expectancy assumed for male pensioners aged 65 is 18.6 years (2009: 17.8 years) and for female pensioners aged 65 is 20.7 years (2009: 20.2 years).

## 5 Interest

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Interest expense:			
Bank overdrafts	<b>(4)</b>	(6)	(7)
Bank loans	<b>(21)</b>	(13)	(33)
US public bond	<b>(13)</b>	(12)	(24)
US private placement	<b>(4)</b>	(4)	(8)
Subordinated bond	<b>(19)</b>	(19)	(43)
Medium term notes	<b>(14)</b>	(20)	(37)
Interest on financing derivatives	<b>10</b>	7	20
Foreign exchange gains/(losses)	<b>2</b>	(3)	(2)
Underlying interest expense	<b>(63)</b>	(70)	(134)
Fair value changes on financing derivatives	<b>(11)</b>	13	14
Total interest expense	<b>(74)</b>	(57)	(120)
Interest income:			
Cash and cash equivalents	<b>2</b>	3	3

## 6 Tax

The tax rate on underlying profit for the six months to 30 June 2010 is 30% (30 June 2009: 31%; 31 December 2009: 30%). The tax rate is based on management's best estimate of the annual tax rate expected for the full financial year. Tax on exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives is based on the expected tax impact of each item.

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes are not expected to have a material impact on deferred tax balances reported in the financial statements.

## 7 Earnings/(loss) per share

(i) Basic and diluted earnings/(loss) per share

	6 months to 30.6.10 Pence	6 months to 30.6.09 restated Pence	Year to 31.12.09 Pence
Basic	<b>11.6</b>	(1.9)	(3.7)
Diluted	<b>11.6</b>	(1.9)	(3.7)
	£m	£m	£m
Profit/(loss) for the financial period attributable to shareholders of Rexam PLC	<b>102</b>	(14)	(29)
	Millions	Restated Millions	Millions
Weighted average number of shares in issue as originally stated	<b>876.4</b>	642.5	786.5
Bonus element of rights issue	–	78.6	–
Weighted number of shares in issue as restated	<b>876.4</b>	721.1	786.5
Dilution on conversion of outstanding share options	<b>3.8</b>	–	–
Weighted average number of shares in issue on a diluted basis	<b>880.2</b>	721.1	786.5

(ii) Underlying earnings per share

	6 months to 30.6.10 Pence	6 months to 30.6.09 restated Pence	Year to 31.12.09 Pence
Underlying earnings per share <sup>(1)</sup>	<b>15.9</b>	13.0	25.4
	£m	£m	£m
Underlying profit before tax	<b>198</b>	135	285
Tax on underlying profit	<b>(59)</b>	(42)	(85)
Underlying profit for the financial period	<b>139</b>	93	200
Attributable to:			
Equity shareholders of Rexam PLC	<b>139</b>	94	200
Non controlling interests	<b>-</b>	(1)	-
	<b>139</b>	93	200

<sup>1</sup> Underlying earnings per share is based on underlying profit for the financial period attributable to equity shareholders of Rexam PLC divided by the weighted average number of shares in issue.

## 8 Equity dividends

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Final dividend for 2009 of 8.0p paid on 3 June 2010	<b>70</b>	-	-
Final dividend for 2008 of 10.9p restated paid on 2 July 2009	<b>-</b>	79	79
	<b>70</b>	79	79

An interim dividend per equity share of 4.0p has been declared for 2010 and is payable on 5 October 2010. This dividend has not been accrued in this condensed set of financial statements.

## 9 Goodwill

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
At the beginning of the period	<b>1,886</b>	2,246	2,246
Exchange differences	<b>13</b>	(234)	(159)
Acquisition of subsidiaries	<b>-</b>	3	3
Disposal of subsidiaries	<b>-</b>	-	(8)
Impairment	<b>-</b>	(116)	(196)
At the end of the period	<b>1,899</b>	1,899	1,886

Goodwill acquired through acquisitions has been allocated to cash generating units for impairment testing as set out in the annual financial statements for the year to 31 December 2009. A goodwill impairment review was performed as at 30 June 2010 with no resulting impairment.

## 10 Other intangible assets

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
At the beginning of the period	<b>595</b>	703	703
Exchange differences	<b>32</b>	(73)	(56)
Additions	<b>2</b>	4	9
Amortisation for the period	<b>(31)</b>	(32)	(64)
Impairment	–	–	(1)
Other movements	–	–	4
At the end of the period	<b>598</b>	602	595

## 11 Property, plant and equipment

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
At the beginning of the period	<b>1,723</b>	1,982	1,982
Exchange differences	–	(213)	(138)
Additions	<b>52</b>	62	139
Disposals	<b>(5)</b>	(6)	(11)
Depreciation for the period	<b>(108)</b>	(106)	(208)
Impairment	<b>(8)</b>	(4)	(37)
Reversal of impairment	–	–	4
Other movements	<b>1</b>	3	(8)
At the end of the period	<b>1,655</b>	1,718	1,723

The impairment of £8m for the six months to 30 June 2010 relates to asset write downs in respect of the closure of a Plastic Packaging business in the US as part of the exceptional restructuring costs.

Commitments placed for future capital expenditure on property, plant and equipment not provided at 30 June 2010 are £35m (30 June 2009: £16m; 31 December 2009: £18m).

## 12 Provisions

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
At the beginning of the period	<b>(114)</b>	(78)	(78)
Exchange differences	–	4	(2)
Charge for the period	<b>(23)</b>	(31)	(74)
Cash utilisation	<b>25</b>	13	43
Other movements	–	–	(3)
At the end of the period	<b>(112)</b>	(92)	(114)

### 13 Net borrowings

	As at 30.6.10 £m	As at 30.6.09 £m	As at 31.12.09 £m
Cash and cash equivalents	<b>51</b>	41	113
Bank overdrafts	<b>(95)</b>	(131)	(51)
Bank loans	<b>(50)</b>	(387)	(160)
US public bond	<b>(364)</b>	(332)	(342)
US private placement	<b>(149)</b>	(136)	(140)
Subordinated bond	<b>(694)</b>	(684)	(757)
Medium term notes	<b>(565)</b>	(597)	(642)
Finance leases	<b>(1)</b>	(3)	(3)
Financing derivatives	<b>34</b>	94	154
	<b>(1,833)</b>	(2,135)	(1,828)

  

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
At the beginning of the period	<b>(1,828)</b>	(2,601)	(2,601)
Exchange differences	<b>(59)</b>	260	192
Change in cash and cash equivalents	<b>(104)</b>	(73)	83
Proceeds from borrowings	<b>(6)</b>	(152)	(19)
Repayment of borrowings	<b>141</b>	436	540
Fair value and other items	<b>23</b>	(5)	(23)
At the end of the period	<b>(1,833)</b>	(2,135)	(1,828)

Net borrowings are reconciled to the consolidated balance sheet as set out below.

	As at 30.6.10 £m	As at 30.6.09 £m	As at 31.12.09 £m
Total derivative financial instruments (net)	<b>16</b>	4	182
Other derivatives not included in net borrowings	<b>18</b>	90	(28)
Financing derivatives	<b>34</b>	94	154
Cash and cash equivalents	<b>51</b>	41	113
Borrowings included in current liabilities	<b>(116)</b>	(169)	(140)
Borrowings included in non current liabilities	<b>(1,802)</b>	(2,101)	(1,955)
	<b>(1,833)</b>	(2,135)	(1,828)

Derivative financial instruments comprise financing derivatives relating to underlying items of a financial nature (interest rate swaps, cross currency swaps and forward foreign exchange contracts) and other derivatives relating to business transactions (forward commodity contracts and forward foreign exchange contracts).

## 14 Reconciliation of profit/(loss) before tax to cash generated from operations

	6 months to 30.6.10 £m	6 months to 30.6.09 £m	Year to 31.12.09 £m
Profit/(loss) before tax	<b>144</b>	(30)	(59)
Adjustments for:			
Net interest expense	<b>72</b>	54	117
Impairment of goodwill	–	116	196
Impairment of other assets	<b>8</b>	5	40
Reversal of impairment of other assets	–	–	(4)
Depreciation of property, plant and equipment	<b>108</b>	106	208
Amortisation of intangible assets	<b>31</b>	32	64
Movement in working capital	<b>(75)</b>	72	40
Movement in provisions	<b>(2)</b>	18	31
Movement in retirement benefit obligations	<b>(1)</b>	6	11
Other adjustments	<b>(3)</b>	52	64
Cash generated from operations	<b>282</b>	431	708

## 15 Contingent liabilities

There have been no significant changes to the Group's contingent liabilities since 31 December 2009.

## 16 Related party transactions

There are no related party transactions requiring disclosure. Key management compensation will be disclosed in the 2010 annual financial statements.

**17** A copy of the information to be provided to financial analysts is available on request from the Company Secretary, Rexam PLC, 4 Millbank, London SW1P 3XR and is also on Rexam's website, [www.rexam.com](http://www.rexam.com).

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the European Union, and that the half year report herein includes a fair review of the information required by the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority, paragraphs DTR 4.2.7 and DTR 4.2.8.

The Directors of Rexam PLC are listed in the Rexam PLC Annual Report for 2009.

By order of the Board  
Graham Chipchase, Chief Executive  
David Robbie, Finance Director  
28 July 2010

## **INDEPENDENT REVIEW REPORT TO REXAM PLC**

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2010, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with IAS34, "Interim Financial Reporting", as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
28 July 2010

## Notes:

- (a) The maintenance and integrity of the Rexam 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 auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.