Record profits and improved returns

Rexam, the global consumer packaging company, announces its audited results for 2010.

Underlying business performance[1]

	2010	2009	Change
Total sales (£m)	**4,962**	4,866	2%
Underlying operating profit (£m)[1]	**535**	446	20%
Underlying profit before tax (£m)[1]	**412**	285	45%
Underlying earnings per share (pence)[1]	**32.8**	25.4	29%
Total dividend per share (pence)	**12.0**	8.0	

Highlights

- Underlying profit before tax £412m – up 45%
- Strong free cash flow of £316m – net debt down to £1.68bn
- Return on capital employed (ROCE) improved to 12.3%
- Cost efficiencies and restructuring savings total £88m
- Beverage Cans 25% organic[2] profit growth
- Plastic Packaging[3] 16% organic[2] profit growth
- Closures division[4] being marketed for divestment
- Total 2010 dividends 12.0p including proposed final dividend of 8.0p

Commenting, Graham Chipchase, Rexam's chief executive, said:

"In 2010 we delivered record profits and cash flow, improved ROCE and significantly strengthened our balance sheet.

"Going forward, we will remain focused on increasing our return on capital, optimising cash and controlling costs, while making disciplined investments to improve our growth and returns over time.

"We expect 2011 to be a year of continued progress."

Statutory results[5]

	2010	2009 restated
Sales[3] (£m)	**4,619**	4,533
Operating profit[3] (£m)	**473**	280
Profit before tax[3] (£m)	**338**	134
Total profit/(loss) for the financial year (£m)	**124**	(29)
Total basic earnings/(loss) per share (pence)	**14.2**	(3.7)

1 Underlying business performance from continuing and discontinued operations before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives.
2 Organic change, based on underlying business performance, adjusts for impact of disposals and discontinued businesses and is at constant currency.
3 Continuing operations.
4 Closures excludes High Barrier food containers and certain closures for Healthcare. Closures sales were £343m (2009: £333m) and underlying operating profit was £22m (2009: £28m).
5 Statutory results include exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives.

23 February 2011

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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 9770 or +1 877 941 6009. 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. Subject to certain restrictions, the presentation will be webcast live on 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.

CHAIRMAN'S STATEMENT

I am pleased and much encouraged to report an excellent performance in 2010, with total sales (including discontinued operations) up 2% to £4,962m and total underlying profit before tax up 45% to £412m. The board is proposing a final dividend of 8p per share, making a total dividend of 12p for the year.

Our successful focus on the fundamentals – controlling costs, optimising cash and improving our return on capital employed – generated these record results, and led to a much stronger balance sheet at the year end. We have reduced net debt to £1.68bn, down from £1.83bn a year ago.

This performance follows an especially difficult year in 2009, when our trading was impacted heavily by the global economic turbulence. The actions we took in 2009 and 2010 mean that our business is now in a much stronger position going forward. We are not complacent about the challenges that lie ahead. Although the trading environment is more stable, the global economy remains fragile. We have no power over consumer spending so we will remain focused on managing the levers over which we do have control. One of those levers is portfolio management and we are currently marketing the beverage and specialty operations of the Closures division for disposal.

Having strengthened the foundations of our business, we are looking ahead with confidence. In his chief executive's review, Graham details how we believe we can achieve our vision to be the best global consumer packaging company and how we shall measure our progress towards this goal.

Financially, we aim to continue to generate profitable revenue growth and increase our return on capital. To do this, we need to deepen further our relationships with customers and suppliers, ensuring we deliver value through providing excellent products and services. We shall foster a culture that drives performance, pursuing efficiencies relentlessly across all areas of our business with a high awareness of, and focus on, safety and risk management.

These are not just short term aspirations – they are long term objectives. Whilst our board must not lose sight of shareholders' immediate needs, we must also plan for the future. We are embedding a focus on Rexam's long term sustainability – environmentally and socially, as well as economically – in everything we do.

Environmentally, we delivered further efficiencies in our use of resources – and we see this trend of improvement continuing. We have made strides in our objective to build a winning organisation – creating a culture where our people can flourish – and we continue to develop relationships within the communities in which we operate.

During the year, the board commissioned an independent third party to conduct the annual board performance evaluation. I believe we shall benefit from giving even more time to long term strategic deliberations and wider management succession planning. Our risk management processes were recognised as being very effective and, aware of how important first rate risk management is to the long term prosperity of the Company, the board and the management team will ensure that this area remains a high priority.

In conclusion, the excellent 2010 performance has strengthened our platform for the future, and I am confident that we are well placed for 2011 and beyond. It only remains for me to thank those responsible for 2010's achievements. I should like to thank my colleagues on the board for their wise counsel. The loyalty of our customers, suppliers and shareholders continues to play a significant part in Rexam's success, and I thank them too. And, I should like to pay a particular tribute to our people. In spite of the recent challenges in the trading and operating environments, the energy, enthusiasm and professionalism of our employees delivered this excellent set of results. I thank them all for their contribution to Rexam.

Sir Peter Ellwood, Chairman, 23 February 2011

CHIEF EXECUTIVE'S REVIEW

2010 was a year of focusing on the fundamentals – controlling costs, optimising cash and improving our return on capital employed. Before turning our attention to the longer term, and thoughts of expansion, we needed to strengthen our foundations today in order to create a solid platform for growth tomorrow.

You will see in the operating and financial reviews (on pages 6 to 11 and 12 to 23 respectively) that this focus delivered excellent results for the year: record profit and cash performances, resulting in return on capital employed (ROCE) of over 12% and a strengthened balance sheet. These results allow us to consider the future from a stronger position than a year ago.

Our vision is to be the best global consumer packaging company, with the aim of enhancing shareholder value. This will be delivered through the generation of profitable revenue growth slightly above GDP which, together with operational cost efficiencies, will drive an improved ROCE. In the next three years, our target is to achieve Group ROCE in a range of 12% to 15%.

We will maintain a focus on the key factors for success. Strong customer and supplier relationships are necessary to consolidate and grow sales, including in new markets. Operational excellence is essential if we are going to utilise our assets effectively and efficiently, to make the best choices regarding our portfolio of operations and to innovate. And, to achieve the best performance, we need the best people working in a winning organisation.

Underpinning everything we do are the Rexam Way values: continuous improvement, recognition, teamwork and trust. These core values reflect who we are, and how we want to approach each other and everyone we deal with. They are aligned with the Rexam leadership practices which have been developed to drive enhanced performance throughout the organisation.

These common values and practices unite us. We are nurturing throughout the Company a sense of 'One Rexam' – that the whole of Rexam is greater than the sum of the individual parts. This will be key to achieving our vision.

Creating value going forward

Achieving best performance

The best does not mean the largest, nor does it mean the fastest growing in a particular time period. We believe it means balancing profitable revenue growth, cash generation and the appropriate risk profile for the Group to deliver strong returns and a steady increase in profits year on year. It is also about ensuring that across our operations we excel commercially and operationally, and that we secure the long term future of Rexam by developing a sustainable business model which will stand the test of time.

Strengthening customer and supplier relationships

Deep and sustainable relationships with our customers and suppliers are critical to creating a sustainable business and delivering excellent financial results. Our customer base predominantly comprises large international and regional consumer products companies who are frequently considered best in their class. They focus mainly on quality, service and cost, often looking to align themselves with partners who truly understand their business needs and can meet their global and local requirements. They also require their suppliers to demonstrate a true understanding of future trends affecting their businesses, and an ability to innovate. We cannot do this without support from our own suppliers – we need to work in partnership with them too.

Driving operational excellence
This element of our strategy is about a lot more than manufacturing efficiencies. Our record on cost savings and on safety are world class – but we can always improve further. We shall continue to enhance our performance through leveraging operational and business best practices across the Group, and will seek to improve our environmental performance every year. We aim to deliver consistently improved results using consistently reduced resources.

Building a winning organisation
This means fostering a culture which enables the achievement of all aspects of our Group strategy. It is about the way we work together across the businesses and functions as one team, our shared Rexam Way values and culture, and a common understanding of our purpose and goals with our people having the right skills and tools to be the best.

Improving returns going forward

Improve asset utilisation
Prior to the global economic downturn, we had invested in increased capacity in much of the business. In 2009, with demand falling, our returns declined as volumes reduced. We have largely reversed this trend and, looking forward, we believe the balance between our asset base and projected demand augurs well. In our beverage can operations, recent contract negotiations confirm that we shall see improved capacity utilisation in Europe and Asia, while in North America we know that in the medium term the balance between capacity and expected volumes will benefit from the diversification of our customer base. We shall continue to invest in South America to meet demand. In our plastic packaging businesses, we have restructured the operations, taking out fixed costs, so we shall reap greater benefits from the improved momentum in the economy, especially in Personal Care.

Further expansion in emerging markets
While we already have some 30% of our sales in emerging markets, we believe the proportion of our business in the developing world – with faster, albeit at times more risky, growth prospects – can be higher. Our cash generative operations are in a position to underpin an increased presence in emerging markets. We shall move gradually down this path – identifying organic capital investment opportunities, forming joint ventures with knowledgeable local partners and, in time, looking to make bolt on acquisitions with good growth and high return profiles. We are not expecting any transformational activity, but rather a steady progress in increasing the proportion of our sales in these attractive growth markets.

Increased focus on innovation
For us to succeed, our customers need to view Rexam as being at the forefront of the packaging industry, and as a committed partner, with an established track record of delivering value through innovative products, services and processes. We have a history of innovation ranging in the past few years from our development of the Sleek™ can (launched initially in North America in 2003, but now available to customers throughout our global operations), through to 2007's launches of the one litre King Can™ in Russia and the XD–11 fine mist pump, through to 2010's commercial launches of the Fusion™ aluminium bottle and the Novelia™ preservative free multidose eyedropper. We will continue to develop our market insight and to invest in innovation and new product development.

Manage portfolio
We constantly review all aspects of the business to evaluate whether the constituent parts add value to the whole. We seek a balanced portfolio of operations, which together deliver steady profitable revenue growth and improved returns – the highly cash generative businesses, often with slower growth rates, underpinning the faster growing operations. As part of our review of returns across the Group, we are currently marketing the beverage and specialty operations of the Closures division for disposal.

OPERATING REVIEW

In 2010, our focus on the fundamentals of cost control, cash optimisation and return on capital resulted in excellent organic profit growth and a stronger balance sheet.

Full details of the financial performance as well as the statutory results can be found in the financial review on pages 12 to 23 but, in summary, total sales (including discontinued operations) were £4,962m, up 2% on last year. Excluding the impact of pass through of metal and plastic resin costs to customers, sales grew by 3% in Beverage Cans and were broadly flat in Plastic Packaging. Total underlying operating profit rose 20% to £535m, mainly due to the impact of cost reduction and restructuring programmes as well as the improved volumes and better product mix in Beverage Cans.

We reduced costs by £88m compared with last year. In line with our achievements in recent years, and consistent with our core value of continuous improvement, we delivered further efficiencies of £39m from total operations.

Return on capital employed improved to 12.3%, up from 9.5% in 2009. We are committed to further improving this measure, and our strategic priorities and internal metrics are geared to achieving this.

Total underlying profit before tax increased 45% to £412m (2009: £285m). Free cash flow was £316m and net debt reduced to £1.68bn.

Beverage Cans

	2010	2009	growth
Sales	**£3,677m**	£3,573m	3%
Underlying operating profit	**£394m**	£310m	27%
Return on sales	**10.7%**	8.7%	
Return on net assets	**27.6%**	22.4%	

Beverage Cans, which accounts for 77% of the Group's continuing operating profit, is a global business that operates in three main regions, Europe & Asia, North America and South America. This gives us exposure to a good mix of developed and emerging markets and we are highly focused on the dynamics and needs of each region. Our businesses collaborate on a global basis to ensure that we leverage areas such as supply chain, engineering, innovation, research and development and marketing intelligence.

Beverage can making is a high speed, high precision business. The focus on manufacturing and engineering excellence and on cost reduction, six sigma and lean enterprise methodologies and best practice sharing, along with world class customer service, are key to our success.

Rexam's overall beverage can volumes grew 2%, driven by strong volume growth in specialty cans across all our regions and good growth in South America. Reported sales were up 3% on 2009 due to good pricing in Europe and South America. Adjusted for currency translation, growth was 2%.

The improvement in underlying operating profit of 27% arose from better pricing, volume growth, a better product mix along with continued cost reductions and further cost efficiencies. For example, our unrelenting efforts to lightweight the can, which, according to industry statistics, is already 15% lighter than it was in the mid nineties, led to a reduction in 2010 of c. 6,500 tonnes in aluminium usage across our can making business.

Beverage Can Europe & Asia
Europe is a 56bn beverage can market and Rexam is the leading can maker with more than 45% market share. The European beverage can market returned to growth in 2010 with volumes increasing 5% mainly driven by growth in cans for carbonated soft drinks (CSDs). Cans also made some gains against other types of containers in the beverage pack mix.

Growth trends varied across western Europe. The UK enjoyed strong growth in standard cans supported by the promotion of multipacks for CSDs. The Nordic markets continued to grow as the beverage can consolidated its position in the pack mix supported by successful can recycling systems in the different countries in the region. Germany also saw good growth, albeit from a low base, as retailers started to restock cans on their shelves.

Rexam's own volumes grew 1%. Our standard can volumes declined following the closure last year of plants in Dunkirk, France, and Dmitrov, Russia. Additionally, in line with our focus on returns, we relinquished some lower margin business. We have already secured volumes in standard cans to regain the 2010 volume loss and recover our market position in 2011.

Our specialty cans returned to growth due to restocking by our customers in the first half of the year as well as a recovery in underlying demand.

In Russia, predictions about the negative impact of an increase in beer duty on beverage can volumes showed themselves to be at the lower end of the expected range as the Russian economy fared better than expected, and there was a long, hot summer.

Our own volumes in Russia were down due to the weak demand and the presence of a new beverage can maker in this market. We remain optimistic about Russia in the longer term. The market fundamentals continue to be good: there is a growing middle class, and the shift away from spirits to beer continues. To our advantage, we were the first beverage can maker to establish ourselves there, in 1998, having opened up the market with exports from our Scandinavian business in 1994. We are focused on further strengthening our relationships with our existing customer base by investing in new sizes to make Rexam an even more attractive partner for our customers in this market.

Towards the end of the year we converted a line in Egypt from steel to aluminium can production and we are due to complete conversion of the second line in Egypt and an additional line in northern Spain in the first half of 2011. The Middle East and North Africa are becoming predominantly aluminium can markets and the switch will enable us to capture growth in this vibrant region, while in Spain the conversion enables us to meet local demand that would otherwise have been satisfied by imports.

Innovation in sizes and decorative techniques are a key part of how we make a positive difference to our customers' brand portfolios. It was therefore particularly rewarding to see the first commercial Rexam Fusion™ aluminium bottles being made at our Ejpovice plant in the Czech Republic. Fusion™ is a technological breakthrough and with the increased interest for niche products, represents an opportunity to create a whole new category of beverage packaging.

Beverage Can North America
With its c.100bn cans per year, North America is the largest beverage can market in the world with important global customers. We are the number two player with a 21% share of the market. It is a very attractive market in terms of cash generation and return on net assets. Growth is mainly in specialty cans and we are realigning our manufacturing capability to ensure that we are well placed to capture this growth.

In 2010, the beverage can market in North America was flat as an increase in volumes of cans for alcoholic beverages was offset by a slight decline in cans for non alcoholic beverages. At the start of the year retailers' promotions boosted volumes of beverage cans for CSDs. With the reduction in such activities in the second half, CSD volumes reverted to the region's normal volume trend.

Our own volumes of standard cans were down compared with the market partly because we chose to lose some lower margin volume. We continued to see excellent growth in our specialty can volumes. There was strong growth in 24oz cans across iced tea, energy drink and beer categories. In addition, our Rexam Sleek™ package continued to attract great interest in CSDs, energy drinks and beer. To support growth in specialty cans, we are investing in a new 24oz can line in our Mexico plant where we are currently satisfying domestic needs with imports from the US system. This new capacity is part of an increase of more than 10% in 24oz capacity that we are implementing in North America through to 2012 to support customer growth.

We are encouraged by the outcome of our contract negotiations in North America during 2010. Although there will be a net volume loss in 2011, underlying operating profit for that year for the North American business is expected to be comparable with 2010, as improved pricing, new customers, continued growth in specialty cans and further cost control initiatives, including manufacturing efficiencies and lightweighting, will offset the impact of lower 12oz volumes. As a result of various negotiations, we have diversified the customer base for all can sizes and have signed medium term contracts to recover most of the 2011 volume loss by 2013.

Beverage Can South America
Beverage can volumes in the South American market continued to grow strongly with the total market growing 16% for the year. The Brazilian can market grew almost 18%. Growth was broad based across both standard and specialty cans and across categories such as beer, CSDs, energy drinks and juices. It was driven by continued and stable growth in GDP, higher employment, the availability of credit and the growth of the middle class.

Rexam is the market leader in Brazil with just over 60% market share in an 18bn can market. Our well located manufacturing footprint provides us with strong competitive advantage in terms of logistics. The market in 2010 was sold out and during the year we imported close to 1bn cans from our North American business to meet demand. The market is expected to continue to grow at a high single digit rate over the next three years. The awarding of the FIFA World Cup in 2014 and the Olympic games in 2016 to Brazil underpins the likelihood of further economic growth and our customers are investing in new production and filling facilities. To meet the growth in the market, all can makers in the region are installing or have installed capacity. This includes the need to provide for the cans currently imported from North America by the market as a whole.

Rexam is investing to capture these growth opportunities and support our customers. Mindful of how we deploy our capital expenditure, we have increased efficiency, speeded up a number of our existing lines and, in December 2010, we reopened the Pouso Alegre plant in Minas Gerais which has a capacity of 800m 12oz cans. We have now started to build a second line at this plant. By the end of 2012, our can making capacity will have increased to c. 14bn compared with c. 11bn at the end of 2009. In 2010, we signed a long term contract with our largest customer in Brazil which underpins returns on our current and future capital investment plans.

Our ability to meet our customers' needs is not only predicated on assuring the proper amount of capacity for existing sizes, but on our ability to innovate and provide full product, service, and logistics solutions to help strengthen their business. Rexam is the clear innovation leader, delivering 8.4oz, 16oz, Slim and Sleek™ options in cans, innovations in graphics, special inks and varnishes as well as new coloured and laser engraved tabs to support customer needs for differentiation.

Plastic Packaging

	2010	2009 restated	growth
Sales	**£942m**	£908m	4%
Underlying operating profit	**£119m**	£102m	17%
Return on sales	**12.6%**	11.2%	
Return on net assets	**29.1%**	25.6%	

The figures in the table above reflect continuing operations.

Consistent with Rexam's ongoing policy to manage its portfolio of businesses, we are currently marketing the beverage and specialty operations of the Closures division for disposal. We have previously highlighted the issues in these operations, which are almost exclusively North American, and in 2010 they continued to experience challenging conditions. There was an anticipated reduction in sales to the CSD segment and a further decline (almost 30%) in our volumes of closures for water bottles in the US. As a consequence of our marketing activity, the business has been reclassified to discontinued operations. (More details can be found on page 18). We will retain the High Barrier food containers business as well as certain closures for our Healthcare customers.

Going forward, Plastic Packaging will consist of Personal Care (into which High Barrier food containers will be consolidated) and Healthcare. Together they comprise a portfolio of high quality, rigid plastic packaging businesses with better opportunities for growth. In 2010, they accounted for 23% of Rexam's underlying operating profit from continuing operations. The keys to success in this area are the ability to innovate and remain entrepreneurial while leveraging a global network of production and technical capabilities to bring value to our customers both locally and globally; a focus on operational excellence and the use of leading edge technology; the anticipation of market trends and the provision of packaging solutions.

In 2010, against the backdrop of a major restructuring programme, Plastic Packaging traded in line with our expectations as the general economic environment in both the US and Europe improved and overall volumes stabilised. Organic sales grew 4%, almost entirely due to the pass through to customers of higher resin costs. The good volume recovery in parts of Personal Care and the growth of new drug delivery devices in Healthcare were partly offset by pricing pressure in the parts of the business operating in an increasingly competitive environment.

One of the main areas of focus during the year was the successful execution of the restructuring plan introduced at the end of 2009 and implemented fully during 2010. In total, including the Closures division, the restructuring programme in Plastic Packaging saw the closure of eight plants in the US and Europe and an overall reduction in employees of around 10%. These measures which were delivered on time and on budget have resulted in total annual savings to date of some £34m at a total cash cost of £39m.

Organic underlying operating profit was up 16%, benefiting from the higher volumes in Personal Care together with efficiency gains from operational efficiencies and the impact of the restructuring programme offset by inflationary cost increases, the absence of some of the cost benefits achieved in 2009 from shortened working hours as well as competitive sales price pressure.

Healthcare
Our Healthcare division is a leading provider of pharmaceutical packaging, drug delivery devices, dispensing systems and general medical devices. We have facilities in Europe, the US, Mexico, China and India where we manufacture a range of products including dry powder inhalers, pharmaceutical pumps and valves, eye droppers, nasal sprays, medical devices, diagnostic disposables and injectable devices, infusion pumps and insulin pens, and pill jars and closures.

In 2010, sales increased by 3%. Volume growth in the Pharma business was driven by the ramp up of new products together with the sustained growth of existing product lines such as inhalers and insulin pens. This was offset by overall lower volumes in Primary Packaging where new business gains did not offset the loss of a significant contract in 2009. In the Prescription business both volumes and sales were flat year on year, and there was some price pressure. Consolidation in the pharmaceutical industry and general government pressure on healthcare costs, such as a switch to generic drugs, are expected to lead to continued pricing pressure.

New product development is essential in a business such as Healthcare. Our aim is to provide customers with innovative and cost effective products which are safe, reliable and user friendly. One example was the launch in 2010 of a multidose eyedropper, Novelia™. Preservatives in eye dropper solutions maintain the solution's integrity but they have been associated with side effects and allergic reactions. Novelia's design and construction allow for the use of multidose preservative free solutions and represents a major innovation in ophthalmic drug delivery devices in a patient friendly package.

Personal Care
Personal Care is a global business with manufacturing facilities in Europe, the US, China, Indonesia and Brazil. We make a range of products for end markets such as cosmetics, toiletries and household care. Applications include lipstick cases, compacts, dispensing systems (pumps), shaving trays, laundry spouts and air fresheners.

Our sales recovered well during the year, up 4% overall, primarily driven by volume growth in Dispensing Systems. There was an element of restocking in this growth and it appears that the supply chain has become leaner. Customers, in their efforts to improve their own working capital management, are realising that they can operate efficiently with lower stock levels.

Increased volumes in Dispensing Systems sales were driven by improved sales in pumps for fragrances and lotions as well as foam pumps and samplers. Make Up volumes decreased in a market where new programme activity remained modest. Among Household Care products, volumes recovered primarily due to restocking.

New product development is a key requirement and the Personal Care Innovation Centre in Chicago, Illinois, has enhanced our capability in this area. From product development to retail display, the centre underscores our dedication to customer centric, consumer focused innovation and the growth of long term business partnerships.

Examples of new product development during the year include extending the EZi™ foamer's range of applications and the launches of Glossy Days™, a collection of eight patented new gloss applicators, and the Sliding Mirror™, a combined lipstick applicator and mirror. We are also successfully exploring further uses of the foam pump for different applications such as laundry detergent, spot cleaner, and other cleaning products.

Sales in High Barrier food containers grew 8%. The full commercialisation during the year of a plastic can that replicates a conventional metal can was an industry first by Rexam. This new product development has aroused interest in the food canning industry where escalating tin plate prices along with consumers' and retailers' desire for modern, convenient packaging are driving brand owners to look for alternative types of packaging.

Group risk factors

Effective management of risk is essential to the achievement of our business objectives and to the protection of our people, assets and reputation. Identifying, assessing and managing risks is integral to the way we run our business. It is part of our focus on operational excellence and best performance which are key priorities for the Group. The various risks attached to our activities are consistently assessed, recorded and reported in a visible, structured and continuous manner.

During 2010, we enhanced our risk management process through the creation of an enterprise risk management function to further improve, where possible, the integration and efficiency of our risk management framework and, in doing so, to address the increased demands and requirements from external and internal stakeholders. The new function draws together our existing risk based responsibilities and builds on the good risk management processes and practices already in place across the Group. A more detailed section in the 2010 annual report describes our well established risk management process and outlines the main factors that may affect the execution and implementation of our strategy.

Outlook

In 2010 we delivered record profits and cash flow, improved ROCE and significantly strengthened our balance sheet.

Going forward, we will remain focused on increasing our return on capital, optimising cash and controlling costs, while making disciplined investments to improve our growth and returns over time.

We expect 2011 to be a year of continued progress.

FINANCIAL REVIEW

This financial review of our results is principally based on what we term the underlying business performance, as shown in the tables below. This excludes exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives (together 'exceptional and other items'). We believe that the underlying figures aid comparison and understanding of the Group's financial performance.

The Closures division, which comprises beverage and specialty closures but excludes the High Barrier food container business, is currently being marketed for disposal. Consequently, pursuant to accounting standards, it is presented in these financial statements within discontinued operations. Further details of the trading results of Closures and the accounting impact of its potential disposal are set out in 'discontinued operations' on page 18. As the disposal of Closures has not been completed and the reclassification to discontinued operations was effected on 31 December 2010, we consider it appropriate to present certain parts of this financial review on a combined basis to provide a complete picture of the Group's results for the year.

2010	Continuing operations £m	Discontinued operations (Closures) £m	Total operations £m
Underlying business performance[1]:			
Total sales	**4,619**	**343**	**4,962**
Underlying operating profit	**513**	**22**	**535**
Share of associates and joint ventures profit after tax	**5**	**–**	**5**
Underlying total net finance cost[2]	**(128)**	**–**	**(128)**
Underlying profit before tax	**390**	**22**	**412**
Underlying profit after tax	**274**	**13**	**287**
Exceptional and other items after tax	**(38)**	**(125)**	**(163)**
Profit/(loss) for the year	**236**	**(112)**	**124**
Total basic earnings per share (pence)	**27.1**		**14.2**
Underlying earnings per share (pence)	**31.4**		**32.8**
Interim dividend per share (pence)			**4.0**
Proposed final dividend per share (pence)[3]			**8.0**

2009	Continuing operations £m	Discontinued operations (Closures) £m	Total operations £m
Underlying business performance[1]:			
Total sales	4,533	333	4,866
Underlying operating profit	418	28	446
Share of associates and joint ventures profit/(loss) after tax	2	(1)	1
Underlying total net finance cost[2]	(162)	–	(162)
Underlying profit before tax	258	27	285
Underlying profit after tax	181	19	200
Exceptional and other items after tax	(91)	(138)	(229)
Profit/(loss) for the year	90	(119)	(29)
Basic earnings/(loss) per share (pence)	11.4		(3.7)
Underlying earnings per share (pence)	23.0		25.4
Final dividend per share (pence)			8.0

1 Underlying business performance is the primary performance measure used by management. 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 include the amortisation of certain acquired intangible assets (customer contracts and relationships and technology and patents) and fair value changes on financing derivatives.

2 Total underlying net finance cost comprises net interest of £113m (2009: £131m) and retirement benefit obligations net finance cost of £15m (2009: £31m) and it excludes fair value changes on financing derivatives.

3 Subject to approval at AGM 2011 and payable on 7 June 2011.

Results on a statutory basis include disposed businesses in 2009, currency translation and exceptional and other items and discontinued operations. The exceptional and other items are described in more detail on pages 16 and 17. Sales for continuing operations were £4,619m (2009: £4,533m) and profit before tax including exceptional and other items was £338m (2009: £134m). Total profit after tax for the year, including the results of discontinued operations, was £124m (2009: loss £29m) and total basic earnings per share was 14.2p (2009: loss per share 3.7p).

A summary of the statutory performance is set out below.

	2010 £m	2009 restated £m
Continuing operations:		
Sales	**4,619**	4,533
Profit before tax	**338**	134
Profit after tax	**236**	90
Discontinued operations (Closures):		
Loss for the year	**(112)**	(119)
Profit/(loss) for the year attributable to Rexam PLC	**124**	(29)
Basic earnings/(loss) per share (pence)	**14.2**	(3.7)

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 basis excludes disposals and businesses held for sale within continuing operations (described as 'disposals') and discontinued operations. Organic change is the year on year change in ongoing operations from businesses owned since the beginning of 2010 at constant exchange rates. The disposal group, included within continuing operations, was the Petainer plastic bottle business (sold in November 2009) and the discontinued operations represent the Closures division (reclassified from continuing operations on 31 December 2010).

Analysis of sales movement

	Total £m	Beverage Cans £m	Plastic Packaging £m
Total sales reported 2009	4,866		
Closures reclassified to discontinued operations	(333)		
Continuing operations reported 2009 – restated	4,533		
Disposals	(52)		
Ongoing operations 2009 reported 2010	4,481	3,573	908
Currency fluctuations	20	19	1
Ongoing operations 2009 pro forma basis	4,501	3,592	909
Organic change in sales	118	85	33
Sales reported 2010	**4,619**	**3,677**	**942**

Sales increased organically by £118m or 3%. The increase in Beverage Cans was driven by volume gains in the South American operations and good pricing in Europe and South America. In Plastic Packaging, the growth was attributable to the pass through of higher resin costs and volume recovery in some parts of Personal Care.

Analysis of underlying operating profit movement

	Total £m	Beverage Cans £m	Plastic Packaging £m
Total underlying operating profit reported 2009	446		
Closures reclassified to discontinued operations	(28)		
Continuing operations reported 2009 – restated	418		
Disposals	(6)		
Ongoing operations 2009 reported 2010	412	310	102
Currency fluctuations	7	6	1
Ongoing operations 2009 pro forma basis	419	316	103
Organic change in underlying operating profit	94	78	16
Ongoing operations reported 2010	**513**	**394**	**119**

A further analysis of the organic change in underlying operating profit from ongoing operations is set out below.

	Total £m	Beverage Cans £m	Plastic Packaging £m
Sales price and cost changes	16	20	(4)
Volume and mix changes	44	38	6
Efficiency and other savings	34	20	14
Organic change in underlying operating profit	94	78	16

Underlying operating profit, after adjusting for the impact of discontinued operations, disposals and currency, rose by £94m or 22% reflecting an improvement in volume together with restructuring and efficiency savings across the Group partly offset by cost increases. Efficiency savings were £34m. In Beverage Cans these arose from lightweighting, spoilage reduction, downgauging, and reduced utility usage and in Plastic Packaging from operational improvements.

Exchange rates

The exchange rates used to translate the consolidated income statement and balance sheet are set out below.

	2010	2009
Average:		
Euro	**1.17**	1.12
US dollar	**1.55**	1.57
Russian rouble	**46.96**	49.52
Closing:		
Euro	**1.17**	1.11
US dollar	**1.54**	1.61
Russian rouble	**46.77**	48.07

Consolidated income statement

The principal currencies that impact our results are the US dollar, the euro and the Russian rouble. The US dollar and the Russian rouble strengthened on average against sterling in the year while the euro weakened. The net effect of currency translation caused sales and underlying operating profit from ongoing operations to increase by £20m and £7m respectively compared with 2009 as shown below.

	Sales £m	Underlying operating profit £m
Euro	**(51)**	**(3)**
US dollar	**31**	**3**
Russian rouble	**17**	**5**
Other currencies	**23**	**2**
	20	**7**

In addition to the translation exposure, the Group is also exposed to movements in exchange rates on certain of its transactions. These exposures are largely hedged and principally include the US dollar/euro/Russian rouble and the US dollar/Brazilian real movement for the European and South American beverage can operations respectively.

Consolidated balance sheet

Most of the Group's borrowings and net assets are denominated in US dollars and euros. Currency and other non cash movements increased net borrowings by £62m and net equity by £10m.

Total underlying net finance cost

	2010 £m	2009 £m
Net interest	**(113)**	(131)
Retirement benefit obligations net finance cost	**(15)**	(31)
Total underlying net finance cost	**(128)**	(162)

The total underlying net finance cost fell by £34m compared with the prior year, of which £16m was attributable to a reduction in retirement benefit obligations net finance cost which is discussed in 'retirement benefits' below. The reduction in total net interest of £18m is primarily due to lower average net borrowings. This was partially offset by the acceleration of the amortisation of bank facility arrangement fees of around £10m following the successful £1bn refinancing undertaken in May 2010. The overall average interest rate, excluding the accelerated amortisation, for the year was around 5.7% compared with 5.6% in 2009.

Based on total underlying operating profit, interest cover was 4.7 times (2009: 3.4 times). This is consistent with the Group's long term target to be above 4 times. Interest cover is based on underlying operating profit and underlying total net interest expense excluding charges in respect of retirement benefit obligations net finance cost.

Tax

The tax charge for the year on total operations was £125m (30%) on profit before exceptional and other items (2009: £85m (30%)). The rate reflects the mix of territories in which Rexam operates, the availability of tax incentives in certain jurisdictions and the active management of tax risks. In 2011 and beyond we anticipate the rate to remain around the same level.

Total cash tax payments in the year were £75m (2009: £62m). Cash tax is lower than the charge to the income statement as the charge includes deferred tax, which is a non cash item. It is expected that the cash tax paid in future years will remain below the underlying tax charge in the income statement, in a range of approximately 65% to 75% of that charge.

Exceptional and other items

The exceptional and other items arising in 2010 in respect of total operations were as follows:

	Continuing operations £m	Discontinued operations (Closures) £m	Total operations £m
Exceptional items and other items included in operating profit:			
Impairment of goodwill, intangible assets and property, plant and equipment	**–**	**(179)**	**(179)**
Restructuring of businesses	**(8)**	**(6)**	**(14)**
Amortisation of certain acquired intangible assets	**(32)**	**(14)**	**(46)**
Total exceptional and other items included in operating profit	**(40)**	**(199)**	**(239)**
Financing derivative fair value changes	**(12)**	**–**	**(12)**
Total exceptional and other items before tax	**(52)**	**(199)**	**(251)**
Tax on:			
Impairment of goodwill and other assets	**–**	**66**	**66**
Restructuring of businesses	**1**	**2**	**3**
Amortisation of certain acquired intangible assets	**10**	**6**	**16**
Financing derivative fair value changes	**3**	**–**	**3**
Total tax on exceptional and other items	**14**	**74**	**88**
Total exceptional and other items after tax	**(38)**	**(125)**	**(163)**

Exceptional items

Impairment of goodwill, intangible assets and property, plant and equipment

The impairment charge of £179m on discontinued operations comprises £171m relating to an impairment review arising as a consequence of the decision to market the Closures division for disposal (see 'discontinued operations' below) and £8m arising from restructuring of the Constantine facility in the US.

Restructuring of businesses

The restructuring charge of £8m on continuing operations comprises £5m in Beverage Cans and £3m in Plastic Packaging in respect of previously announced plant closures. The further charge of £6m within discontinued operations was incurred, together with an £8m impairment charge on property, plant and equipment, within the Closures division, principally the shutting down of a business located in Constantine, US. The cash cost of the total restructuring programme in the year was £49m.

The restructuring programmes are now substantially complete and have cumulatively reduced costs for total operations by £81m: with £32m realised up to 2009 and a further £49m in 2010.

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 relating to total operations amounting to £46m (2009: £45m) aids comparison of the change in underlying profit.

Financing derivatives fair value changes

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 year was a net loss of £12m (2009: net gain £14m). The impact of derivatives arising on trading items such as commodities and certain forward foreign exchange contracts is included within underlying operating profit.

Discontinued operations – Closures

The Group is currently marketing the Closures division, excluding the High Barrier food container business, for disposal. The Closures division has therefore been classified as a discontinued operation and consequently its results are disclosed separately from those of the continuing operations.

A summary of the performance of discontinued operations is set out below.

	2010 £m	2009 £m
Sales	**343**	333
Underlying operating profit	**22**	28
Underlying profit before tax	**22**	27
Profit after tax before exceptional and other items	**13**	19
Exceptional and other items included in operating profit:		
Impairment of goodwill and other assets	**(179)**	(196)
Amortisation of certain acquired intangible assets	**(14)**	(14)
Restructuring and other exceptional items	**(6)**	(10)
Tax on exceptional and other items	**74**	82
Exceptional and other items after tax	**(125)**	(138)
Loss for financial year after tax	**(112)**	(119)

The underlying performance reflects the continued decline in beverage closures, with volumes down by some 9% for the year, offset partly by efficiency and other savings.

The decision to market the Closures division for disposal required its carrying value to be subject to an impairment review. This review gave rise to an impairment charge in 2010 of £171m. In the event that the disposal is completed, additional restructuring may be required in 2011 to address the level of shared service administration support and to rationalise those retained facilities which share production sites with the Closures division. However, the positive foreign exchange translation movement reflected in reserves to the date of disposal will be recycled back to the income statement. This movement relates to foreign exchange translation differences arising on net assets since the date of their acquisition. Accounting standards require that this recycling is only recognised when the disposal has been completed. The impact of the impairment charge of £108m (after tax) in 2010 would have been reduced by £90m, based on the cumulative foreign exchange translation movements as at 31 December 2010, had the disposal been completed in 2010.

Earnings per share

	2010 Pence	2009 restated Pence
Underlying earnings per share		
Continuing operations	**31.4**	23.0
Total operations	**32.8**	25.4
Basic earnings/(loss) per share	**14.2**	(3.7)
Average number of shares in issue (millions)	**875.6**	786.5
Year end number of shares in issue (millions)	**876.9**	876.8

Underlying earnings per share from total operations increased by 29% from 25.4p to 32.8p. This is due to the improvement in underlying operating profit together with the reduction in total underlying net finance cost.

Basic earnings per share, which includes exceptional and other items and discontinued operations, was 14.2p per share (2009: loss per share 3.7p). The increase reflects the improvement in underlying profit and the reduced impact of exceptional items.

Retirement benefits

Retirement benefit obligations (net of tax) on the balance sheet as at 31 December 2010 were £317m, an increase of £38m compared with £279m reported at 31 December 2009. This was principally due to changes in actuarial values amounting to £40m (after tax) as shown below.

Changes to the actuarial value of retirement benefits at the balance sheet date are shown in the consolidated statement of comprehensive income. These changes increased the retirement benefit obligations by £40m in 2010 as follows:

	£m
Defined benefit pension plans:	
Plan liabilities – lower discount rates	**(126)**
Plan liabilities – longevity assumptions in the US	**(43)**
Plan assets – higher than expected returns, principally on bonds	**104**
Retiree medical liabilities (net)	**1**
Actuarial losses before tax	**(64)**
Tax	**24**
Actuarial losses after tax	**(40)**

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

	2010 £m	2009 £m
Defined benefit pension plans:		
Expected return on plan assets	**144**	127
Interest on plan liabilities	**(152)**	(150)
	(8)	(23)
Retiree medical – interest on liabilities	**(7)**	(8)
Net finance cost	**(15)**	(31)

An increase in expected asset returns in 2010 compared with 2009 has reduced the retirement benefit obligations net finance cost, which is a non cash accounting charge. It is estimated that the net finance cost in 2011 will remain at a similar level.

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

	2010 £m	2009 £m
Defined benefit pension plans	**27**	20
Other pension plans	**12**	12
Retiree medical	**12**	11
Total cash payments	**51**	43

Cash payments to defined benefit pension plans were higher than in 2009 mainly as a result of a £5m increase in the deficit contribution to the UK plan. Based on current actuarial projections, it is expected that cash contributions to defined benefit pension plans in 2011 will be around £46m reflecting increases in UK and US deficit funding. The US contributions in 2011 are lower than previously indicated due to recently enacted rules in US pension legislation. This legislation requires defined benefit plans to meet a 100% minimum funding standard which is tested annually. If a plan does not meet that standard, the plan sponsor must make contributions sufficient to amortise any deficits. Pension funding relief legislation in 2010 allowed plans to amortise any funding deficits calculated in 2010 and 2011 over 15 years instead of seven years as previously expected.

A detailed analysis of retirement benefits is set out in note 5.

Cash flow

Total free cash flow for the year resulted in an inflow of £316m compared with £290m for 2009. This primarily reflects a significant improvement in underlying operating profit offset by an increase in capital expenditure, although still below depreciation and amortisation, following the restraint exercised in 2009 and 2010.

	2010 £m	2009 £m
Continuing operations:		
Underlying operating profit	**513**	418
Depreciation and amortisation[1]	**197**	201
Retirement benefit obligations	**(27)**	(23)
Change in working capital	**(20)**	29
Restructuring costs	**(41)**	(32)
Other movements	**30**	(2)
Cash generated	**652**	591
Capital expenditure (net)	**(181)**	(153)
Net interest and tax paid	**(173)**	(196)
Free cash flow from continuing operations	**298**	242
Discontinued operations:		
Cash generated	**38**	74
Capital expenditure (net)	**(12)**	(21)
Tax paid	**(8)**	(5)
Free cash flow from discontinued operations	**18**	48
Free cash flow	**316**	290
Equity dividends	**(105)**	(79)
Business cash flow	**211**	211
Acquisitions	**–**	(5)
Disposals	**1**	21
Net cash flow	**212**	227
Share capital changes	**(6)**	334
Exchange differences	**(38)**	192
Other non cash movements	**(24)**	20
Net borrowings at the beginning of the year	**(1,828)**	(2,601)
Net borrowings at the end of the year[2]	**(1,684)**	(1,828)

1 Excludes amortisation of certain acquired intangibles amounting to £32m (2009 restated: £31m).

2 Net borrowings comprise borrowings £1,881m (2009: £2,095m) less cash and cash equivalents £114m (2009: £113m) and certain financial derivative instruments £83m (2009: £154m).

Capital expenditure – continuing operations

	2010	2009
Capital expenditure (gross) (£m)[1]	**189**	163
Depreciation and amortisation (£m)[2]	**197**	201
Ratio (times)	**0.96**	0.81

1 Capital expenditure is on a cash basis and includes computer software that has been capitalised.
2 Amortisation excludes £32m (2009 restated: £31m) amortised on patents, customer contracts and intangibles other than computer software.

Gross capital expenditure by continuing operations was £189m, 0.96 times depreciation and amortisation, of which approximately 60% was attributable to strategic and growth projects. The principal projects in Beverage Cans were to support growth in South America, the development of specialty can products and the conversion of two lines from steel to aluminium can manufacture in Spain and Egypt in response to market developments and customer requirements. Plastic Packaging investment continues to be focused on new product development.

It is expected that capital expenditure by continuing operations in 2011 will be around 1.1 times depreciation and amortisation.

Capital expenditure – discontinued operations
Gross capital expenditure by the Closures division in 2010 was £17m (2009: £21m) and depreciation and amortisation charged was £22m (2009: £26m).

Total capital expenditure including discontinued operations was £206m (2009: £184m) and depreciation and amortisation was £219m (2009: £227m).

Balance sheet and borrowings

	As at 31.12.10 £m	As at 31.12.09 £m
Goodwill and other intangible assets	**2,231**	2,481
Property, plant and equipment	**1,571**	1,723
Retirement benefits (net of tax)	**(317)**	(279)
Net assets classified as held for sale	**232**	4
Other net assets	**292**	221
	4,009	4,150
Total equity, including non controlling interests	**2,325**	2,322
Net borrowings[1]	**1,684**	1,828
	4,009	4,150
Return on capital employed (%)[2]	**12.3**	9.5
Net borrowings/EBITDA (times)[3]	**2.2**	2.7
Interest cover (times)[4]	**4.7**	3.4
Gearing (%)[5]	**72**	79

1 Net borrowings comprise borrowings, cash and cash equivalents and certain derivative financial instruments.
2 Underlying operating profit plus share of associates profit after tax of continuing and discontinued operations divided by the average of opening and closing shareholders' equity after adding back retirement benefit obligations (net of tax) and net borrowings.
3 Based on net borrowings divided by total underlying operating profit plus depreciation and amortisation, excluding amortisation of certain acquired intangible assets, of continuing and discontinued operations.
4 Based on underlying operating profit of continuing and discontinued operations divided by underlying total net interest expense.
5 Based on net borrowings divided by total equity including non controlling interests.

The level of net borrowings at 31 December 2010 was down by £144m compared with the previous year. This reflects strong cash flow in the year partly offset by the £62m unfavourable impact of currency translation and other non cash movements. The currency denomination of our net borrowings, including financing derivatives, is as follows:

	As at 31.12.10 £m	As at 31.12.09 £m
US dollar	**1,424**	1,719
Euro	**299**	400
Sterling and other	**(39)**	(291)
Net borrowings	**1,684**	1,828

For the management of foreign currency asset matching and interest rate risk, the profile of gross borrowings is 75% (2009: 70%) in US dollars, 22% (2009: 27%) in euros and 3% (2009: 3%) in sterling and other currencies.

Our net borrowings/EBITDA has strengthened from 2.7 times to 2.2 times following the reduction in net borrowings and improvement in underlying operating profit. Interest cover at 4.7 times is now above our target range of 4 times. We remain comfortably within our debt covenants and our liquidity remains strong with committed debt headroom of £1.1bn at the year end.

At 31 December 2010, the Group's principal committed loan and bank facilities totalled some £2.8bn in varying currencies and maturities, as detailed below:

	Currency	Maturity	Facility £m
Subordinated bond	Euro swapped to US$	2067	**654**
Revolving credit facility	Multi currency	2015	**775**
Bilateral bank facilities	Multi currency	2015	**253**
US private placement and bond	US$	2013	**503**
Medium term note	Euro	2013	**545**
Bilateral bank facilities	Multi currency	2012	**50**
Total committed loan and bank facilities			**2,780**

Net borrowings include interest accruals and certain financial derivatives as set out below:

	As at 31.12.10 £m	As at 31.12.09 £m
Net borrowings excluding derivative financial instruments	**1,767**	1,982
Derivative financial instruments	**(83)**	(154)
Net borrowings	**1,684**	1,828

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

	As at 31.12.10 £m	As at 31.12.09 £m
Cross currency swaps	**82**	146
Interest rate swaps	**3**	11
Foreign exchange forward contracts	**(2)**	(3)
Derivative financial instruments included in net borrowings	**83**	154
Other derivative financial instruments	**47**	28
Total derivative financial instruments	**130**	182

The reduction in the value of cross currency swaps can be mainly attributed to the strengthening of the US dollar and the weakening of the euro exchange rates against sterling. The increase in value of other derivatives was due mainly to the rise in aluminium prices and the weakening of the euro.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2010 £m	2009 restated £m
Continuing operations			
Sales	2	**4,619**	4,533
Operating expenses		**(4,146)**	(4,253)
Underlying operating profit	2	**513**	418
Exceptional items	3	**(8)**	(107)
Amortisation of certain acquired intangible assets		**(32)**	(31)
Operating profit	2	**473**	280
Share of post tax profits of associates and joint ventures		**5**	2
Retirement benefit obligations net finance cost	5	**(15)**	(31)
Underlying interest expense		**(117)**	(134)
Fair value changes on financing derivatives		**(12)**	14
Interest expense		**(129)**	(120)
Interest income		**4**	3
Underlying profit before tax		**390**	258
Exceptional items	3	**(8)**	(107)
Amortisation of certain acquired intangible assets		**(32)**	(31)
Fair value changes on financing derivatives		**(12)**	14
Profit before tax		**338**	134
Tax on underlying profit		**(116)**	(77)
Tax on exceptional items	3	**1**	26
Tax on amortisation of certain acquired intangible assets		**10**	11
Tax on fair value changes on financing derivatives		**3**	(4)
Tax		**(102)**	(44)
Profit for the financial year from continuing operations		**236**	90
Discontinued operations			
Loss for the financial year from discontinued operations	4	**(112)**	(119)
Total profit/(loss) for the financial year attributable to equity shareholders of Rexam PLC		**124**	(29)

	Notes	2010 Pence	2009 restated Pence
Underlying earnings per share	6		
Continuing operations		**31.4**	23.0
Discontinued operations		**1.4**	2.4
Total		**32.8**	25.4
Basic earnings/(loss) per share	6		
Continuing operations		**27.1**	11.4
Discontinued operations		**(12.9)**	(15.1)
Total		**14.2**	(3.7)

For details of equity dividends paid and proposed see note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

	2010 £m	2009 £m
Profit/(loss) for the financial year	**124**	(29)
Actuarial losses on retirement benefits	**(64)**	(181)
Tax on actuarial losses on retirement benefits	**24**	61
Exchange differences before recognition of net investment hedges	**(12)**	(207)
Net investment hedges recognised	**22**	57
Exchange differences recycled to the income statement on disposal of subsidiaries	**–**	(14)
Cash flow hedges recognised	**40**	73
Tax on cash flow hedges	**(4)**	(48)
Cash flow hedges transferred to inventory	**(25)**	163
Cash flow hedges transferred to the income statement	**2**	14
Changes in market value of available for sale financial assets	**1**	(4)
Other comprehensive income for the year	**(16)**	(86)
Total comprehensive income for the year attributable to equity shareholders of Rexam PLC	**108**	(115)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER

	2010 £m	2009 £m
Assets		
Non current assets		
Goodwill	**1,848**	1,886
Other intangible assets	**383**	595
Property, plant and equipment	**1,571**	1,723
Investments in associates and joint ventures	**61**	54
Pension assets (Note 5)	**19**	–
Deferred tax assets	**252**	201
Trade and other receivables	**120**	80
Available for sale financial assets	**27**	21
Derivative financial instruments	**256**	275
	4,537	4,835
Current assets		
Inventories	**415**	432
Trade and other receivables	**648**	630
Available for sale financial assets	**1**	2
Derivative financial instruments	**70**	65
Cash and cash equivalents	**114**	113
	1,248	1,242
Assets classified as held for sale	**282**	4
	1,530	1,246
Total assets	**6,067**	6,081
Liabilities		
Current liabilities		
Borrowings	**(81)**	(140)
Derivative financial instruments	**(10)**	(17)
Current tax	**(20)**	(15)
Trade and other payables	**(768)**	(748)
Provisions	**(39)**	(62)
	(918)	(982)
Liabilities classified as held for sale	**(50)**	–
	(968)	(982)
Non current liabilities		
Borrowings	**(1,800)**	(1,955)
Derivative financial instruments	**(186)**	(141)
Retirement benefit obligations (Note 5)	**(482)**	(396)
Deferred tax liabilities	**(77)**	(99)
Non current tax	**(85)**	(87)
Other payables	**(81)**	(47)
Provisions	**(63)**	(52)
	(2,774)	(2,777)
Total liabilities	**(3,742)**	(3,759)
Net assets	**2,325**	2,322
Equity		
Ordinary share capital	**564**	563
Share premium account	**989**	989
Capital redemption reserve	**351**	351
Retained earnings	**32**	55
Other reserves	**386**	362
Shareholders' equity	**2,322**	2,320
Non controlling interests	**3**	2
Total equity	**2,325**	2,322

Approved by the board on 23 February 2011

Graham Chipchase, Chief Executive

David Robbie, Finance Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	2010 £m	2009 £m
Cash flows from operating activities		
Cash generated from operations	**685**	708
Interest paid	**(110)**	(142)
Tax paid	**(75)**	(62)
Net cash flows from operating activities	**500**	504
Cash flows from investing activities		
Capital expenditure	**(206)**	(184)
Proceeds from sale of property, plant and equipment	**8**	10
Proceeds from property classified as held for sale	**5**	–
Acquisition of businesses	**–**	(5)
Disposal of businesses	**1**	21
Loan from joint venture	**5**	–
Interest received	**4**	3
Net cash flows from investing activities	**(183)**	(155)
Cash flows from financing activities		
Proceeds from borrowings	**21**	19
Repayment of borrowings	**(159)**	(540)
Purchase of Rexam PLC shares by Employee Share Trust	**(6)**	–
Proceeds from rights issue	**–**	334
Dividends paid to equity shareholders	**(105)**	(79)
Other financing items	**(13)**	–
Net cash flows from financing activities	**(262)**	(266)
Net increase in cash and cash equivalents	**55**	83
Cash and cash equivalents at the beginning of the year	**62**	(25)
Exchange differences	**(14)**	7
Transfer to assets classified as held for sale	**(4)**	(3)
Net increase in cash and cash equivalents	**55**	83
Cash and cash equivalents at the end of the year	**99**	62
Cash and cash equivalents comprise:		
Cash at bank and in hand	**46**	40
Short term bank deposits	**68**	73
Bank overdrafts	**(15)**	(51)
	99	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	**563**	**989**	**351**	**55**	**362**	**2,320**	**2**	**2,322**
Profit for the financial year	**–**	**–**	**–**	**124**	**–**	**124**	**–**	**124**
Actuarial losses on retirement benefits	**–**	**–**	**–**	**(64)**	**–**	**(64)**	**–**	**(64)**
Tax on actuarial losses on retirement benefits	**–**	**–**	**–**	**24**	**–**	**24**	**–**	**24**
Exchange differences before recognition of net investment hedges	**–**	**–**	**–**	**–**	**(12)**	**(12)**	**–**	**(12)**
Net investment hedges recognised	**–**	**–**	**–**	**–**	**22**	**22**	**–**	**22**
Cash flow hedges recognised	**–**	**–**	**–**	**–**	**40**	**40**	**–**	**40**
Tax on cash flow hedges	**–**	**–**	**–**	**–**	**(4)**	**(4)**	**–**	**(4)**
Cash flow hedges transferred to inventory	**–**	**–**	**–**	**–**	**(25)**	**(25)**	**–**	**(25)**
Cash flow hedges transferred to the income statement	**–**	**–**	**–**	**–**	**2**	**2**	**–**	**2**
Changes in market value of available for sale financial assets	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Other comprehensive income for the year	**–**	**–**	**–**	**(40)**	**24**	**(16)**	**–**	**(16)**
Total comprehensive income for the year	**–**	**–**	**–**	**84**	**24**	**108**	**–**	**108**
Share options: value of services provided	**–**	**–**	**–**	**5**	**–**	**5**	**–**	**5**
Share option schemes: proceeds from shares issued	**1**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Purchase of Rexam PLC shares by Employee Share Trust	**–**	**–**	**–**	**(6)**	**–**	**(6)**	**–**	**(6)**
Change in non controlling interests	**–**	**–**	**–**	**(1)**	**–**	**(1)**	**1**	**–**
Dividends paid to equity shareholders	**–**	**–**	**–**	**(105)**	**–**	**(105)**	**–**	**(105)**
At 31 December 2010	**564**	**989**	**351**	**32**	**386**	**2,322**	**3**	**2,325**

	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)
Share options: value of services provided	–	–	–	6	–	6	–	6
Proceeds from rights issue	150	(16)	–	–	200	334	–	334
Transfer to retained earnings	–	–	–	200	(200)	–	–	–
Dividends paid to equity shareholders	–	–	–	(79)	–	(79)	–	(79)
At 31 December 2009	563	989	351	55	362	2,320	2	2,322

NOTES

1 Basis of preparation of accounts

In preparing these accounts the comparative amounts have been restated to reflect the Plastic Packaging Closures division as a discontinued operation.

The Group has adopted the following new and revised International Financial Reporting Standards (IFRS) as of 1 January 2010.

(i) 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 accounting for the Group's acquisitions. 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 has no impact on these accounts.

(ii) 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 these accounts.

These accounts do not constitute the Company's statutory accounts for the years ended 31 December 2010 or 2009 but are derived from those accounts. Statutory accounts for 2009 have been delivered to the registrar of companies, and those for 2010 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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 and Personal Care markets. The Closures division has been reported as discontinued operations in the segment information set out below. Previously this division was reported as part of Plastic Packaging.

(i) Segment information 2010	Sales £m	Underlying operating profit £m	Underlying return on sales %	Exceptional and other items* £m	Profit/ (loss) £m
Continuing operations					
Beverage Cans	**3,677**	**394**	**10.7**	**(11)**	**383**
Plastic Packaging	**942**	**119**	**12.6**	**(29)**	**90**
Total reportable segments	**4,619**	**513**	**11.1**	**(40)**	**473**
Share of post tax profits of associates and joint ventures					**5**
Retirement benefit obligations net finance cost					**(15)**
Net interest expense					**(125)**
Profit before tax					**338**
Tax					**(102)**
Profit for the financial year from continuing operations					**236**
Discontinued operations					
Loss for the financial year from discontinued operations (note 4)					**(112)**
Total profit for the financial year					**124**
(ii) Segment information 2009 – restated					
Continuing operations					
Beverage Cans	3,573	310	8.7	(69)	241
Plastic Packaging	908	102	11.2	(71)	31
Total reportable segments	4,481	412	9.2	(140)	272
Disposals and businesses for sale	52	6	11.5	2	8
	4,533	418	9.2	(138)	280
Share of post tax profits of associates and joint ventures					2
Retirement benefit obligations net finance cost					(31)
Net interest expense					(117)
Profit before tax					134
Tax					(44)
Profit for the financial year from continuing operations					90
Discontinued operations					
Loss for the financial year from discontinued operations (note 4)					(119)
Total loss for the financial year					(29)

* Other items comprise the amortisation of certain acquired intangible assets.

Underlying operating profit comprises operating profit from continuing operations before exceptional items and the amortisation of certain acquired intangible assets. Underlying operating profit from continuing operations is included as it is felt that adjusting operating profit for exceptional items and the amortisation of certain acquired intangible assets provides a better indication of the Group's performance. Underlying return on sales comprises underlying operating profit from continuing operations divided by sales from continuing operations.

Non specific central costs are allocated on the basis of net assets excluding investments in associates and joint ventures, net borrowings and tax.

3 Exceptional items – continuing operations

	2010 £m	2009 restated £m
Restructuring of businesses	**(8)**	(99)
Impairment of goodwill	**–**	(3)
Loss on disposal of subsidiaries	**–**	(5)
Exceptional items included in operating profit	**(8)**	(107)
Tax on exceptional items	**1**	26
Total exceptional items after tax	**(7)**	(81)

The restructuring of businesses charge of £8m in 2010 comprises £5m of employee related costs in Beverage Cans and £6m of costs less £3m reversal of impairment in Plastic Packaging in respect of previously announced plant closures. The restructuring of businesses charge of £99m in 2009 comprised £56m relating to the closure of the Dmitrov and Dunkirk beverage can facilities and for the reorganisation of the North American beverage can business, £36m relating to the closure and consolidation of plastic packaging plants within Personal Care and Healthcare and a redundancy programme in Healthcare, and £7m in respect of a reduction in corporate staff, including cancellation of certain long term incentives. Impairment of goodwill of £3m related to the India beverage can business. The loss on disposal of subsidiaries of £5m related to the disposal of the Petainer plastic bottle business and a plastic packaging Personal Care business based in the US.

4 Discontinued operations

The Plastic Packaging Closures division is currently being marketed for disposal. Indicative offers have been received and an impairment loss has been recorded reflecting the value of these offers. In accordance with IFRS5 'Non Current Assets Held For Sale and Discontinued Operations' the business has been classified in the consolidated balance sheet within assets and liabilities classified as held for sale, and presented as discontinued operations. The consolidated income statement and an analysis of exceptional items are set out below.

(i) Consolidated income statement

	2010 £m	2009 £m
Sales	**343**	333
Operating expenses	**(520)**	(521)
Underlying operating profit	**22**	28
Exceptional items	**(185)**	(202)
Amortisation of certain acquired intangible assets	**(14)**	(14)
Operating loss	**(177)**	(188)
Share of underlying post tax losses of associates and joint ventures	**–**	(1)
Exceptional items – disposal of associate	**–**	(4)
Share of post tax losses of associates and joint ventures	**–**	(5)
Underlying profit before tax	**22**	27
Exceptional items	**(185)**	(206)
Amortisation of certain acquired intangible assets	**(14)**	(14)
Loss before tax	**(177)**	(193)
Tax on underlying profit	**(9)**	(8)
Tax on exceptional items	**68**	77
Tax on amortisation of certain acquired intangible assets	**6**	5
Tax	**65**	74
Loss for the financial year	**(112)**	(119)

(ii) Exceptional items

	2010 £m	2009 £m
Impairment of goodwill	**(59)**	(193)
Impairment of intangible assets	**(65)**	–
Impairment of property, plant and equipment	**(55)**	(3)
Total impairment	**(179)**	(196)
Restructuring of businesses	**(6)**	(6)
Exceptional items included in operating profit	**(185)**	(202)

Total impairment of £179m in 2010 comprises £171m to write down the value of the Closures division to fair value less costs to sell at 31 December 2010, and £8m arising on the closure of a facility located in Constantine, US. The restructuring of businesses in 2010 relates to the closure of the Constantine facility, and in 2009 related to the closure of a facility located in Hamlet, US.

5 Retirement benefit obligations

(i) Summary

	UK defined benefit pensions £m	US defined benefit pensions £m	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	**(11)**	**(218)**	**(37)**	**(266)**	**(19)**	**(285)**	**(111)**	**(396)**
Exchange differences	**–**	**(11)**	**–**	**(11)**	**1**	**(10)**	**(5)**	**(15)**
Service cost – continuing operations	**(9)**	**(4)**	**(1)**	**(14)**	**(9)**	**(23)**	**(1)**	**(24)**
Net finance cost – continuing operations	**8**	**(14)**	**(2)**	**(8)**	**–**	**(8)**	**(7)**	**(15)**
Service cost – discontinued operations	**–**	**(1)**	**–**	**(1)**	**(3)**	**(4)**	**–**	**(4)**
Exceptional items – discontinued operations	**–**	**2**	**–**	**2**	**–**	**2**	**–**	**2**
Total operating profit – discontinued operations	**–**	**1**	**–**	**1**	**(3)**	**(2)**	**–**	**(2)**
Actuarial changes	**9**	**(73)**	**(1)**	**(65)**	**–**	**(65)**	**1**	**(64)**
Cash contributions and benefits paid	**22**	**2**	**3**	**27**	**12**	**39**	**12**	**51**
Transfers	**–**	**2**	**–**	**2**	**–**	**2**	**–**	**2**
At 31 December 2010	**19**	**(315)**	**(38)**	**(334)**	**(18)**	**(352)**	**(111)**	**(463)**
Restated:								
At 1 January 2009	16	(54)	(43)	(81)	(20)	(101)	(127)	(228)
Exchange differences	–	8	3	11	1	12	9	21
Service cost – continuing operations	(7)	(3)	(1)	(11)	(8)	(19)	(1)	(20)
Exceptional items – continuing operations	1	1	–	2	–	2	–	2
Total operating profit – continuing operations	(6)	(2)	(1)	(9)	(8)	(17)	(1)	(18)
Net finance cost – continuing operations	(2)	(19)	(2)	(23)	–	(23)	(8)	(31)
Service cost – discontinued operations	–	(1)	–	(1)	(4)	(5)	–	(5)
Actuarial changes	(36)	(154)	4	(186)	–	(186)	5	(181)
Cash contributions and benefits paid	17	1	2	20	12	32	11	43
Transfers	–	3	–	3	–	3	–	3
At 31 December 2009	(11)	(218)	(37)	(266)	(19)	(285)	(111)	(396)

	2010 £m	2009 £m
Pension assets	**19**	–
Retirement benefit obligations	**(482)**	(396)
Gross retirement benefit obligations	**(463)**	(396)
Tax	**146**	117
Net retirement benefit obligations	**(317)**	(279)

(ii) Principal actuarial assumptions

	UK 2010 %	US 2010 %	Other 2010 %	UK 2009 %	US 2009 %	Other 2009 %
Future salary increases	**5.00**	**4.00**	**3.08**	5.20	4.00	3.07
Future pension increases	**3.50**	**–**	**1.35**	3.70	–	2.00
Discount rate	**5.40**	**4.90**	**5.20**	5.70	5.50	5.06
Inflation rate	**3.50**	**2.50**	**2.00**	3.70	2.50	2.00
Expected return on plan assets (net of administration expenses):						
Equities	**7.51**	**7.67**	**8.25**	7.75	7.56	8.30
Bonds	**4.61**	**4.37**	**3.90**	4.70	4.76	3.70
Cash and other	**0.31**	**2.77**	**1.00**	0.25	3.16	1.00

To develop the expected return on plan assets assumptions, the Group considered the current level of expected returns on risk free investments, primarily government bonds, the historical level of the risk premium associated with the asset class concerned and the expectations for future returns of the asset class. The resulting returns for equities, bonds and cash were then reduced to allow for administration expenses.

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 a 65 year old pensioner is 86.2 years (2009: 86.2 years) for a male and 89.3 years (2009: 89.3 years) for a female. The life expectancy for a non pensioner currently aged 45 is 88.4 years (2009: 88.4 years) for a male and 91.7 years (2009: 91.7 years) for a female. 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 a 65 year old pensioner is 83.6 years (2009: 82.8 years) for a male and 85.7 years (2009: 85.2 years) for a female. The mortality assumptions used in valuing the liabilities for retiree medical are based on the RP2000 combined active and retiree table projected to 2017 (2009: projected to 2006), weighted 85% blue collar and 15% white collar. The life expectancy assumed for a 65 year old pensioner is 83.4 years (2009: 81.8 years) for a male and 85.5 years (2009: 84.6 years) for a female.

6 Earnings/(loss) per share

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

	Basic 2010 Pence	Diluted 2010 Pence	Basic 2009 restated Pence	Diluted 2009 restated Pence
Continuing operations	**27.1**	**27.0**	11.4	11.4
Discontinued operations	**(12.9)**	**(12.9)**	(15.1)	(15.1)
Total	**14.2**	**14.1**	(3.7)	(3.7)

	2010 £m	2009 £m
Profit/(loss) for the financial year attributable to shareholders of Rexam PLC		
Continuing operations	**237**	90
Discontinued operations	**(113)**	(119)
Total	**124**	(29)

	2010 Millions	2009 Millions
Weighted average number of shares in issue	**875.6**	786.5
Dilution on conversion of outstanding share options	**2.6**	0.2
Weighted average number of shares in issue on a diluted basis	**878.2**	786.7

(ii) Underlying earnings per share

	2010 Pence	2009 restated Pence
Continuing operations	**31.4**	23.0
Discontinued operations	**1.4**	2.4
Total	**32.8**	25.4

	2010 Continuing operations £m	2010 Discontinued operations £m	2009 Continuing operations £m	2009 Discontinued operations £m
Underlying profit before tax	**390**	**22**	258	27
Tax on underlying profit	**(116)**	**(9)**	(77)	(8)
Underlying profit for the financial year	**274**	**13**	181	19
Attributable to:				
Shareholders of Rexam PLC	**275**	**12**	181	19
Non controlling interests	**(1)**	**1**	–	–
	274	**13**	181	19

Underlying earnings per share is based on underlying profit for the financial year attributable to shareholders of Rexam PLC divided by the weighted average number of shares in issue. Underlying profit for the financial year is profit before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives. Underlying earnings per share is included as it is felt that adjusting basic earnings per share for exceptional items, the amortisation of certain acquired intangible assets and fair value changes on financing derivatives provides a better indication of the Group's performance.

7 Equity dividends

	2010 £m	2009 £m
Interim dividend for 2010 of 4.0p paid on 5 October 2010	**35**	–
Final dividend for 2009 of 8.0p paid on 3 June 2010	**70**	–
Final dividend for 2008 of 10.9p paid on 2 July 2009	**–**	79
	105	79

A final dividend per equity share of 8.0p has been proposed for 2010 and, subject to shareholder approval, is payable on 7 June 2011. The proposed final dividend has not been accrued in these consolidated financial statements.

8 Net borrowings

	2010 £m	2009 £m
Cash and cash equivalents	**114**	113
Bank overdrafts	**(15)**	(51)
Bank loans	**(68)**	(160)
US public bond	**(357)**	(342)
US private placement	**(147)**	(140)
Subordinated bond	**(727)**	(757)
Medium term notes	**(566)**	(642)
Finance leases	**(1)**	(3)
Financing derivatives	**83**	154
	(1,684)	(1,828)

	2010 £m	2009 £m
At 1 January	**(1,828)**	(2,601)
Exchange differences	**(38)**	192
Change in cash and cash equivalents	**55**	83
Proceeds from borrowings	**(21)**	(19)
Repayment of borrowings	**159**	540
Fair value and other changes	**(11)**	(23)
At 31 December	**(1,684)**	(1,828)

	2010 £m	2009 £m
Total derivative financial instruments (net)	**130**	182
Derivatives not included in net borrowings	**(47)**	(28)
Financing derivatives included in net borrowings	**83**	154
Cash and cash equivalents	**114**	113
Borrowings included in current liabilities	**(81)**	(140)
Borrowings included in non current liabilities	**(1,800)**	(1,955)
	(1,684)	(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 not included in net borrowings and relating to business transactions (forward commodity contracts and forward foreign exchange contracts).

9 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.

10 The Annual Report 2010 will be published on www.rexam.com at the end of March 2011. At that time the Annual Report 2010 will be mailed to those shareholders who have elected to receive it. Otherwise, shareholders will be notified that the Annual Report 2010 is available online and will, at the time of that notification, receive a Proxy Form together with the Notice of Annual General Meeting 2011.