REXAM

PRESS RELEASE

1 August 2014

Half year results in line with expectations, strategy on track

Rexam PLC announces its results for the first half of 2014.

	H1 2014	H1 2013	Reported change	Organic change[2]
Continuing operations underlying performance[1]				
Sales (£m)	**1,881**	1,971	(5)%	3%
Underlying operating profit (£m)[1]	**197**	217	(9)%	0%
Underlying profit before tax (£m)[1]	**166**	169	(2)%	
Underlying earnings per share (pence)[1]	**16.2**	15.6	4%	
Total operations[3]				
Total underlying earnings per share (pence)	**18.1**	17.3	5%	
Interim dividend per share (pence)	**5.8**	5.7	2%	

Highlights

- Beverage can volumes up 4%
- Foreign exchange translation and metal premium costs impact underlying operating profit
- Organic[2] operating profit flat
- Return on capital employed 14.0% (June 2013: 13.7%)
- Portfolio transformation complete and c£450m of Healthcare disposal proceeds returned to shareholders
- Interim dividend up 2% to 5.8p

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

"Results for the half year are in line with our expectations. Trading in the second quarter improved in all regions with volume growth in Europe improving as anticipated and North America performing in line with the market. South America grew very strongly as we saw a significant benefit from customer activity around the FIFA World Cup.

"The sale of the Healthcare business and the return of c£450m of proceeds to shareholders marked the end of our portfolio transformation. Rexam is now a focused global beverage can maker. Our aim is to be the best in the industry by maintaining a strong focus on cash, cost and return on capital employed and delivering the right balance of growth and returns.

Despite ongoing foreign exchange translation headwinds and metal premium cost at an all-time high, the business is in good shape operationally and we continue to expect to make further progress in 2014 on a constant currency basis."

Statutory results[4]

	H1 2014	H1 2013
Sales (£m)[5]	**1,881**	1,971
Profit before tax (£m) [5]	**164**	128
Total profit for the period (£m)[3]	**214**	106
Total basic earnings per share (pence)[3]	**27.7**	13.3

1 Underlying business performance from continuing operations (excluding Healthcare) before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on certain operating and financing derivatives.
2 Organic change is year on year change arising on continuing operations at constant foreign exchange rates. (See pages 8 and 9 for details.)
3 Includes discontinued operations.
4 Statutory results include exceptional items, the amortisation of certain acquired intangible assets and fair value changes on certain operating and financing derivatives.
5 Continuing operations.

Details of the times of the presentations and conference calls for analysts and investors can be found on page 42.

Rexam PLC
4 Millbank
London SW1P 3XR
United Kingdom
TEL +44 (0)20 7227 4100
FAX +44 (0)20 7227 4109
www.rexam.com
Registered in England number 191285

MANAGEMENT REVIEW

Our results for the first half of 2014, which exclude the now divested Healthcare business, are in line with our expectations. In summary, volumes in the first half, and especially the second quarter, improved across the business. The benefit of good volume growth and a one off indirect tax benefit in South America was offset mainly by the effect of foreign exchange translation and higher aluminium premiums and organic operating profit was therefore flat as anticipated.

Reported sales of £1,881m (June 2013: £1,971m) were 5% lower than the equivalent period last year as a result of foreign exchange translation headwinds as all three of our major trading currencies – the US dollar, euro and Russian rouble – continued to depreciate against sterling. Organic sales, which adjust for the impact of foreign currency translation, were up 3%, broadly in line with overall volume growth of around 4%.

Reported underlying operating profit at £197m (June 2013: £217m) was 9% lower than the first six months of last year, while organic operating profit was flat. The 4% volume growth and the non recurring indirect tax benefit in Brazil were offset by the impact of £20m of foreign exchange translation headwinds and higher aluminium premium cost. During the first half, the premiums reached an all-time high in Europe and North America bringing the net additional cost for the first half to £7m. We expect that premiums, which are contractually passed through in North America and in some cases with European customers, will result in a headwind of c£30m for the full year 2014.

The net finance cost for the continuing business was significantly down owing to lower interest rates on successfully refinanced debt. Continuing underlying profit before tax was £166m, 2% lower than in June last year, while underlying earnings per share (EPS) rose 4% to 16.2p. This is higher than underlying earnings growth as a result of the share consolidation following the return of cash to shareholders from the sale of the Healthcare business.

The interim dividend is 5.8p per share, which represents an increase of 2% on the 2013 interim dividend. For further details, see page 19.

Net capital expenditure in continuing operations was £79m (June 2013: £91m), 1.2 times depreciation. Free cash flow from continuing operations in the first half was £48m (June 2013: £1m).

As at 30 June 2014, net debt was £1.1bn. Our credit rating is investment grade with stable outlook from both Moody's and Standard & Poor's.

Return on capital employed (ROCE) was 14.0% compared with 13.7% at the end of June 2013.

A full discussion of the statutory results can be found in the Financial Review.

Our strategic priorities as a global beverage can maker

In June we returned c£450m to our shareholders following the completion of the sale of the Healthcare business. Rexam is now a focused global beverage can business and, while our strategy has not changed markedly, we can now give our absolute focus to our strategic priorities and the challenges of our industry as we look to achieve our vision to be the best beverage can maker in the world.

The first six months of the year were challenging in terms of both sales and profit growth but we are still generating good cash flow.

Our objective is to balance growth and returns to create sustainable value for all our stakeholders. We remain committed to managing what we can control and focusing on cash, costs and Return on Capital Employed. We will create value for shareholders by investing for growth while maintaining ROCE at around 15%. We see opportunities for both bolt on acquisitions and investment in greenfield sites. However, if we cannot generate the adequate returns, we will return surplus cash to our shareholders as previously stated.

In our Annual Report 2013, we laid out the main themes to our strategy going forward, which are discussed below.

Investing with focus

Our aim is to balance growth and returns through disciplined organic investment and bolt on acquisitions.

In February, we announced that we had signed an agreement to acquire a 51% stake in the Saudi Arabian beverage can maker United Arab Can Manufacturing Limited (UAC) for US$122m. UAC is a good business with respected partners, well established customer relationships in an attractive market with good returns. It makes both cans and can ends and has an annual capacity of 1.8bn cans in standard and specialty sizes. Overall, growth prospects for beverage cans in the Middle East are good and we plan to work with our partners in UAC to lead further expansion in the region. The transaction is expected to complete in the second half of the year.

We are investing in a new plant in Widnau, Switzerland. The wall-to-wall facility has been designed for various sizes of specialty cans. The plant is being built to the latest environmental specifications and the first line is expected to come on stream at the start of 2015. It will minimise traffic to and from the site, optimise logistics cost and further enhance the sustainability credentials of the beverage can. It will also free up capacity at other Rexam can making plants in the region and help further optimise our manufacturing network.

Other significant projects underway include the investment in the expansion of our Fusion aluminium bottle capability in Ejpovice in the Czech Republic and a number of line conversions in South America to enable us to meet changing customer needs.

We are also investing in a second can plant in southern India to meet the continued growth of the beverage can market. The new plant represents an initial investment of c£50m and is expected to be operational by the second half of 2016. As part of the project we will also secure land in the north of the country where a third can plant will be located in due course.

Strengthening customer relationships

The beverage can market dynamics are changing and growth rates and industry trends vary from region to region: Europe is mainly driven by pack mix changes and has subdued growth expectations set against a fragile macroeconomic backdrop. In North America, the market continues its gradual decline while South America and AMEA, despite good long term growth prospects, remain quite volatile.

In addition, our customer base is becoming increasingly consolidated. Many are moving to a more co-ordinated, global approach to procurement as they themselves are under growing pressure to lower costs and innovate. They are also demanding a more complex product offering as they seek differentiation and shelf appeal for their products. This, in turn, is increasing the need for flexibility to provide an increasing number of specialty can sizes which subsequently commoditise. Our experience in North America indicates that this process of commoditisation is accelerating in the industry as contracts are renewed.

To respond to this shift, during the first half we made further important changes in the way we are organised and how we approach our customers. We now have key account leads to manage our main global customers. This will help to co-ordinate our approach as we seek to build long term relationships as the preferred can supplier. Our points of contact with customers are extending beyond procurement and into marketing and sustainability functions, while internally we have become more aligned across our four regions to help us better understand, anticipate and respond, as a single company, to customer needs. We have key performance indicators, monthly tracking and quarterly reviews to ensure we are executing as planned and delivering the best product offering at the best cost.

Operational excellence and efficiencies

Our core manufacturing skills are based on converting sheet metal into beverage cans. That is where we create the vast majority of our value and are able to generate sustainable competitive advantage. We have a strong track record of delivering efficiencies. In the first half of 2014, we delivered £8m in savings and remain on track to deliver our target of £20m per year.

We continue to explore alternative technologies to address industry specific constraints within the can manufacturing process and to develop solutions to lower the cost of making an ever increasing range of beverage can sizes.

At the start of the year, the world class standard of our manufacturing operations was again recognised by The Shingo Institute – a global reviewer of operational excellence. Our beverage can making plant in Enzesfeld, Austria, became our first European plant to receive Shingo accreditation while our South American headquarters in Rio de Janeiro became the first corporate office in the world to be recognised by the Institute. The two sites join five other Rexam plants that have already achieved Shingo recognition. Our pursuit of excellence continues with several of our plants currently preparing for assessment.

The internal restructuring of our business in Europe into four distinct but interdependent regions during the first quarter is helping to reduce SG&A costs but, importantly, ensures that we are even better placed to address the needs of customers in an increasingly complex market.

Shaping our future through innovation and sustainability

The ability to innovate and operate a sustainable business is crucial to the future of Rexam. Innovation adds value and is an important driver of growth and improved returns. Environmental issues are high on customers' agendas and we are establishing ourselves as partners to support our customers, as well as to maintain the 'case for the can'.

Rexam's Editions™ technology (patent pending), which was developed in Brazil in 2012 to help launch a customer campaign, has now been rolled out globally and accounts for almost 1% of our global volumes. We have realised approximately 20 different projects to date for carbonated soft drinks (CSD) and beer brands in Europe, AMEA and North and South America. The technology proved popular during the build up to the FIFA World Cup as customers sought to distinguish their products. During the first half, we also introduced Super Premium Editions™ which allows for the inclusion of colour on text, silhouettes and high definition images on cans and is seen as the next step forward in can design and printing.

Working with small but growing beverage categories has been part of our marketing strategy for a number of years. We led the way in the energy drinks segment in Europe and iced teas in North America, categories which have both grown over the years and are now an important part of our portfolio. During the first half, we continued to support craft breweries in the US which are increasingly using cans as a way to extend their distribution and develop their brand. Following the success in the US, we are taking a targeted approach to craft brewers globally. In the UK, we launched our first craft beer cans for the London based brewery, FourPure, while in South America we supplied the craft brewer, Germania, with our unique Fusion™ bottles.

Finding new categories for cans is also part of our marketing strategy. Today some 10% of Rexam's cans are sold into categories outside beer, CSD and energy. In the US, for example, the can has gained a foothold in what is termed the 'Progressive Adult Beverage' category, exemplified by flavoured malt beverages, where smaller serving sizes (typically 8oz Sleek cans) continue to grow in popularity. The 8oz Sleek can is a distinctive package, and single cans offer an ideal trialling opportunity for consumers looking to explore new flavours and products.

In India, Bisleri is the market leader in bottled water and is synonymous with the category. Their products are mostly available in plastic bottles but we recently secured a breakthrough contract with them to provide the first domestically produced 250ml cans for water for the Indian market.

Our Fusion™ bottle was launched in 2010 and has been growing at 40% per year. Customers recognise the bottle's value as a key differentiator and its ability to access new distribution channels. Our strategy has been to seed the market with small launches in all our regions, and although launch volumes are relatively small, our plant in Ejpovice in the Czech Republic is nearing capacity. The investment in a new line, planned to come on stream in 2015, will enable us to continue to develop this product and, over time, achieve meaningful scale.

Building a winning organisation

Building a winning organisation is a key element of our strategy. Ensuring our people's safety, wellbeing and development will help secure a sustainable future for our business, our customers and our shareholders. During the first half, our Lost Time Accident Rate (LTAR) performance improved and 49 of our 55 manufacturing locations were LTA free (June 2013: 43). In January, we introduced a company wide three year plan called LIFE, specifically aimed at eliminating life changing injuries and fatalities. The aim is to establish a single standard of expectation for behaviour as we renew our efforts to remove accidents from our sites, and sustain that level.

REVIEW OF OPERATIONS

We are adopting a new segmental disclosure for financial performance (Americas and Europe & Rest of World: see Note 2 to the Financial Statements on page 27) to help transparency and understanding of our business. We continue to review the trading performance of our four main regions.

Europe

After a quiet start to the year in both standard and specialty cans, trading in Europe improved significantly in the second quarter, as anticipated, and volumes during this period rose 7% driven by the UK, Benelux and Spain. Specialty cans were up 1% in the half as good growth in energy drinks was partly offset by some market share loss as we prioritised returns. As a result, our overall volume growth in Western Europe was 3% in the first half.

Trading in Russia was subdued primarily due to the weak macroeconomic backdrop. Our volumes declined by 4% due to the softness of the market and the impact on the sale of flavoured alcoholic beverages of a ban on the sale of alcohol in kiosks and regulations that restricted their opening times. A positive development is that beverage cans' share of the pack mix in Russia grew from 17% to just over 20% compared with the first six months of 2013.

We expect growth in Europe to slow down somewhat in the second half of the year and continue to expect volume to grow 2% for the full year.

Africa, Middle East & Asia

Our AMEA business saw continued strong growth in India where volumes, boosted by the introduction of 250ml can making capability, grew by more than 40% in the period, albeit from a low base. This growth was, however, offset by lower volumes in Egypt due to a slow ramp up following the conversion of the line to specialty cans, and some weakness in Turkey.

North America

In North America, our overall volume performance was in line with the market. Our standard can volumes were down 3% in line with the CSD market. Specialty can volumes were up 1% as good volume growth in Sleek and 16oz offset some softness in the larger specialty can sizes. Encouragingly, growth in Sleek and 16oz was driven by customers in a variety of beverage categories including beer, CSD and energy drinks as well as flavoured alcoholic beverages.

We have already stated that the maturing of the specialty can market in North America will have an impact on our volumes and margins going forward.

South America

Trading in South America was very strong in the first half. In all, our volumes increased 22% in the first six months, slightly ahead of the market.

Volumes in the first quarter were very strong due to good weather, customer promotions and the timing of Carnival, which extended the normally busy summer season. Volumes improved further in the second quarter driven by the FIFA World Cup.

The macroeconomic environment continues to be weak in Brazil with GDP growth expected to be less than 1% in 2014. In the second half, we expect the beverage can market growth to slow significantly as a new tax on drinks is introduced and customers revert to prioritising specialty cans to provide attractive price points with different can sizes. The conversion of our line in Brasilia is complete and we now have greater flexibility in our manufacturing footprint to meet these demands.

FINANCIAL REVIEW

Financial performance

The financial review of our business is 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 operating and financing derivatives (together 'exceptional and other items'). We believe that the underlying figures aid comparison and understanding of the Group's financial performance. The basis of preparation of the half year condensed set of financial statements is set out in note 1 on page 26.

The Healthcare business was sold in the first half of 2014. Further details of the trading results of the Healthcare business, together with the accounting impact of the disposal, are set out in 'Discontinued operations' below.

The summary Group consolidated income statements for the six months to 30 June 2014 and six months to 30 June 2013 are set out below.

6 months to 30.6.14:	Continuing operations £m	Discontinued operations (Healthcare) £m	Total operations £m
Underlying business performance[1]:			
Total sales	**1,881**	**164**	**2,045**
Underlying operating profit	**197**	**25**	**222**
Share of associates and joint ventures profit after tax	**4**	–	**4**
Underlying total net finance cost[2]	**(35)**	–	**(35)**
Underlying profit before tax	**166**	**25**	**191**
Underlying profit after tax	**125**	**15**	**140**
Exceptional and other items after tax	**(3)**	**77**	**74**
Profit for the period	**122**	**92**	**214**
Underlying earnings per share (p)	**16.2**		**18.1**
Basic earnings per share (p)	**15.8**		**27.7**
Dividend per share (p)			**5.8**

6 months to 30.6.13:	Continuing operations £m	Discontinued operations (Healthcare) £m	Total operations £m
Underlying business performance[1]:			
Total sales	1,971	224	2,195
Underlying operating profit	217	23	240
Share of associates and joint ventures profit after tax	4	–	4
Underlying total net finance cost[2]	(52)	–	(52)
Underlying profit before tax	169	23	192
Underlying profit after tax	124	14	138
Exceptional and other items after tax	(30)	(2)	(32)
Profit for the period	94	12	106
Underlying earnings per share (p)	15.6		17.3
Basic earnings per share (p)	11.8		13.3
Dividend per share (p)			5.7

1 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 restructuring and integration of businesses, significant changes to retirement benefit obligations, gains or losses on the disposal of businesses, goodwill impairments, major asset impairments and disposals and significant litigation and tax claims. Other items comprise the amortisation of certain acquired intangible assets (customer contracts and relationships and technology and patents) and fair value changes on certain operating and financing derivatives.

2 Underlying total net finance cost for total operations of £35m (June 2013: £52m) comprises net interest of £27m (June 2013: £44m) and retirement benefit obligations net interest cost of £8m (June 2013: £8m).

A summary of the statutory performance is set out below.

	6 months to 30.6.14 £m	6 months to 30.6.13 £m
Continuing operations:		
Sales	**1,881**	1,971
Profit before tax	**164**	128
Profit after tax	**122**	94
Discontinued operations – profit for the period	**92**	12
Profit for the period attributable to Rexam PLC	**214**	106
Basic earnings per share (p)	**27.7**	13.3

Results on a statutory basis include the effects of currency translation, exceptional and other items, and discontinued operations. The exceptional and other items, and the results of discontinued operations are described in more detail on pages 11 to 13. For continuing operations, sales were £1,881m (June 2013: £1,971m) and profit before tax including exceptional and other items was £164m (June 2013: £128m). Total profit after tax for the period, including the results of discontinued operations, was £214m (June 2013: £106m) and total basic earnings per share was 27.7p (June 2013: 13.3p).

The following tables, showing sales and underlying operating profit, compare the continuing operations on a consistent basis to demonstrate 'like for like' trading performance. This basis excludes Healthcare which has been sold in the period. Organic change is the year on year change arising on continuing operations at constant exchange rates.

In order to provide additional transparency of the underlying business performance, two segments are now presented following the disposal of Healthcare; Beverage Cans Europe & Rest of World ("ROW") and Beverage Cans Americas.

Analysis of sales movement

	Beverage Cans Europe & ROW £m	Beverage Cans Americas £m	Total £m
Continuing operations sales reported 6 months to 30.6.13	912	1,059	1,971
Currency fluctuations	(60)	(82)	(142)
Continuing operations 6 months to 30.6.13 pro forma basis	852	977	1,829
Organic change in sales	6	46	52
Continuing operations sales reported 6 months to 30.6.14	**858**	**1,023**	**1,881**

Organic sales, which exclude the impact of discontinued operations and currency, increased by £52m, or 3%. This included the negative pass through of lower aluminium costs (£43m). Excluding this impact, sales were £95m higher than the prior year. Volumes improved significantly in South America in both standard and specialty cans due to good weather, the timing of Carnival and the FIFA World Cup. Volumes in Western Europe also grew, whilst in North America and Russia volumes were below last year, reflecting softening market demand.

Analysis of underlying operating profit movement

	Beverage Cans Europe & ROW £m	Beverage Cans Americas £m	Total £m
Continuing operations underlying operating profit reported 6 months to 30.6.13	101	116	217
Currency fluctuations	(10)	(10)	(20)
Continuing operations 6 months to 30.6.13 pro forma basis	91	106	197
Organic change in underlying operating profit	(6)	6	0
Continuing operations underlying operating profit reported 6 months to 30.6.14	**85**	**112**	**197**

Analysis of the organic change in underlying operating profit:

	Total £m
Sales price and cost changes	(23)
Volume and mix changes	15
Efficiency and other savings	8
Organic change in underlying operating profit	0

Underlying operating profit, after adjusting for the impact of discontinued operations and currency, was in line with prior year at £197m. Sales price and cost changes were adverse in the first half, predominantly from higher aluminium premium costs, the mix impact of commoditising specialty cans in North America and pricing pressure in Russia, partly offset by higher volumes and a one off indirect tax benefit in Brazil. Operating profit benefitted from strong volume growth in South America. Efficiency savings totalled £8m and comprised metal savings and energy cost reductions.

Profit after tax from our joint venture in Guatemala and associate in South Korea was £4m (June 2013: £4m).

Exchange rates

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

	6 months to 30.6.14	6 months to 30.6.13	Year to 31.12.13
Average:			
Euro	**1.22**	1.18	1.18
US dollar	**1.67**	1.54	1.56
Russian rouble	**58.45**	47.91	49.87
Closing:			
Euro	**1.25**	1.17	1.20
US dollar	**1.70**	1.53	1.65
Russian rouble	**57.71**	50.01	54.48

Consolidated income statement

The US dollar, the euro and the Russian rouble are the principal currencies that normally 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 2014:

	Sales £m	Underlying operating profit £m
Euro	**(14)**	**(1)**
US dollar	**(85)**	**(10)**
Russian rouble	**(25)**	**(8)**
Other currencies	**(18)**	**(1)**
	(142)	**(20)**

In addition to the translation exposure, the Group is also exposed to movements in exchange rates on certain transactions. These are principally movements in the US dollar/euro and the US dollar and euro/Russian rouble on the European operations and the US dollar/Brazilian real on the South American operations. These exposures are largely hedged and therefore did not materially 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 decreased net borrowings by £31m and equity by £62m in the period.

Underlying total net finance cost

The underlying total net finance cost for continuing operations comprises:

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Net interest	**(27)**	(44)	(70)
Retirement benefit obligations net interest cost	**(8)**	(8)	(16)
Underlying total net finance cost	**(35)**	(52)	(86)

The underlying total net interest cost for continuing operations decreased by £17m to £27m (June 2013: £44m). The overall average interest rate during the period was around 4% (June 2013: 6%), reflecting the repayment of higher cost bonds in 2013. Based on continuing underlying operating profit, interest cover was 7.3 times compared with 4.9 times for the six months to June 2013. Interest cover is based on underlying operating profit from continuing operations 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 continuing operations for the six months to 30 June 2014 was £41m (25%) (June 2013: £45m (27%)). This rate was also the rate reported for the year ended 31 December 2013 and is expected to be the rate for the year to 31 December 2014, reflecting the mix of territories in which we operate, offset in part by the availability of tax incentives in some jurisdictions. The tax charge on profit before exceptional and other items for the six months to 30 June 2014 on total operations was £51m (27%) (June 2013: £54m (28%)). This rate is higher than for continuing operations as the Healthcare operations which have been included in discontinued operations are generally in more highly taxed territories.

Tax cash payments in the first half of the year for continuing operations were £28m compared with £35m for the equivalent period last year with £nil (June 2013: £5m) being borne by discontinued operations. The reduction in cash payments from discontinued operations is due to the receipt of some repayments in the period, as well as the completion of the disposals during the first half of the year. We anticipate cash tax on continuing operations to continue to be lower than the charge to the income statement.

Exceptional and other items

The exceptional and other items arising in 2014 in respect of total operations are as follows:

	Continuing operations £m	Discontinued operations £m	Total operations £m
Exceptional and other items included in operating profit:			
Restructuring of businesses and other	**(9)**	**2**	**(7)**
Amortisation of certain acquired intangible assets	**(1)**	**–**	**(1)**
Fair value changes on certain operating derivatives	**9**	**–**	**9**
Total exceptional and other items included in operating profit	**(1)**	**2**	**1**
Fair value changes on financing derivatives	**(1)**	**–**	**(1)**
Total exceptional and other items before tax	**(2)**	**2**	**–**
Tax on exceptional and other items	**(1)**	**–**	**(1)**
Disposal of businesses (net of tax)	**–**	**75**	**75**
Exceptional and other items after tax	**(3)**	**77**	**74**

Exceptional items

Restructuring of businesses and other

The charge of £9m includes reorganisation costs for the European beverage cans business and costs incurred on conversion of steel lines to aluminium, along with £2m relating to legacy legal provisions.

Disposal of businesses

The gain of £75m relates to the completion of the disposal of Healthcare as described in 'Discontinued operations' below.

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 £1m before tax (June 2013: £1m) for continuing operations aids comparison of organic change in underlying profit.

Operating derivatives fair value changes

Fair value changes on operating derivatives relate to changes in the value of commodity hedges for the forward purchase of aluminium and the fair value movements on non hedge accounted foreign exchange contracts. Accounting rules require that the effectiveness of our commodity hedges is tested at each reporting period. Where a hedge is deemed to be effective, the fair value change is recorded in the relevant hedge reserve and where it is ineffective, or there is over hedging, the relevant proportion of the fair value is charged or credited to the consolidated income statement.

Effectiveness on our aluminium forward deals is calculated by comparing the value of the forward deals to the value of our underlying hedged item; for Rexam this is principally aluminium coil. Current accounting rules require that the ingot conversion cost and metal premium of our aluminium coil is included when calculating the effectiveness of our underlying hedged item, despite the fact that we only hedge the underlying LME portion of the aluminium coils. Revised accounting standards are being drafted which will address this particular anomaly but they are not currently expected to be implemented before 2017.

In 2014, the effect of the movement in conversion costs against the movement in the aluminium price resulted in aluminium hedges failing the effectiveness test. Once a hedge has failed an effectiveness test, accounting standards do not allow for it to be retrospectively re-designated and therefore fair value movements will continue to be recorded in the income statement. The increase in aluminium prices on these failed aluminium hedges has given rise to a gain of £8m (June 2013: charge of £41m). There was also a gain of £1m (June 2013: gain of £2m) relating to fair value changes on certain non-hedged accounted foreign exchange contracts.

This accounting treatment can give rise to income statement volatility up to the date the hedge matures and management believe that it is more appropriate to exclude any such movements from underlying profit. As the hedge matures, at which point the cost will be substantially passed onto our customers, any realised gain or loss on the hedge is reversed in full from fair value changes on operating derivatives and recognised within 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 half year was a net loss of £1m (June 2013: net loss £1m).

Discontinued operations – Healthcare

The Healthcare businesses were disposed of in the period. The Pharma and Prescription businesses were sold on 2 May and the Closures business sold on 2 June.

	Healthcare 6 months to 30.6.14 £m	Healthcare 6 months to 30.6.13 £m
Sales	**164**	224
Underlying operating profit	**25**	23
Underlying profit before tax	**25**	23
Underlying profit after tax	**15**	14
Exceptional and other items:		
Restructuring of businesses	**2**	(3)
Amortisation of certain acquired intangible assets	**–**	(8)
Tax on exceptional and other items	**–**	3
Exceptional and other items after tax	**2**	(8)
Profit on disposal (net of tax)	**75**	6
Profit for the period after tax	**92**	12

Healthcare's underlying operating profit was £25m, £2m higher than 2013 due to growth in the Pharma and Prescription businesses.

An impairment review on the carrying value of Healthcare was carried out in the second half of 2013, giving rise to an impairment charge before tax of £233m. The disposal of Healthcare in 2014 resulted in a gain of £75m, principally due to a positive foreign exchange translation movement in reserves which has been recycled back to the income statement on disposal, partly offset by a movement in deferred tax assets relating to the disposal.

Earnings per share

	6 months to 30.6.14 Pence	6 months to 30.6.13 Pence	Year to 31.12.13 Pence
Underlying earnings per share (pence):			
Continuing operations	**16.2**	15.6	35.3
Total operations	**18.1**	17.3	40.6
Basic earnings per share total operations (pence)	**27.7**	13.3	12.0
Average number of shares in issue (millions)[1]	**773.9**	796.8	791.3
Period end number of shares in issue (millions)	**704.1**	791.6	792.0

1 The calculation of the average number of shares excludes 3.4m shares held by the Rexam Employee Share Trust (June 2013: 6.0m, December 2013: 5.8m).

Underlying earnings per share from continuing operations was 4% higher at 16.2p compared with 15.6p in the comparable period. The average number of shares in issue has reduced following the share consolidation in June 2014 that accompanied the return of cash. Basic earnings per share from total operations, which includes exceptional and other items and discontinued operations, was 27.7p (June 2013:13.3p).

Retirement benefits

Retirement benefit obligations (net of tax) on the balance sheet at 30 June 2014 were £281m compared with £288m at 31 December 2013. This reduction was principally due to cash contributions, partly offset by actuarial losses, included in the consolidated statement of comprehensive income.

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

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Defined benefit pension plans	**21**	23	46
Other pension plans	**3**	5	7
Retiree medical	**4**	5	9
Total cash payments	**28**	33	62

In 2012, the trustees of the UK defined benefit plan agreed a six year escrow investment with contributions of £10m in 2012 and £15m for each of the following five years. At each subsequent valuation date, the assets in escrow will either be allocated to the plan, to Rexam PLC or remain in escrow subject to the funding position of the plan. As at June 2014 £33m had been paid into the escrow investment.

It is expected that the total cash payments for the full year to defined benefit pension plans will be approximately £44m compared with £46m in 2013, excluding amounts paid into escrow.

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

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Defined benefit pension plans	**(6)**	(7)	(12)
Retiree medical – interest on liabilities	**(2)**	(1)	(4)
Net interest cost	**(8)**	(8)	(16)

The retirement benefit obligations net interest cost remained at £8m (June 2013: £8m).

Cash flow

Free cash flow from continuing operations for the period was £48m compared with £1m for the six months to June 2013. Working capital outflow from continuing operations in the first half was £69m, slightly lower than the £77m outflow in the equivalent prior period. Capital expenditure from continuing operations was £12m lower than 2013 due to the phasing of projects. Other movements include a £16m cash settlement of the 2011 long term incentive plan awards for which the income statement charge was recorded over the related three year period (2011–2014). The reduction in net interest and tax paid is primarily due to lower interest cash costs following the repayment of higher cost bonds in 2013. In the first half c£450m, arising from the sale of Healthcare, was returned to shareholders.

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Continuing operations:			
Underlying operating profit	**197**	217	449
Depreciation and amortisation[1]	**69**	70	143
Retirement benefit obligations	**(15)**	(15)	(32)
Change in working capital	**(69)**	(77)	(49)
Restructuring costs	**(4)**	(4)	(6)
Other movements	**(3)**	(15)	1
Cash generated from operations	**175**	176	506
Capital expenditure (net)	**(79)**	(91)	(186)
Net interest and tax paid	**(54)**	(84)	(140)
Loan from joint venture	**6**	–	–
Free cash flow from continuing operations	**48**	1	180
Free cash flow from discontinued operations	**(31)**	(1)	5
Free cash flow	**17**	–	185
Equity dividends	**(92)**	(80)	(125)
Business cash flow	**(75)**	(80)	60
Acquisitions	**(3)**	–	–
Disposals[2]	**541**	(10)	(23)
Net cash flow	**463**	(90)	37
Return of cash to shareholders	**(450)**	(393)	(393)
Pension escrow investment	**(8)**	(18)	(25)
Other share capital changes	**(7)**	(19)	(17)
Exchange differences	**31**	(75)	–
Other non cash movements	**(1)**	10	8
Net borrowings at the beginning of the period	**(1,171)**	(781)	(781)
Net borrowings at the end of the period[3]	**(1,143)**	(1,366)	(1,171)

1 Excludes amortisation of certain acquired intangibles amounting to £1m (June 2013: £1m, December 2013: £2m).
2 Disposal proceeds include £80m in respect of borrowings disposed (June 2013: £nil, December 2013: £nil).
3 Net borrowings comprise borrowings £1,410m (June 2013: £1,634m, December 2013: £1,480m) less cash and cash equivalents £197m (June 2013: £156m, December 2013: £211m) and certain financing derivatives £70m (June 2013: £112m, December 2013: £98m).

Capital expenditure – continuing operations

	6 months to 30.6.14	6 months to 30.6.13	Year to 31.12.13
Capital expenditure (gross) (£m)	**80**	91	187
Depreciation and amortisation (£m)	**69**	70	143
Ratio (times)	**1.2**	1.3	1.3

Capital expenditure includes computer software that has been capitalised. Amortisation excludes £1m (June 2013: £1m, December 2013: £2m) 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 £80m, 1.2 times underlying depreciation and amortisation. The principal projects in Beverage Cans are to support market growth in Europe, India and South America, further investment in our Fusion™ bottle and the development of specialty can products globally.

It is anticipated that capital expenditure for the year for continuing operations will be around 1.4 times depreciation and amortisation, arising mainly on the projects outlined above.

Balance sheet and borrowings

	As at 30.6.14 £m	As at 30.6.13 £m	As at 31.12.13 £m
Goodwill and other intangible assets	**1,222**	1,335	1,266
Property, plant and equipment	**1,212**	1,299	1,257
Retirement benefits net of tax	**(281)**	(297)	(288)
Net assets classified as held for sale	**–**	781	533
Other net assets	**317**	285	272
	2,470	3,403	3,040
Equity including non controlling interests	**1,327**	2,037	1,869
Net borrowings[1]	**1,143**	1,366	1,171
	2,470	3,403	3,040
Return on capital employed (%)[2]	**14.0**	13.7	15.5
Net borrowings/EBITDA[3]	**2.0**	2.1	1.8
Interest cover (times)[4]	**7.3**	4.9	6.4
Gearing (%)[5]	**86**	67	63

1 Net borrowings comprise borrowings, cash and cash equivalents and financing derivatives.
2 Based on underlying operating profit plus share of associates and joint ventures profit after tax from total operations 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 continuing operations results for the six month periods and adding the actual Healthcare operating profit to the date of disposal.
3 Based on net borrowings divided by EBITDA which is underlying operating profit after adding back depreciation and amortisation, excluding amortisation of certain acquired intangible assets, from continuing operations (June 2013 and December 2013: total operations). EBITDA for the six month periods is based on the last 12 months.
4 Based on underlying operating profit from continuing operations divided by underlying net interest expense from continuing operations.
5 Based on net borrowings divided by equity including non controlling interests.

Return on capital employed (ROCE) has increased from 13.7% in June 2013 to 14.0% based on the annualised first half profit. We are committed to maintaining ROCE at around 15% and expect to be around this level by the end of the year. Net borrowings have decreased marginally from £1,171m at December 2013 to £1,143m at June 2014. Movement in net borrowings included net proceeds from the sale of Healthcare of £461m, of which c£450m was returned to shareholders. Equity has reduced principally due to the return of cash and the dividend payment. Consequently, gearing has increased from 63% at December 2013 to 86%. The Group remains comfortably within its debt covenants and has committed debt facility headroom of around £0.8bn.

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

	As at 30.6.14 £m	As at 30.6.13 £m	As at 31.12.13 £m
Net borrowings excluding financing derivatives	**1,213**	1,478	1,269
Financing derivatives	**(70)**	(112)	(98)
Net borrowings	**1,143**	1,366	1,171

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 30.6.14 £m	As at 30.6.13 £m	As at 31.12.13 £m
Cross currency swaps	**74**	118	105
Interest rate swaps	**(7)**	(8)	(8)
Forward foreign exchange contracts	**3**	2	1
Financing derivatives included in net borrowings	**70**	112	98
Other derivatives	**(18)**	(57)	(37)
Total derivatives	**52**	55	61

The decrease in value of the other derivatives liability during the first half of 2014 was due mainly to the increase in aluminium prices.

Risks

Effective management of risk is essential to the achievement of our business objectives and to the protection of our people, assets and reputation, in the constantly changing environment in which we operate. Risk management is also part of our focus on operational excellence and our longer term business sustainability and it is therefore a key strategic priority for the Group.

As set out in the Strategic Report within the Annual Report 2013, the Group has a formal risk management process in place and we strive to embed risk management into our day to day operations, to ensure that risks are properly identified, monitored, assessed and managed at the appropriate level of the business.

The Group faces a wide range of risks, the main ones being market, operational, environmental, social, governance as well as financial. These risks, together with their mitigating actions, are monitored and reviewed by the executive leadership team, the Audit and Risk Committee and the Board on a regular basis.

The principal risks and key mitigating actions are described in more detail in the Annual Report 2013 on pages 28 to 33 and in Note 25 to the consolidated financial statements therein; they have not changed materially in the period.

Detailed below is a summary of the key risks and uncertainties the Group faces at the date of this announcement. These do not comprise all of the risks that may affect the Group as some risks may be unknown at present or those currently regarded as immaterial may turn out to be material in the future. These risks are not listed in any order of priority and some of them are beyond the control of the Group.

- Strategic risks
  - Continued economic slowdown and political and financial impact from country based instability
  - Changes in consumer tastes, nutritional preferences, health and environment related concerns
  - Changes in packaging legislation and regulatory environment
  - Insufficient talent and knowledge capital
- Business operations risks
  - Competitive environment trends
  - Aluminium and other input costs increase
  - Environmental, fire, health and safety, including business interruption
  - Cyber attack and data security
- Financial risks
  - Funding, tax and other financial risks
  - Counterparty default
  - Pension deficit
  - Fraud, bribery and internal control failure

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

Going concern

The Group has considerable financial resources together with established agreements with a number of key customers and suppliers across different geographic areas and markets. The financial resources include £2.1bn of debt facilities, of which £0.8bn are undrawn, with the next significant maturity due in November 2018 (£0.8bn). The directors believe that the Group is well placed to manage its business despite the economic environment which increases risks and uncertainties.

The directors, having made appropriate enquiries, are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing this half year condensed set of financial statements.

Interim dividend

The Board increased the interim dividend by 2% to 5.8p per share. The interim dividend will be paid on 18 September 2014 to holders of shares registered on 22 August 2014.

Summary and outlook

Results for the half year are in line with our expectations. Trading in the second quarter improved in all regions with volume growth in Europe improving as anticipated and North America performing in line with the market. South America grew very strongly as we saw a significant benefit from customer activity around the FIFA World Cup.

The sale of the Healthcare business and the return of c£450m of proceeds to shareholders marked the end of our portfolio transformation. Rexam is now a focused global beverage can maker. Our aim is to be the best in the industry by maintaining a strong focus on cash, cost and return on capital employed and delivering the right balance of growth and returns.

Despite ongoing foreign exchange translation headwinds and metal premium cost at an all-time high, the business is in good shape operationally and we continue to expect to make further progress in 2014 on a constant currency basis.

CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited 6 months to 30.6.14 £m	Unaudited 6 months to 30.6.13 £m	Audited year to 31.12.13 £m
Continuing operations				
Sales	2	**1,881**	1,971	3,943
Operating expenses		**(1,685)**	(1,794)	(3,526)
Underlying operating profit	2	**197**	217	449
Exceptional items	3	**(9)**	–	(6)
Amortisation of certain acquired intangible assets		**(1)**	(1)	(2)
Fair value changes on certain operating derivatives		**9**	(39)	(24)
Operating profit	2	**196**	177	417
Share of post tax profits of associates and joint ventures		**4**	4	9
Retirement benefit obligations net interest cost	4	**(8)**	(8)	(16)
Underlying interest expense		**(30)**	(48)	(76)
Fair value changes on financing derivatives		**(1)**	(1)	(1)
Interest expense	6	**(31)**	(49)	(77)
Interest income	6	**3**	4	6
Underlying profit before tax		**166**	169	372
Exceptional items	3	**(9)**	–	(6)
Amortisation of certain acquired intangible assets		**(1)**	(1)	(2)
Fair value changes on derivatives		**8**	(40)	(25)
Profit before tax		**164**	128	339
Tax on underlying profit	7	**(41)**	(45)	(93)
Tax on exceptional items	3	**1**	–	1
Tax on fair value changes on derivatives		**(2)**	11	6
Tax		**(42)**	(34)	(86)
Profit for the period from continuing operations		**122**	94	253
Discontinued operations				
Profit/(loss) for the period from discontinued operations	5	**92**	12	(158)
Total profit for the period		**214**	106	95
Underlying earnings per share (pence)	8			
Continuing operations		**16.2**	15.6	35.3
Discontinued operations		**1.9**	1.7	5.3
Total		**18.1**	17.3	40.6
Basic earnings/(loss) per share (pence)	8			
Continuing operations		**15.8**	11.8	32.0
Discontinued operations		**11.9**	1.5	(20.0)
Total		**27.7**	13.3	12.0
Diluted earnings/(loss) per share (pence)	8			
Continuing operations		**15.6**	11.7	31.6
Discontinued operations		**11.8**	1.4	(20.0)
Total		**27.4**	13.1	11.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 30.6.14 £m	Unaudited 6 months to 30.6.13 £m	Audited Year to 31.12.13 £m
Total profit for the financial period	**214**	106	95
Other comprehensive (loss)/income for the period:			
Items that will not be reclassified to profit or loss:			
Retirement benefits and other: actuarial (losses)/gains	**(8)**	98	74
Retirement benefits and other: tax on actuarial (losses)/gains	**2**	(33)	(26)
Total items that will not be reclassified to profit or loss	**(6)**	65	48
Items that may be reclassified to profit or loss:			
Exchange differences before recognition of net investment hedges	**(81)**	96	(37)
Net investment hedges recognised	**19**	(29)	(1)
Exchange differences recognised in the income statement on disposal of businesses	**(152)**	–	–
Cash flow hedges recognised	**2**	(32)	(45)
Cash flow hedges transferred from inventory	**9**	34	54
Cash flow hedges transferred from/(to) the income statement	**1**	(5)	(7)
Cash flow hedges transferred to property, plant and equipment	**–**	(2)	(1)
Tax on cash flow hedges	**(2)**	–	(1)
Total items that may be reclassified to profit or loss	**(204)**	62	(38)
Total other comprehensive (loss)/income for the period	**(210)**	127	10
Total comprehensive income for the period	**4**	233	105
Continuing operations	**80**	169	272
Discontinued operations	**(76)**	64	(167)
Total comprehensive income for the period	**4**	233	105

CONSOLIDATED BALANCE SHEET

	Notes	Unaudited as at 30.6.14 £m	Unaudited as at 30.6.13 £m	Audited as at 31.12.13 £m
ASSETS				
Non current assets				
Goodwill	10	**1,191**	1,295	1,232
Other intangible assets	11	**31**	40	34
Property, plant and equipment	12	**1,212**	1,299	1,257
Investments in associates and joint ventures		**80**	72	76
Pensions assets		**–**	8	–
Insurance backed assets		**20**	22	20
Deferred tax assets		**202**	247	270
Trade and other receivables		**163**	115	157
Derivative financial instruments	14/15	**184**	246	215
		3,083	3,344	3,261
Current assets				
Inventories		**422**	492	466
Insurance backed assets		**2**	2	2
Trade and other receivables		**580**	537	479
Derivative financial instruments	14/15	**9**	55	27
Current tax		**–**	8	–
Cash and cash equivalents	14/15	**197**	156	211
		1,210	1,250	1,185
Assets classified as held for sale		**–**	938	693
		1,210	2,188	1,878
Total assets	2	**4,293**	5,532	5,139
LIABILITIES				
Current liabilities				
Borrowings	14/15	**(299)**	(390)	(299)
Derivative financial instruments	14/15	**(26)**	(57)	(39)
Current tax		**(16)**	–	(3)
Trade and other payables		**(706)**	(735)	(702)
Provisions	13	**(19)**	(22)	(28)
		(1,066)	(1,204)	(1,071)
Liabilities classified as held for sale		**–**	(157)	(160)
		(1,066)	(1,361)	(1,231)
Non current liabilities				
Borrowings	14/15	**(1,111)**	(1,244)	(1,181)
Derivative financial instruments	14/15	**(115)**	(189)	(142)
Retirement benefit obligations	4	**(404)**	(439)	(417)
Deferred tax liabilities		**(48)**	(47)	(54)
Non current tax		**(68)**	(84)	(78)
Other payables		**(84)**	(54)	(89)
Provisions	13	**(70)**	(77)	(78)
		(1,900)	(2,134)	(2,039)
Total liabilities	2	**(2,966)**	(3,495)	(3,270)
Net assets		**1,327**	2,037	1,869
Equity				
Ordinary share capital		**566**	565	566
Non equity B shares		**1**	–	–
Share premium account		**422**	601	602
Capital redemption reserve		**925**	746	746
Retained loss		**(438)**	(30)	(100)
Other reserves		**(149)**	155	55
Shareholders' equity		**1,327**	2,037	1,869

Approved by the Board on 1 August 2014

Graham Chipchase, Chief Executive

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Unaudited 6 months to 30.6.14 £m	Unaudited 6 months to 30.6.13 £m	Audited year to 31.12.13 £m
Cash flows from operating activities				
Cash generated from operations	16	**153**	192	564
Interest paid		**(29)**	(54)	(78)
Tax paid		**(28)**	(40)	(77)
Net cash flows from operating activities		**96**	98	409
Cash flows from investing activities				
Capital expenditure		**(95)**	(105)	(232)
Proceeds from sale of property, plant and equipment		**7**	2	1
Disposal of businesses	5	**461**	(10)	(23)
Pension escrow investment		**(8)**	(8)	(15)
Loan from joint venture		**6**	–	–
Interest received		**3**	5	7
Other investing activities		**(3)**	–	–
Net cash flows from investing activities		**371**	(116)	(262)
Cash flows from financing activities				
Proceeds from borrowings	14	**71**	430	349
Repayment of borrowings	14	**(25)**	(1,050)	(1,050)
Return of cash to shareholders	17	**(450)**	(393)	(393)
Proceeds from issue of share capital on exercise of share options		**–**	4	6
Purchase of Rexam PLC shares by Employee Share Trust		**(7)**	(23)	(23)
Dividends paid to equity shareholders	9	**(92)**	(80)	(125)
Other financing items		**5**	4	14
Net cash flows from financing activities		**(498)**	(1,108)	(1,222)
Net decrease in cash and cash equivalents		**(31)**	(1,126)	(1,075)
Cash and cash equivalents at the beginning of the period		**191**	1,249	1,249
Exchange differences and other non cash items		**1**	29	17
Net decrease in cash and cash equivalents		**(31)**	(1,126)	(1,075)
Cash and cash equivalents at the end of the period		**161**	152	191
Cash and cash equivalents comprise:				
Cash at bank and in hand		**103**	50	66
Short term bank and money market deposits		**94**	106	145
Bank overdrafts		**(36)**	(4)	(20)
		161	152	191

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained loss £m	Other reserves £m	Shareholders' equity £m
At 1 January 2014	**566**	**602**	**746**	**(100)**	**55**	**1,869**
Profit for the period	**–**	**–**	**–**	**214**	**–**	**214**
Retirement benefits and other: actuarial losses	**–**	**–**	**–**	**(8)**	**–**	**(8)**
Retirement benefits and other: tax on actuarial losses	**–**	**–**	**–**	**2**	**–**	**2**
Exchange differences before recognition of net investment hedges	**–**	**–**	**–**	**–**	**(81)**	**(81)**
Net investment hedges recognised	**–**	**–**	**–**	**–**	**19**	**19**
Exchange differences recognised on the disposal of businesses	**–**	**–**	**–**	**–**	**(152)**	**(152)**
Cash flow hedges recognised	**–**	**–**	**–**	**–**	**2**	**2**
Cash flow hedges transferred from inventory	**–**	**–**	**–**	**–**	**9**	**9**
Cash flow hedges transferred from the income statement	**–**	**–**	**–**	**–**	**1**	**1**
Tax on cash flow hedges	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Other comprehensive loss for the period	**–**	**–**	**–**	**(6)**	**(204)**	**(210)**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**208**	**(204)**	**4**
Share options: value of services provided	**–**	**–**	**–**	**4**	**–**	**4**
Share options: tax directly in reserves	**–**	**–**	**–**	**1**	**–**	**1**
Purchase of Rexam PLC shares by Employee Share Trust	**–**	**–**	**–**	**(7)**	**–**	**(7)**
Return of cash to shareholders	**1**	**(180)**	**179**	**(452)**	**–**	**(452)**
Dividends paid	**–**	**–**	**–**	**(92)**	**–**	**(92)**
Total transactions with owners recognised directly in equity	**1**	**(180)**	**179**	**(546)**	**–**	**(546)**
At 30 June 2014	**567**	**422**	**925**	**(438)**	**(149)**	**1,327**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Retained (loss)/ earnings £m	Other reserves £m	Shareholders' equity £m
At 1 January 2013	565	992	351	286	93	2,287
Profit for the period	–	–	–	106	–	106
Retirement benefits and other: actuarial gains	–	–	–	98	–	98
Retirement benefits and other: tax on actuarial gains	–	–	–	(33)	–	(33)
Exchange differences before recognition of net investment hedges	–	–	–	–	96	96
Net investment hedges recognised	–	–	–	–	(29)	(29)
Cash flow hedges recognised	–	–	–	–	(32)	(32)
Cash flow hedges transferred from inventory	–	–	–	–	34	34
Cash flow hedges transferred to property, plant and equipment	–	–	–	–	(2)	(2)
Cash flow hedges transferred to the income statement	–	–	–	–	(5)	(5)
Other comprehensive income for the period	–	–	–	65	62	127
Total comprehensive income for the period	–	–	–	171	62	233
Share options: proceeds from shares issued	–	4	–	–	–	4
Share options: value of services provided	–	–	–	4	–	4
Share options: tax directly in reserves	–	–	–	5	–	5
Purchase of Rexam PLC shares by Employee Share Trust	–	–	–	(23)	–	(23)
Return of cash to shareholders	–	(395)	395	(393)	–	(393)
Dividends paid	–	–	–	(80)	–	(80)
Total transactions with owners recognised directly in equity	–	(391)	395	(487)	–	(483)
At 30 June 2013	565	601	746	(30)	155	2,037

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Retained (loss)/ earnings £m	Other reserves £m	Shareholders' equity £m
At 1 January 2013	565	992	351	286	93	2,287
Profit for the year	–	–	–	95	–	95
Retirement benefits and other: actuarial gains	–	–	–	74	–	74
Retirement benefits and other: tax on actuarial gains	–	–	–	(26)	–	(26)
Exchange differences before recognition of net investment hedges	–	–	–	–	(37)	(37)
Net investment hedges recognised	–	–	–	–	(1)	(1)
Cash flow hedges recognised	–	–	–	–	(45)	(45)
Cash flow hedges transferred from inventory	–	–	–	–	54	54
Cash flow hedges transferred to property, plant and equipment	–	–	–	–	(1)	(1)
Cash flow hedges transferred to the income statement	–	–	–	–	(7)	(7)
Tax on cash flow hedges	–	–	–	–	(1)	(1)
Other comprehensive income/(loss) for the period	–	–	–	48	(38)	10
Total comprehensive income/(loss) for the period	–	–	–	143	(38)	105
Share options: proceeds from shares issued	1	5	–	–	–	6
Share options: value of services provided	–	–	–	8	–	8
Share options: dividend equivalent equity settled options	–	–	–	(1)	–	(1)
Share options: tax directly in reserves	–	–	–	5	–	5
Purchase of Rexam PLC shares by Employee Share Trust	–	–	–	(23)	–	(23)
Return of cash to shareholders	–	(395)	395	(393)	–	(393)
Dividends paid	–	–	–	(125)	–	(125)
Total transactions with owners recognised directly in equity	1	(390)	395	(529)	–	(523)
At 30 December 2013	566	602	746	(100)	55	1,869

NOTES

1 Basis of preparation

This condensed set of financial statements in the half year report for the six months to 30 June 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct 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 2013 which were prepared in accordance with IFRS as adopted by the European Union. This condensed set of financial statements has been reviewed by PricewaterhouseCoopers LLP, not audited.

In preparing this condensed set of financial statements, the segment analysis has been restated to reflect the disclosure of two reportable segments for the Beverage Cans business, Americas and Europe & Rest of World. Previously only one reportable segment, Beverage Cans, was disclosed. See note 2.

IFRS10 'Consolidated Financial Statements' has been adopted by the Group for the first time for the financial year beginning on 1 January 2014. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements. IFRS10 did not have a material impact on the Group.

In all other respects, the accounting policies adopted in this condensed set of financial statements are consistent with those set out in the annual financial statements for the year to 31 December 2013.

There are no other IFRSs or IFRS Interpretation Committee interpretations not yet effective that would be expected to have a material impact on the Group.

The Group meets its working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. The directors, having made appropriate enquiries, are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing this half year condensed set of financial statements.

This 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 2013 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.

The Group 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 certain operating derivatives which are not hedge accounted and 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 not, therefore, 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 performance.

2 Segment analysis

For internal reporting, Rexam is organised into four operating segments for Beverage Cans based on the geographical locations of Europe, AMEA (Africa, Middle East and Asia), North America and South America. For external reporting, the four operating segments for Beverage Cans are combined into two reportable segments, Americas and Europe & Rest of World. Previously the four operating segments were combined into one reportable segment. Beverage Cans comprise aluminium and steel cans for a wide variety of beverages including carbonated soft drinks, beer and energy drinks.

(i) Results	Sales £m	Underlying operating profit[1] £m	Underlying return on sales[2] %	Underlying return on net assets[3] %	Exceptional and other items[4] £m	Profit £m
6 months to 30.6.14						
Continuing operations						
Beverage Cans – Americas	**1,023**	**112**	**10.9**	**31.4**	**2**	**114**
Beverage Cans – Europe & Rest of World	**858**	**85**	**9.9**	**21.4**	**(3)**	**82**
Total Beverage Cans	**1,881**	**197**	**10.5**	**26.1**	**(1)**	**196**
Share of post tax profits of associates and joint ventures						**4**
Retirement benefit obligations net interest cost						**(8)**
Net interest expense						**(28)**
Profit before tax						**164**
Tax						**(42)**
Profit for the period from continuing operations						**122**
Discontinued operations						
Profit for the period from discontinued operations						**92**
Total profit for the period						**214**
6 months to 30.6.13 – restated						
Continuing operations						
Beverage Cans – Americas	1,059	116	11.0	33.3	(13)	103
Beverage Cans – Europe & Rest of World	912	101	11.1	25.4	(27)	74
Total Beverage Cans	1,971	217	11.0	29.1	(40)	177
Share of post tax profits of associates and joint ventures						4
Retirement benefit obligations net interest cost						(8)
Net interest expense						(45)
Profit before tax						128
Tax						(34)
Profit for the period from continuing operations						94
Discontinued operations						
Profit for the period from discontinued operations						12
Total profit for the period						106

	Sales	Underlying operating profit[1]	Underlying return on sales[2]	Underlying return on net assets[3]	Exceptional and other items[4]	Profit
	£m	£m	%	%	£m	£m
Year to 31.12.13 – restated						
Beverage Cans – Americas	2,183	250	11.5	35.5	(3)	247
Beverage Cans – Europe & Rest of World	1,760	199	11.3	26.4	(22)	177
Total Beverage Cans	3,943	449	11.4	30.8	(25)	424
Exceptional items not allocated to Beverage Cans						(7)
Share of post tax profits of associates and joint ventures						9
Retirement benefit obligations net interest cost						(16)
Net interest expense						(71)
Profit before tax						339
Tax						(86)
Profit for the period from continuing operations						253
Discontinued operations						
Loss for the period from discontinued operations						(158)
Total profit for the year						95

(ii) Assets	As at 30.6.14	As at 30.6.13 restated	As at 31.12.13 restated
	£m	£m	£m
Continuing operations			
Beverage Cans – Americas	**1,593**	1,694	1,630
Beverage Cans – Europe & Rest of World	**1,973**	2,066	1,971
Total Beverage Cans	**3,566**	3,760	3,601
Associates and joint ventures	**80**	72	76
Unallocated assets[5]	**647**	765	773
Total continuing operations	**4,293**	4,597	4,450
Discontinued operations	**–**	935	689
	4,293	5,532	5,139
(iii) Liabilities			
Continuing operations			
Beverage Cans – Americas	**(413)**	(423)	(426)
Beverage Cans – Europe & Rest of World	**(466)**	(465)	(471)
Total Beverage Cans	**(879)**	(888)	(897)
Unallocated liabilities[5]	**(2,087)**	(2,450)	(2,213)
Total continuing operations	**(2,966)**	(3,338)	(3,110)
Discontinued operations	**–**	(157)	(160)
	(2,966)	(3,495)	(3,270)

1 Comprises operating profit before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on certain operating derivatives.

2 Comprises underlying operating profit divided by sales.

3 Comprises underlying operating profit plus share of associates and joint ventures profit after tax divided by the average of opening and closing net assets after adding back pension assets, retirement benefit obligations (net of tax) and net borrowings and excluding goodwill and certain acquired intangible assets. Underlying operating profit and share of associates and joint ventures profit after tax are annualised by doubling the results for the six month periods.

4 Other items comprise the amortisation of certain acquired intangible assets and fair value changes on certain operating derivatives.

5 Unallocated assets comprise derivative assets, current tax assets, deferred tax assets, pension escrow investment, insurance backed assets and cash and cash equivalents which are used as part of the Group's financing offset arrangements. Unallocated liabilities comprise borrowings, derivative liabilities, current and non current tax liabilities, deferred tax liabilities and retirement benefit obligations.

3 Exceptional items – continuing operations

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Restructuring	**(7)**	–	(2)
Other exceptional items	**(2)**	–	–
Impairment	**–**	–	(4)
Exceptional items before tax	**(9)**	–	(6)
Tax on exceptional items	**1**	–	1
Total exceptional items after tax	**(8)**	–	(5)

The £7m of restructuring relates to reorganisation costs for the European beverage cans business and costs incurred with respect to conversion of steel beverage can lines to aluminium. Other exceptional items comprise a legal provision relating to an historic dispute in a business that originated prior to Rexam ownership.

4 Retirement benefit obligations

	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 2014	**(10)**	**(251)**	**(46)**	**(307)**	**(12)**	**(319)**	**(98)**	**(417)**
Exchange differences	**–**	**7**	**2**	**9**	**–**	**9**	**3**	**12**
Service cost	**(6)**	**(3)**	**(1)**	**(10)**	**(2)**	**(12)**	**(1)**	**(13)**
Net interest cost	**–**	**(5)**	**(1)**	**(6)**	**–**	**(6)**	**(2)**	**(8)**
Disposal of businesses	**–**	**3**	**–**	**3**	**–**	**3**	**–**	**3**
Actuarial (losses)/gains	**(1)**	**3**	**(9)**	**(7)**	**–**	**(7)**	**(3)**	**(10)**
Cash contributions and payments	**4**	**16**	**1**	**21**	**3**	**24**	**4**	**28**
Other movements	**–**	**1**	**–**	**1**	**–**	**1**	**–**	**1**
At 30 June 2014	**(13)**	**(229)**	**(54)**	**(296)**	**(11)**	**(307)**	**(97)**	**(404)**

Gross retirement benefit obligations at 30 June 2014 of £404m (31 December 2013: £417m) are reduced by tax of £123m (31 December 2013: £129m), giving rise to net retirement benefit obligations of £281m (31 December 2013: £288m).

The principal assumptions for defined benefit pensions at 30 June 2014 and 31 December 2013 are set out below.

	UK 30.6.14 %	US 30.6.14 %	Other 30.6.14 %	UK 31.12.13 %	US 31.12.13 %	Other 31.12.13 %
Discount rate	**4.3**	**3.8**	**3.1**	4.5	4.3	3.9
Future pension increases	**3.4**	**–**	**1.2**	3.5	–	1.3
Future salary increases	**4.9**	**4.0**	**2.8**	5.0	4.0	2.8
Inflation rate	**3.4**	**2.5**	**2.0**	3.5	2.5	2.0

5 Discontinued operations

The consolidated income statement, exceptional items and profit on disposal with respect to discontinued operations are set out below.

(i) Consolidated income statement

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Sales	**164**	224	448
Operating expenses	**(137)**	(212)	(626)
Underlying operating profit	**25**	23	64
Exceptional items (note ii)	**2**	(3)	(234)
Amortisation of certain acquired intangible assets	**–**	(8)	(8)
Operating profit/(loss)	**27**	12	(178)
Interest expense	**–**	–	(2)
Profit/(loss) before tax	**27**	12	(180)
Tax on underlying profit	**(10)**	(9)	(20)
Tax on exceptional items (note ii)	**–**	–	31
Tax on amortisation of certain acquired intangible assets	**–**	3	3
Tax	**(10)**	(6)	14
Profit/(loss) after tax	**17**	6	(166)
Profit on disposal (note iii)	**75**	6	8
Net profit/(loss)	**92**	12	(158)

(ii) Exceptional items

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Restructuring and reversal of restructuring provisions	**2**	(3)	(2)
Impairment of Healthcare	**–**	–	(233)
Other impairment	**–**	–	1
Exceptional items before tax	**2**	(3)	(234)
Tax on impairment of Healthcare	**–**	–	22
Tax on Prescription capital losses	**–**	–	9
Exceptional items after tax	**2**	(3)	(203)

(iii) Profit on disposal

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Gross proceeds	**474**	–	–
Cash costs	**(13)**	(10)	(23)
Net cash flow in the consolidated cash flow statement	**461**	(10)	(23)
Net assets disposed (net of tax)	**(523)**	–	–
Accrued costs	**(15)**	16	31
Exchange differences recognised in the income statement on disposal	**152**	–	–
Profit on disposal	**75**	6	8

Profit on disposal includes £5m in respect of non Healthcare related discontinued operations (six months to 30 June 2013: £6m; year to 31 December 2013: £8m). Total costs with respect to Healthcare of £28m comprise £18m of transaction costs and £10m of other costs directly related to the disposal.

6 Interest

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Interest expense:			
Continuing operations:			
Bank overdrafts	**(4)**	(3)	(4)
Bank loans	**(3)**	(3)	(6)
US private placements	**(9)**	(14)	(23)
Subordinated bond	**(20)**	(23)	(45)
US public bond	**–**	(10)	(10)
Medium term notes	**–**	(6)	(6)
Interest on financing derivatives	**9**	14	25
Foreign exchange losses	**(3)**	(3)	(7)
Underlying interest expense	**(30)**	(48)	(76)
Fair value losses on financing derivatives	**(1)**	(1)	(1)
Total continuing operations	**(31)**	(49)	(77)
Discontinued operations:			
Bank overdrafts	**–**	–	(2)
	(31)	(49)	(79)
Interest income:			
Continuing operations:			
Cash and cash equivalents	**3**	4	6

7 Tax

The tax rate on underlying profit on continuing operations for the six months to 30 June 2014 is 25% (six months to 30 June 2013: 27%; year to 31 December 2013: 25%). 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 certain derivatives is based on the expected tax impact of each item.

8 Earnings/(loss) per share

	6 months to 30.6.14 Pence	6 months to 30.6.13 Pence	Year to 31.12.13 Pence
Underlying earnings per share:			
Continuing operations	**16.2**	15.6	35.3
Discontinued operations	**1.9**	1.7	5.3
Total	**18.1**	17.3	40.6
Basic earnings/(loss) per share:			
Continuing operations	**15.8**	11.8	32.0
Discontinued operations	**11.9**	1.5	(20.0)
Total	**27.7**	13.3	12.0
Diluted earnings/(loss) per share:			
Continuing operations	**15.6**	11.7	31.6
Discontinued operations	**11.8**	1.4	(20.0)
Total	**27.4**	13.1	11.6

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Underlying profit for the period:			
Continuing operations	**125**	124	279
Discontinued operations	**15**	14	42
Total	**140**	138	321
Profit/(loss) for the period:			
Continuing operations	**122**	94	253
Discontinued operations	**92**	12	(158)
Total	**214**	106	95

	6 months to 30.6.14 Millions	6 months to 30.6.13 Millions	Year to 31.12.13 Millions
Weighted average number of shares in issue	**773.9**	796.8	791.3
Dilution on conversion of outstanding share options	**8.0**	10.0	9.6
Weighted average number of shares in issue on a diluted basis	**781.9**	806.8	800.9

Underlying earnings per share is based on underlying profit for the period attributable to equity shareholders divided by the weighted average number of shares in issue.

9 Equity dividends

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Final dividend for 2013 of 11.7p paid on 3 June 2014	**92**	–	–
Interim dividend for 2013 of 5.7p paid on 11 September 2013	**–**	–	45
Final dividend for 2012 of 10.2p paid on 22 May 2013	**–**	80	80
	92	80	125

An interim dividend per equity share of 5.8p has been declared for 2014 and is payable on 18 September 2014. This dividend has not been accrued in this condensed set of financial statements.

10 Goodwill

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
At the beginning of the period	**1,232**	1,553	1,553
Exchange differences	**(41)**	72	9
Transfer to assets classified as held for sale	**–**	(330)	(330)
At the end of the period	**1,191**	1,295	1,232

11 Other intangible assets

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
At the beginning of the period	**34**	260	260
Exchange differences	**(1)**	13	10
Additions	**1**	2	5
Amortisation for the period	**(3)**	(13)	(17)
Other movements	**–**	1	(1)
Transfer to assets classified as held for sale	**–**	(223)	(223)
At the end of the period	**31**	40	34

12 Property, plant and equipment

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
At the beginning of the period	**1,257**	1,459	1,459
Exchange differences	**(45)**	62	(11)
Additions	**70**	78	182
Disposals	**(3)**	(3)	(5)
Depreciation for the period	**(67)**	(79)	(148)
Other movements	**–**	(1)	–
Transfer to assets classified as held for sale	**–**	(217)	(220)
At the end of the period	**1,212**	1,299	1,257

Commitments placed for future capital expenditure on property, plant and equipment not provided at 30 June 2014 are £67m (30 June 2013: £89m; 31 December 2013: £73m).

13 Provisions

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
At the beginning of the period	**(106)**	(137)	(137)
Exchange differences	**–**	(4)	3
Charge for the period (net of releases)	**(8)**	(1)	(18)
Cash utilisation	**25**	39	43
Other movements	**–**	–	(1)
Transfer to liabilities classified as held for sale	**–**	4	4
At the end of the period	**(89)**	(99)	(106)

Cash utilisation includes £20m relating to share based payment schemes (six months to 30 June 2013 and year to 31 December 2013: £30m), of which £16m relates to continuing operations (six months to 30 June 2013 and year to 31 December 2013: £22m).

14 Net borrowings

	As at 30.6.14 £m	As at 30.6.13 £m	As at 31.12.13 £m
Cash and cash equivalents	**197**	156	211
Bank overdrafts	**(36)**	(4)	(20)
Bank loans	**(260)**	(366)	(280)
US private placements	**(443)**	(491)	(457)
Subordinated bond	**(671)**	(773)	(723)
Financing derivatives	**70**	112	98
	(1,143)	(1,366)	(1,171)

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
At the beginning of the period	**(1,171)**	(781)	(781)
Exchange differences	**31**	(75)	–
Disposal of businesses	**80**	–	–
Change in cash and cash equivalents	**(31)**	(1,126)	(1,075)
Proceeds from borrowings	**(71)**	(430)	(349)
Repayment of borrowings	**25**	1,050	1,050
Fair value and other changes	**(6)**	(4)	(16)
At the end of the period	**(1,143)**	(1,366)	(1,171)

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

	As at 30.6.14 £m	As at 30.6.13 £m	As at 31.12.13 £m
Total derivatives (net)	**52**	55	61
Operating derivatives not included in net borrowings	**18**	57	37
Financing derivatives included in net borrowings	**70**	112	98
Cash and cash equivalents	**197**	156	211
Borrowings included in current liabilities	**(299)**	(390)	(299)
Borrowings included in non current liabilities	**(1,111)**	(1,244)	(1,181)
	(1,143)	(1,366)	(1,171)

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

15 Financial instruments

An analysis of the carrying values and fair values of financial assets and liabilities by category and by class is set out below.

As at 30 June 2014	Derivatives used for hedging £m	Derivatives held for trading £m	Loans and receivables £m	Available for sale assets £m	Other financial liabilities £m	Total carrying amount £m	Total fair value £m
Financial assets							
Cash and cash equivalents	**–**	**–**	**197**	**–**	**–**	**197**	**197**
Trade and other receivables[1]	**–**	**–**	**564**	**–**	**–**	**564**	**564**
Available for sale financial assets	**–**	**–**	**–**	**1**	**–**	**1**	**1**
Derivatives	**131**	**62**	**–**	**–**	**–**	**193**	**193**
Financial liabilities							
Trade and other payables[2]	**–**	**–**	**–**	**–**	**(737)**	**(737)**	**(737)**
Bank overdrafts	**–**	**–**	**–**	**–**	**(36)**	**(36)**	**(36)**
Bank loans	**–**	**–**	**–**	**–**	**(260)**	**(260)**	**(260)**
US private placements	**–**	**–**	**–**	**–**	**(443)**	**(443)**	**(465)**
Subordinated bond	**–**	**–**	**–**	**–**	**(671)**	**(671)**	**(637)**
Derivatives	**(6)**	**(135)**	**–**	**–**	**–**	**(141)**	**(141)**
	125	**(73)**	**761**	**1**	**(2,147)**	**(1,333)**	**(1,321)**

As at 30 June 2013	Derivatives used for hedging £m	Derivatives held for trading £m	Loans and receivables £m	Available for sale assets £m	Other financial liabilities £m	Total carrying amount £m	Total fair value £m
Financial assets							
Cash and cash equivalents	–	–	156	–	–	156	156
Trade and other receivables[1]	–	–	510	–	–	510	510
Available for sale financial assets	–	–	–	1	–	1	1
Derivatives	208	93	–	–	–	301	301
Financial liabilities							
Trade and other payables[2]	–	–	–	–	(733)	(733)	(733)
Bank overdrafts	–	–	–	–	(4)	(4)	(4)
Bank loans	–	–	–	–	(366)	(366)	(366)
US private placements	–	–	–	–	(491)	(491)	(491)
Subordinated bond	–	–	–	–	(773)	(773)	(702)
Derivatives	(19)	(227)	–	–	–	(246)	(246)
	189	(134)	666	1	(2,367)	(1,645)	(1,574)

As at 31 December 2013	Derivatives used for hedging £m	Derivatives held for trading £m	Loans and receivables £m	Available for sale assets £m	Other financial liabilities £m	Total carrying amount £m	Total fair value £m
Financial assets							
Cash and cash equivalents	–	–	211	–	–	211	211
Trade and other receivables[1]	–	–	462	–	–	462	462
Available for sale financial assets	–	–	–	1	–	1	1
Derivatives	165	77	–	–	–	242	242
Financial liabilities							
Trade and other payables[2]	–	–	–	–	(739)	(739)	(739)
Bank overdrafts	–	–	–	–	(20)	(20)	(20)
Bank loans	–	–	–	–	(280)	(280)	(280)
US private placements	–	–	–	–	(457)	(457)	(462)
Subordinated bond	–	–	–	–	(723)	(723)	(692)
Derivatives	(8)	(173)	–	–	–	(181)	(181)
	157	(96)	673	1	(2,219)	(1,484)	(1,458)

1 Excludes prepayments and taxes.
2 Excludes social security and other taxes.

Market values have been used to determine the fair values of available for sale financial assets, bank overdrafts and floating rate bank loans. The carrying values of trade and other receivables and trade and other payables are assumed to approximate to their fair values due to their short term nature. The fair value of the subordinated bond has been determined by reference to quoted market prices at the close of business on 30 June 2014, 28 June 2013 and 31 December 2013 respectively. The fair value of the US private placements has been approximated using the market value of similar instruments with similar parameters issued around the same time. The fair values of interest rate swaps, cross currency swaps and fixed rate loans have been determined by discounting cash flows at prevailing interest rates. The fair value of forward foreign exchange contracts has been determined by marking those contracts to market against prevailing forward foreign exchange rates. The fair value of forward commodity contracts has been determined by marking those contracts to market at prevailing forward prices.

The subordinated bond is categorised as level 1 in the fair value measurement table, as a quoted market price has been used to determine its fair value. All other financial instruments in the above tables are categorised as level 2 in the fair value measurement hierarchy, whereby the fair value is determined by using valuation techniques. The valuation techniques for level 2 instruments use observable market data where it is available and rely less on estimates. At 30 June 2013 and 31 December 2013, the Healthcare assets and liabilities classified as held for sale were written down to their fair value less costs to sell. This was a non recurring fair value. At 31 December 2013, Rexam had announced the proposed sale of the pharmaceutical devices and prescription retail packaging divisions of Healthcare for $805m. These two divisions were measured using observable inputs, being the externally reported price for the business, and were, therefore, within level 2 of the fair value hierarchy. The remaining closures and containers business of Healthcare at 31 December 2013 was measured based on unobservable inputs, being a combination of bids from participants and financial forecasts developed internally and was therefore within level 3 of the fair value hierarchy. At 30 June 2013, the Healthcare business as a whole was measured based on unobservable inputs, also being a combination of bids from participants and financial forecasts developed internally and was, therefore, wholly within level 3 of the fair value hierarchy.

16 Reconciliation of profit before tax to cash generated from operations

	6 months to 30.6.14 £m	6 months to 30.6.13 £m	Year to 31.12.13 £m
Continuing operations			
Profit before tax	**164**	128	339
Adjustments for:			
Share of post tax profits of associates and joint ventures	**(4)**	(4)	(9)
Net interest expense	**28**	45	71
Depreciation of property, plant and equipment	**67**	67	137
Amortisation of intangible assets	**3**	4	8
Movement in working capital	**(69)**	(77)	(49)
Movement in advance payments to customers	**1**	6	9
Movement in provisions	**(11)**	(27)	(21)
Movement in retirement benefit obligations	**(7)**	(7)	(16)
Fair value changes on operating derivatives	**(6)**	35	22
Equity settled share options	**4**	4	8
Other adjustments	**5**	2	7
Cash generated from continuing operations	**175**	176	506
Discontinued operations			
Cash (outflow)/generated from discontinued operations	**(22)**	16	58
Cash generated from operations	**153**	192	564

17 Return of cash to shareholders

On 13 May 2014, Rexam PLC announced a return of cash to shareholders of 57p per existing ordinary share by way of one new B share or one new C share for every existing ordinary share held. In addition, the return of cash was accompanied by a consolidation of the existing ordinary shares in the ratio of eight new ordinary shares for every nine existing ordinary shares held. Rexam PLC's issued ordinary share capital following the share capital consolidation on 2 June 2014 was 703,985,000 shares of 80 $^{5}/_{14}$ each.

Following approval of the return of cash by shareholders on 29 May 2014, 316,109,000 B shares and 475,874,000 C shares were issued. On 9 June 2014, a dividend of 57p per share became payable on 475,874,000 C shares at a cost of £271m and these shares were reclassified as deferred shares. On the same day, 314,043,000 B shares became redeemable for 57p per share at a cost of £179m. The deferred shares were redeemed on 12 June 2014. The remaining 2,066,000 B shares will be redeemed in 2015 at a cost of £1m. Costs in relation to the return of cash to shareholders will be £1m, giving an overall cost of the transaction of £452m, of which £450m was incurred at 30 June 2014.

18 Contingent liabilities

There have been no significant changes to the Group's contingent liabilities since 31 December 2013.

19 Related party transactions

There are no related party transactions requiring disclosure. Key management compensation will be disclosed in the 2014 annual financial statements.

20 A copy of the information to be presented 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.

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 Conduct Authority, paragraphs DTR 4.2.7 and DTR 4.2.8, namely:

(i) An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(ii) Material related party transactions in the first six months and any material changes in the related party transactions described in the Rexam PLC Annual Report for 2013.

The directors of Rexam PLC are as set out in the Rexam PLC Annual Report for 2013, with the exception that Carl-Peter Forster joined the Board as a non executive director on 10 June 2014. A list of current directors is maintained on the Rexam PLC website, www.rexam.com.

On behalf of the Board
Graham Chipchase, Chief Executive
1 August 2014

INDEPENDENT REVIEW REPORT TO REXAM PLC

Report on the condensed set of financial statements

Our conclusion

We have reviewed the condensed set of financial statements, defined below, in the half year report of Rexam PLC for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed set of financial statements, which are prepared by Rexam PLC, comprise:

- the consolidated balance sheet as at 30 June 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed set of financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed set of financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of a condensed set of financial statements involves

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.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Responsibilities for the condensed set of financial statements and the review

Our responsibilities and those of the directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
1 August 2014
London

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.

Notes

a **Enquiries**

Investors

Sandra Moura, Head of Investor Relations, Rexam +44 20 7227 4100

Media

Jonathan Thornton, Head of Communications, Rexam +44 20 7227 4100
Katharine Wynne, Tulchan Communications +44 20 7353 4200
Martin Robinson, Tulchan Communications +44 20 7353 4200

Website

A copy of this press release has been posted on www.rexam.com

b **Notes to editors**

Rexam is a leading global beverage can maker. We are business partners to some of the world's most famous and successful consumer brands. Our vision is to be the best beverage can maker in the world.
We have 55 can making plants in more than 20 countries and employ around 8,000 people. In 2013 our sales were £3.9 billion.
Rexam is a member of the FTSE 100 and its ordinary shares are listed with the UK Listing Authority and trade on the London Stock Exchange under the symbol REX. Visit www.rexam.com for further information.

c **Presentation and conference call**

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. 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.

The 09:00 UK conference can also be accessed via audio link by dialling:

UK:	+ 44 (0)20 3139 4830
US:	+1 718 873 9077
Access code:	57378945#

At 09:30 Eastern time on Friday 1 August (14:30 UK time) Rexam will host a conference call on the company's results and performance:

Dial-in numbers:	+1 719 325 4865 or +1 877 723 9518
Replay number:	+1 719 457 0820
Access code:	1790108

A replay service will be available until 15 August:

UK:	+44 (0)20 3426 2807
US:	+1 866 535 8030
Password:	648057#

d **Interim dividend timetable**

The timetable for payment of the interim dividend of 5.8p per share is:

Ex dividend date	20 August 2014
Record date	22 August 2014
Payment date	18 September 2014

e **Forward looking statements**

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.