REXAM

PRESS RELEASE

30 July 2015

Half year results in line with expectations, strategy on track

Rexam PLC announces its results for the first half of 2015.

	H1 2015	H1 2014	Reported change	Organic change[2]
Continuing operations underlying performance[1]				
Sales (£m)	**1,969**	1,881	5%	3%
Underlying operating profit (£m)[1]	**179**	197	(9)%	(9)%
Underlying profit before tax (£m)[1]	**156**	166	(6)%	
Underlying earnings per share (pence)[1,3]	**16.8**	16.2	4%	
Interim dividend per share (pence)	**5.8**	5.8	–	

Highlights

- Beverage can volumes including UAC up 3% (2% organic)
- Organic[2] underlying operating profit down 9%, primarily due to higher metal premium
- Interim dividend unchanged at 5.8p
- Ball offer proceeding as planned, timetable unchanged

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

"Results for the half year were in line with our expectations. Trading in the first half was strong in Europe and the Rest of the World, but with some weakness in the Middle East. In the Americas, standard cans continued to decline whilst specialty cans continued to grow. Our operating profit was impacted by higher metal premium as well as the expected commoditisation of certain specialty cans in North America. Looking ahead, 2015 remains in line with our expectations with softer volumes in North and South America offsetting the benefit of the current lower metal premium."

"The business is in good shape operationally and the Ball offer does not change our strategic priorities. We continue to focus on the things we can control whilst striking the right balance between growth and returns."

Statutory results[4]

	H1 2015	H1 2014
Sales (£m)	**1,969**	1,881
Profit before tax (£m)[5]	**82**	164
Total profit for the period (£m)[6]	**56**	214
Total basic earnings per share (pence)[6]	**7.8**	27.7

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 at constant foreign exchange rates, excluding acquisition. (See pages 8 and 9 for details.)
3 2015 EPS benefits from a lower weighted average number of shares driven by the share consolidation following the disposal of Healthcare.
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.
6 Includes discontinued operations in 2014.

Details of the times of the presentations and conference calls for analysts and investors can be found on page 41.

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MANAGEMENT REVIEW H1 2015

Our results for the first half of 2015 were in line with our expectations. In summary, overall global beverage can volumes were up 3% (2% organically). The benefit of good volume growth was offset by higher metal premium, commoditisation of certain specialty cans in North America and higher energy costs in Brazil. Organic underlying operating profit was down 9%.

Reported sales of £1,969m (June 2014: £1,881m) were 5% higher than the equivalent period last year. Around half of this was due to higher aluminium pass through. The rest was driven by good volume growth in Europe and the rest of the world and the UAC acquisition. This was partly offset by lower volumes in North America driven by lower carbonated soft drinks (CSD) volumes and in South America, which last year benefited from the FIFA World Cup. Encouragingly, specialty cans continue to grow in the Americas region. Looking ahead, we expect softer volumes in North America due to weakness in the CSD market, and in South America driven by a weak macroeconomic environment.

Reported underlying operating profit at £179m (June 2014: £197m) was 9% lower than the first six months of last year. Organic underlying operating profit was also 9% lower as higher aluminium premium costs, commoditisation of certain specialty cans in North America and higher energy costs in Brazil offset the good volume growth. Aluminium premiums have since come down sharply and, at current rates, we now expect a neutral impact for the full year, compared to the £30m headwind expected when we reported our 2014 results in February.

The net finance cost for the continuing business was £7m lower than last year. Continuing underlying profit before tax was £156m, 6% lower than last year, while underlying earnings per share (EPS) was up 4% at 16.8p reflecting the share consolidation in June 2014.

The interim dividend is 5.8p per share. For further details, see page 18.

Net capital expenditure for the continuing business was £107m (June 2014: £79m), 1.6 times depreciation. Total free cash flow in the first half was £14m outflow (June 2014: £1m outflow).

As at 30 June 2015, net debt was £1.3bn. Our credit rating is investment grade from both Moody's and Standard & Poor's.

Return on capital employed (ROCE) was 13.0% compared with 14.0% at the end of June 2014.

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

Preparing for the future

In February the boards of Ball Corporation (Ball) and Rexam announced that they had reached agreement on the terms of a recommended offer for the entire issued and to be issued ordinary share capital of Rexam by Ball. In recent years Rexam has transformed its business, returning approximately £1.5bn of cash to shareholders since 2010 and created a focused beverage can maker with a promising future. Notwithstanding that, the Rexam board believes that consolidation in the beverage can industry will bring an enhanced ability to serve the demands of our increasingly global customers and the offer from Ball represents a compelling opportunity for our shareholders.

As we said in February, the transaction will require regulatory clearances. Since February, we have been working to support Ball's preparation of merger control filings for submission in all relevant jurisdictions. To date the regulatory processes have proceeded as expected. In addition, on 28 July 2015, Ball shareholders approved the future issuance of new Ball shares to Rexam shareholders in connection with Ball's offer. We still anticipate completion of the transaction in the first half of 2016.

Meanwhile, we have continued to pursue our own plans as an independent company. The first six months of 2015 saw sales growth in line with our expectations and overall global volume growth in low single digits. Our free cash flow generation was, as we outlined in February, lower than last year due to lower operating profit and higher capital expenditure.

Our aim 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.

In our Annual Report 2014, we laid out our strategic priorities, which are discussed below.

Investing with focus

Our aim is to ensure we capture opportunities and protect our core business, at the same time maintaining our strict capital discipline and a focus on returns.

In January we completed the acquisition of a 51% stake in the Saudi Arabian beverage can maker United Arab Can Manufacturing Limited (UAC). In May we completed and commissioned the third manufacturing line at the Rexam UAC plant in Dammam.

January also saw us announce that Rexam had, jointly with Envases Universales de Mexico, completed an investment in Envases Del Istmo SA (Endelis), a single line beverage can plant in Colón, Panama. Long term supply agreements have been secured with SABMiller and Florida Ice & Farm Company whose affiliates previously owned the Endelis business. This investment is fully in line with our emerging markets strategy and complements our existing Central America footprint. The transaction positions us well to serve both our local and global customers in an exciting growth region.

The building of our new plant in Widnau, Switzerland continues and is on plan. The plant will allow us to meet customer demand for energy drinks in Europe and will free up capacity in other plants. The first line is on schedule to begin production in Q4 this year. The second and third lines will come on stream in the first half of 2016. We have accelerated this investment as we look to replace the lost capacity which will result from the closure of the Berlin plant.

The other significant project that is nearing completion is the expansion of our Fusion® aluminium bottle capability in Ejpovice in the Czech Republic. This investment will help meet growing demand for the aluminium bottle by enabling us to increase our capacity at the plant with the new line due to begin production in Q3 this year.

In 2015 we announced the investment in a second can plant in southern India to meet the continued growth of the beverage can market. We have now secured land in Sri City to build the plant which is expected to be operational by the second half of 2016. As part of our broader India strategy we have also secured land in Jaipur in the north of the country where a third can plant will be located in due course. Having plants in different locations across India will ensure we have a better footprint and position to meet the needs of our customers in the region over the long term.

Strengthening customer relationships

Central to our strategy is strengthening customer relationships and working together in light of the challenges our customers face. These include changing consumer preferences, new regulation and muted economic growth in some of the markets in which they operate. Our approach is not simply about providing the best quality and customer service at the right cost, although these are important, but also to focus on working with customers strategically and proactively. They want a global partner who can offer a framework for collaboration: a packaging expert who speaks their language. This is what will help them stay ahead in their markets, and enable us to maintain our competitive edge.

As we have previously reported, customer consolidation continues in the beverage industry with customers moving to a more coordinated, global approach to procurement to help lower costs and innovate. They are also demanding a more complex product offering as they seek differentiation and product shelf appeal.

In responding to these industry shifts, we have, in the first half of the year, continued to strengthen our structures, processes and systems. Our key account leads, which manage our main global customers and act as a single point of contact for them, are now well established. A key aspect of their role is to develop global key account plans with specific objectives and KPIs, and to maintain regular communications with the customer around the delivery of those objectives. This change is helping to ensure we build relationships for the long term as the preferred can supplier. We have also continued to improve our processes and systems, especially around pricing, enabling the delivery of high quality information, robust decision making and effective negotiations.

Pursue continuous improvement in operational excellence

Our business is built on a strong culture of operational excellence. It lies at the heart of what we do and is therefore a strategic priority as we seek cost leadership and sustainable value creation. In the first half of 2015, we delivered £11m in savings and remain on track to deliver our target of £20m per year.

Reducing our cost base and increasing our productivity are central to attaining cost leadership. In February we announced the opening of consultations with the Berlin works council on the closure of our plant in Berlin. Berlin has three low speed lines and one of the highest fixed cost bases in our European network and has become uncompetitive in serving its core German, Benelux and Polish markets. The negotiations have been constructive and an agreement has now been signed with the plant due to close by the end of this year.

We plan to pursue further restructuring options but are not in a position to disclose any further details at this time.

In April the world class standard of our manufacturing operations was again recognised by The Shingo Institute – a global reviewer of operational excellence. Our joint venture with Envases Universales in Guatemala was awarded The Shingo Prize. The Prize is the Shingo Institute's top honour, and only one or two manufacturing plants globally are recognised with this level of award each year. Since following the Shingo Model, we have achieved unprecedented honours in the awards: three Bronze Medallions, six Silver Medallions and two Shingo Prizes. We have a number of sites currently preparing for Shingo assessment as we continue our pursuit of manufacturing excellence.

Shaping our future through innovation and sustainability

The ability to innovate in terms of products and processes, to support our customers' sustainability agendas and, at the same time promote the can as a compelling package, is crucial to the future of Rexam. Innovation adds value and is a key driver of growth and improved returns. Sustainability is an important area of customer focus as they face increasing consumer and legislative pressures. Our performance on innovation and sustainability position us as the can maker of choice for our customers and serve as a further means of reducing our cost base and earning our licence to operate.

Our Editions™ technology (patent pending), first developed in 2012 to help launch a customer campaign, has continued to grow strongly across the world with a number of customer collaborations coming to fruition. Our aim is to stay at the forefront of our industry and during the first half we have moved forward with the development of the next offer in the Editions™ portfolio Colour Editions™ which we expect to launch by the end of the year.

Consumers continue to want more from the products they buy. Being able to differentiate and stand out on the shelf is vital, and we consistently pursue such innovation for customers. A specific example of how we work with customers to create differentiation was launched in time for this year's summer period. We partnered with Heineken to launch a range of Strongbow Apple Ciders in the first ever 400ml Super Sleek® can. The Strongbow Apple Ciders cans use our matt-over-varnish finish to give a premium feel and reinforce the brand's position in the cider market. As the only manufacturer to produce this can size, this 400ml Super Sleek® provides an additional variation for customers and helps consolidate our position as a market leader for offering the widest range of beverage cans.

Many of our customers have advanced programmes that commit them to stretching targets with regard to the sustainability of their packaging. As a core supplier, we support them in this journey to drive sustainable transformation within their supply chains and to maintain the sustainability credentials of the can. In February Carlsberg received Cradle-to-Cradle® certification for cans supplied by Rexam into the UK market. The certification is part of Carlsberg's Circular Community initiative founded in 2013, of which Rexam is a founding partner. The community uses the Cradle-to-Cradle® design framework and sees Carlsberg working with its suppliers to encourage innovation and quality in the industry, in pursuit of zero waste. The Rexam cans are the first of any of Carlsberg's packaging to receive a certification and the award marks the first time a beverage package has been certified by the Cradle-to-Cradle® Products Innovation Institute.

In the first half of the year Rexam also completed the conversion of three production lines from steel to aluminium at our La Selva plant near Tarragona, Spain. Starting in 2011 with the conversion of the first line, this major engineering project was completed on plan. The successful conversion showed our commitment to meeting the requirements of our customers in Spain, the second largest beverage can market in Europe, and we are now actively supporting the waste management industry there to collect, separate and recycle aluminium beverage cans.

Build a winning organisation

An organisation that is engaged and performs is critical to our success. Central to that priority is a strong and improving safety culture across the Company. During the first half of the year, and as part of our world class safety action plan, we introduced safety as one of our core values. For everyone who comes into contact with Rexam, we introduced a new safety vision that we all get home safely to our family and friends every day. These actions, together with those to be implemented in our safety plan, are expected to enhance our performance as we continue to strive towards our objective of zero accidents.

We have continued to see our safety performance overall so far this year being maintained and 87% of our manufacturing locations were Lost Time Accident (LTA) free in the first half.

REVIEW OF OPERATIONS

The following section reviews the Group's financial performance based on the Europe & Rest of World and the Americas segments which encompass our four main geographic regions.

Europe & Rest of World

In Europe, trading continued to be strong.

We had a good first half in Western Europe, with volumes up 6%, driven by energy drinks, and growth in Germany, Spain and Italy. In Germany, the market grew double digit as Lidl and Aldi relisted the can. Trading in Russia has been strong. Volumes were up 8% as cans continued to gain share in the pack mix with consumers transferring to modern retailers.

We have also benefited from a favourable country mix where most of our key markets grew stronger than the average European market, a favourable product mix with strong energy drinks volumes and favourable customer mix.

In AMEA, we saw continued strong growth in India and Egypt, and some softness in the Middle East due to unrest in the region.

Although softer than the first quarter, Europe has had good second quarter sales growth with volumes up 4% mainly driven by continued strong energy drink fillings. We do however expect our growth in Europe to slow down in the second half driven by first half weighted demand from certain customers combined with the full impact of global contracts, but to grow in line with the market. We therefore continue to expect low single digit growth for the full year.

Americas

In North America, overall volumes were down 3%.

Standard cans were down 6%, reflecting our exposure to the CSD market which was softer as a result of lower promotions. Specialty cans were up 10%, as we saw good volume growth in 16oz and 24/25oz cans driven by customers in a wide range of beverage categories. The specialty can market in North America is maturing and as we have previously explained this has impacted our returns.

Looking to the second half of the year, we expect continued softness in the CSD market with overall volumes declining by around 3%.

Trading in South America has slowed down as expected due to the challenging comparison with the first half of 2014 which saw the FIFA World Cup in Brazil. In Chile volumes grew by 10% benefiting from the new line we opened there in 2014. Despite a difficult macroeconomic environment, we gained share in South America. The market was down 4.5% and Rexam's own volumes were down 4%.

Encouragingly, specialty cans grew strongly in the first half as our customers differentiated their products and provided attractive price points with different can sizes.

The trading environment, however, remains challenging. As we look ahead to the second half, we expect the market to be soft particularly in Brazil.

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 and its results for that period are set out in 'Discontinued operations' below.

The summary Group consolidated income statements for the six months to 30 June 2015 and six months to 30 June 2014 are set out below.

6 months to 30.6.15:	Continuing operations £m	Discontinued operations (Healthcare) £m	Total operations £m
Underlying business performance[1]:			
Total sales	**1,969**	**–**	**1,969**
Underlying operating profit	**179**	**–**	**179**
Share of associates and joint ventures profit after tax	**5**	**–**	**5**
Underlying total net finance cost[2]	**(28)**	**–**	**(28)**
Underlying profit before tax	**156**	**–**	**156**
Underlying profit after tax	**120**	**–**	**120**
Exceptional and other items after tax	**(64)**	**–**	**(64)**
Profit for the period	**56**	**–**	**56**
Attributable to:			
Shareholders of Rexam PLC	**55**	**–**	**55**
Non controlling interests	**1**	**–**	**1**
Underlying earnings per share (p)	**16.8**		**16.8**
Basic earnings per share (p)	**7.8**		**7.8**
Dividend per share (p)			**5.8**

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
Attributable to:			
Shareholders of Rexam PLC	122	92	214
Non controlling interests	–	–	–
Underlying earnings per share (p)	16.2		18.1
Basic earnings per share (p)	15.8		27.7
Dividend per share (p)			5.8

[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, transaction costs relating to business combinations and significant litigation and tax claims. Other items comprise the amortisation of certain acquired intangible assets and fair value changes on certain operating and financing derivatives.

[2] Underlying total net finance cost for total operations of £28m (June 2014: £35m) comprises net interest of £22m (June 2014: £27m) and retirement benefit obligations net interest cost of £6m (June 2014: £8m).

A summary of the statutory performance is set out below.

	6 months to 30.6.15 £m	6 months to 30.6.14 £m
Continuing operations:		
Sales	**1,969**	1,881
Profit before tax	**82**	164
Profit after tax	**56**	122
Discontinued operations – profit for the period	**–**	92
Profit for the period	**56**	214
Attributable to:		
Shareholders of Rexam PLC	**55**	214
Non controlling interests	**1**	–
Basic earnings per share (p)	**7.8**	27.7

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 and 12. For continuing operations, sales were £1,969m (June 2014: £1,881m) and profit before tax including exceptional and other items was £82m (June 2014: £164m). Total profit after tax for the period attributable to the shareholders of Rexam PLC was £55m (June 2014: £214m) and total basic earnings per share was 7.8p (June 2014: 27.7p).

The following tables, showing sales and underlying operating profit, compare the continuing operations at constant exchange rates. This basis excludes Healthcare which was sold in 2014.

Analysis of sales movement

	Beverage Cans Europe & ROW £m	Beverage Cans Americas £m	Total £m
Continuing operations sales reported 6 months to 30.6.14	858	1,023	1,881
Currency fluctuations	(100)	100	–
Continuing operations 6 months to 30.6.14 pro forma basis	758	1,123	1,881
Change in sales	140	(52)	88
Continuing operations sales reported 6 months to 30.6.15	**898**	**1,071**	**1,969**

Sales, excluding the impact of discontinued operations and currency, increased by £88m, or 5%. This included the pass through of higher aluminium costs (£48m). Excluding this impact, sales were £40m higher than the prior year. Volumes grew 6% in Europe driven by good growth in energy drinks and growth in Russia, Germany, Spain and Italy. Volumes also increased in India, Egypt and Turkey. In North America, standard volumes declined due to softness in the carbonated soft drinks (CSD) market, while specialty volumes continued to grow, driven by energy drinks. Volumes in South America were 4% lower than last year as 2014 benefited from the FIFA World Cup.

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 30.6.14	85	112	197
Currency fluctuations	(18)	12	(6)
Continuing operations 6 months to 30.6.14 pro forma basis	67	124	191
Change in underlying operating profit	20	(32)	(12)
Continuing operations underlying operating profit reported 6 months to 30.6.15	**87**	**92**	**179**

Analysis of the change in underlying operating profit:

	Total £m
Sales price and cost changes	8
Metal premium costs	(25)
Indirect tax credit Brazil	(16)
Volume and mix changes	10
Efficiency and other savings	11
Change in underlying operating profit	(12)

Underlying operating profit, after adjusting for the impact of discontinued operations and currency, was £12m below last year at £179m. Sales price and cost changes were adverse in aggregate in the first half, predominantly from higher aluminium premium costs, the non repeat of a 2014 indirect tax benefit in Brazil and the mix impact of commoditising specialty cans in North America, partly offset by supply chain and other cost savings. Volume growth in Europe and AMEA was partly offset by lower volumes in North and South America. Efficiency savings totalled £11m and comprised metal savings and energy cost reductions.

Profit after tax from our joint ventures in Guatemala and Panama, and our associate in South Korea, was £5m (June 2014: £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 30.6.15	6 months to 30.6.14	Year to 31.12.14
Average:			
Euro	**1.37**	1.22	1.24
US dollar	**1.52**	1.67	1.65
Russian rouble	**88.25**	58.45	63.29
Closing:			
Euro	**1.41**	1.25	1.28
US dollar	**1.57**	1.70	1.56
Russian rouble	**87.76**	57.71	90.79

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 2015:

	Sales £m	Underlying operating profit £m
Euro	**(46)**	**(6)**
US dollar	**104**	**12**
Russian rouble	**(39)**	**(11)**
Other currencies	**(19)**	**(1)**
	–	**(6)**

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, in aggregate, 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 £53m and equity by £42m in the period.

Underlying total net finance cost

The underlying total net finance cost for continuing operations comprises:

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Net interest	**(22)**	(27)	(52)
Retirement benefit obligations net interest cost	**(6)**	(8)	(16)
Underlying total net finance cost	**(28)**	(35)	(68)

The underlying total net interest cost for continuing operations decreased by £5m to £22m (June 2014: £27m). The overall average interest rate during the period was around 3% (June 2014: 4%), due to a change in hedging strategy in Brazil and favourable foreign exchange movements. Based on continuing underlying operating profit, interest cover was 8.1 times compared with 7.3 times for the six months to June 2014. Interest cover is based on underlying operating profit from continuing operations divided by underlying net interest.

Tax

The tax charge on profit before exceptional and other items for continuing operations for the six months to 30 June 2015 was £36m (23%) (June 2014: £41m (25%)). The rate has benefited in the period from the recognition of additional deferred tax assets which are now expected to be recoverable. The rate for the year to 31 December 2015 is expected to be in a range of 23% to 25%, 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 2015 on total operations was also £36m (23%) (June 2014: £51m (27%)). This rate is lower than last year as the Healthcare operations which were included in discontinued operations were generally in more highly taxed territories.

Tax cash payments in the first half of the year for continuing operations were £36m compared with £28m for the equivalent period last year. Payments in 2014 were lower than in previous years as they were affected by refunds and the phasing of payments on account. We anticipate cash tax on continuing operations to be lower than the charge to the income statement for the year to 31 December 2015, as in previous years.

Exceptional and other items

The exceptional and other items arising in the first half of 2015 are as follows:

	£m
Exceptional and other items included in operating profit:	
Restructuring	**(24)**
Transaction related costs	**(20)**
Employee incentive related costs	**(10)**
Other exceptional items	**(1)**
Amortisation of certain acquired intangible assets	**(2)**
Fair value changes on certain operating derivatives	**(17)**
Total exceptional and other items included in operating profit	**(74)**
Fair value changes on financing derivatives	**–**
Total exceptional and other items before tax	**(74)**
Tax on exceptional and other items	**10**
Exceptional and other items after tax	**(64)**

Exceptional items

Restructuring

The charge of £24m principally relates to reorganisation costs for the European beverage cans business and costs incurred on conversion of steel lines to aluminium.

Transaction related costs

Transaction related costs of £20m have been incurred as a consequence of the proposed acquisition of Rexam by Ball Corporation.

Employee incentive related costs

Employee incentive related costs are expected to be incurred as a consequence of the proposed acquisition of Rexam by Ball Corporation.

Other items

Amortisation of certain acquired intangible assets

Intangible assets, such as customer contracts and relationships and trade names, are required to be recognised on the acquisition of businesses and amortised over their useful lives. The directors consider that separate disclosure, within exceptional and other items, of the amortisation of such acquired intangibles amounting to £2m before tax (June 2014: £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 commodity and 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 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 2018.

In both 2015 and 2014, some of the aluminium hedges failed the effectiveness test. Once a hedge has failed an effectiveness test, accounting standards do not allow for it to be retrospectively redesignated and therefore fair value movements will continue to be recorded in the income statement. The decrease in aluminium prices on these failed aluminium hedges has given rise to a charge of £16m (June 2014: gain of £8m). There was also a charge of £1m (June 2014: gain of £1m) relating to fair value changes on certain non hedged accounted commodity and 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 £nil (June 2014: net charge £1m).

Discontinued operations – Healthcare

The Healthcare businesses were disposed of in the first half of 2014. There have been no transactions in the first half of 2015.

	Healthcare 6 months to 30.6.14 £m
Sales	164
Underlying operating profit	25
Underlying profit before tax	25
Underlying profit after tax	15
Exceptional and other items:	
Restructuring of businesses	2
Exceptional and other items after tax	2
Profit on disposal (net of tax)	75
Profit for the period after tax	92

Earnings per share

	6 months to 30.6.15 Pence	6 months to 30.6.14 Pence	Year to 31.12.14 Pence
Underlying earnings per share (pence):			
Continuing operations	**16.8**	16.2	37.2
Total operations	**16.8**	18.1	39.2
Basic earnings per share total operations (pence)	**7.8**	27.7	48.4
Average number of shares in issue (millions)[1]	**702.3**	773.9	737.1
Period end number of shares in issue (millions)	**705.1**	704.1	704.8

[1] The calculation of the average number of shares excludes 1.7m shares held by the Rexam Employee Share Trust (June 2014: 3.4m, December 2014: 3.3m).

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. Underlying earnings per share from continuing operations was 4% higher at 16.8p compared with 16.2p in the comparable period. The average number of shares in issue reduced following the share consolidation in June 2014 that accompanied the 2014 return of cash. Basic earnings per share from total operations, which includes exceptional and other items and discontinued operations, was 7.8p (June 2014: 27.7p).

Retirement benefits

Retirement benefit obligations (net of tax) on the balance sheet at 30 June 2015 were £274m compared with £258m at 31 December 2014. This increase was principally due to 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 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Defined benefit pension plans	**23**	21	43
Other pension plans	**2**	3	6
Retiree medical	**4**	4	9
Total cash payments	**29**	28	58

In July 2015, the trustees of the UK defined benefit plan and the Company agreed the March 2014 actuarial valuation and an extension to the escrow arrangement until 2020. Annual contributions of £15m will be made and 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 30 June 2015, £48m 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 £43m in 2014, excluding amounts paid into escrow.

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

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Defined benefit pension plans	**(4)**	(6)	(12)
Retiree medical – interest on liabilities	**(2)**	(2)	(4)
Net interest cost	**(6)**	(8)	(16)

The retirement benefit obligations net interest cost reduced to £6m (June 2014: £8m) due to the UK defined benefit plan being in surplus.

Cash flow

Free cash flow from continuing operations for the period was an outflow of £14m in the period, compared to an inflow of £30m for the six months to 30 June 2014. Working capital outflow from continuing operations in the first half was £70m, in line with the £73m outflow in the equivalent prior period. Capital expenditure from continuing operations was £28m higher than the six months to 30 June 2014 but in line with expectations. The increase in net interest and tax paid is primarily due to higher tax cash costs as a result of low payments in 2014 due to refunds and phasing of payments on account. In the first half, there was a £125m outflow on acquisitions (including borrowings acquired), principally a 51% stake in United Arab Can Manufacturing Limited, a Saudi Arabian beverage can maker, and a 50% joint venture interest in Endelis, a Panamanian beverage can maker.

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Continuing operations:			
Underlying operating profit	**179**	197	418
Underlying depreciation and amortisation[1]	**67**	69	141
Retirement benefit obligations	**(11)**	(15)	(29)
Underlying change in working capital	**(70)**	(73)	10
Restructuring costs	**(4)**	(4)	(13)
Other movements	**(4)**	(17)	(29)
Cash generated from operations	**157**	157	498
Capital expenditure (net)	**(107)**	(79)	(195)
Net interest and tax paid	**(63)**	(54)	(107)
Dividend received from associate	**1**	–	–
Loan (to)/from joint venture	**(2)**	6	7
Free cash flow from continuing operations	**(14)**	30	203
Free cash flow from discontinued operations	–	(31)	(31)
Free cash flow	**(14)**	(1)	172
Equity dividends	**(84)**	(92)	(133)
Business cash flow	**(98)**	(93)	39
Acquisitions[2]	**(125)**	(3)	(4)
Disposals[3]	**7**	541	537
Ball transaction related costs	**(16)**	–	–
Net cash flow	**(232)**	445	572
Return of cash to shareholders	**(1)**	(450)	(450)
Pension escrow investment	**(8)**	(8)	(15)
Other share capital changes	–	(7)	(4)
Exchange differences	**53**	31	(47)
Other non-cash movements	**2**	17	17
Net borrowings at the beginning of the period	**(1,098)**	(1,171)	(1,171)
Net borrowings at the end of the period	**(1,284)**	(1,143)	(1,098)

1 Excludes amortisation of certain acquired intangibles amounting to £2m (June 2014: £1m, December 2014: £1m) and exceptional depreciation of £4m (June 2014: £nil, December 2014: £nil).
2 Acquisitions include £53m in respect of borrowings acquired (June 2014: £nil, December 2014: £nil).
3 Disposal proceeds include £nil in respect of borrowings disposed (June 2014: £80m, December 2014: £80m).

Capital expenditure – continuing operations

	6 months to 30.6.15	6 months to 30.6.14	Year to 31.12.14
Capital expenditure (gross) (£m)	**107**	80	196
Depreciation and amortisation (£m)	**67**	69	141
Ratio (times)	**1.6**	1.2	1.4

Capital expenditure includes computer software that has been capitalised. Depreciation and amortisation excludes £2m amortisation (June 2014: £1m, December 2014: £1m) on customer contracts and relationships and intangibles other than computer software, and £4m depreciation (June 2014: £nil, December 2014: £nil), which are included in exceptional and other items.

Capital expenditure in the first six months was £107m, 1.6 times underlying depreciation and amortisation. The principal projects are the construction of a new plant in Widnau, Switzerland, to support customer demand for energy drinks in Europe, construction of a new plant in India to support market growth and the development of specialty can products globally.

It is anticipated that capital expenditure for the year for continuing operations will be around 1.8 times underlying depreciation and amortisation, arising mainly on the projects outlined above, including capital expenditure associated with the European restructuring.

Balance sheet and borrowings

	As at 30.6.15 £m	As at 30.6.14 £m	As at 31.12.14 £m
Goodwill and other intangible assets	**1,288**	1,222	1,244
Property, plant and equipment	**1,324**	1,212	1,275
Retirement benefits net of tax	**(274)**	(281)	(258)
Other net assets	**321**	317	251
	2,659	2,470	2,512
Shareholders' equity	**1,316**	1,327	1,414
Non controlling interests	**59**	–	–
Net borrowings[1]	**1,284**	1,143	1,098
	2,659	2,470	2,512
Return on capital employed (%)[2]	**13.0**	14.0	14.9
Net borrowings/EBITDA[3]	**2.4**	2.0	2.0
Interest cover (times)[4]	**8.1**	7.3	8.0
Gearing (%)[5]	**93**	86	78

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 (June 2014 and December 2014: also included 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 and exceptional depreciation, from continuing 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 decreased from 14.0% in June 2014 to 13.0% based on the annualised first half profit. ROCE may drop slightly in a year of high investment or if we make an acquisition and in a low investment year it may go up. Through the cycle, however, our aim is to maintain ROCE around 15%.

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

	As at 30.6.15 £m	As at 30.6.14 £m	As at 31.12.14 £m
Borrowings	**1,429**	1,410	1,416
Cash and cash equivalents	**(187)**	(197)	(288)
Financing derivatives	**42**	(70)	(30)
Net borrowings	**1,284**	1,143	1,098

Net borrowings/EBITDA based on continuing operations was 2.4 times (June 2014: 2.0 times, December 2014: 2.0 times). The Group remains comfortably within its debt covenants and has committed debt facility headroom of around £0.5bn.

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 30.6.15 £m	As at 30.6.14 £m	As at 31.12.14 £m
Cross currency swaps	**(37)**	74	31
Interest rate swaps	**(5)**	(7)	(6)
Forward foreign exchange contracts	**–**	3	5
Financing derivatives included in net borrowings	**(42)**	70	30
Other derivatives	**(25)**	(18)	(28)
Total derivatives	**(67)**	52	2

The movement in value of the cross currency swaps during the first half of 2015 was due mainly to the depreciation of the euro in the first half.

Risks

The Group is exposed to a number of risks that can impact our financials, operations and/or reputation. Effective management of risk is therefore critical to deliver our business objectives, achieve sustainable growth and protect our people, assets and reputation, particularly in the constantly changing environment in which we operate.

As set out in the Strategic Report within the Annual Report 2014, our business model is underpinned by clear and consistently applied frameworks for enterprise risk management, including governance and sustainable development. The importance of effective risk management is clear given that the principal risks and uncertainties facing our business are relevant to key strategic priorities.

The Group has formal risk management processes in place, which we continue to refine and evolve to ensure they remain effective and reflect changes in the business and operating environment. We strive to embed risk management into our day to day processes and operations to ensure that risks are properly identified, assessed, managed, monitored and reported. 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 2014 on pages 32 to 39 and in Note 24 to the consolidated financial statements therein; they have not changed materially in the period.

Set out below is a summary of the key risks and uncertainties facing the business 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, sluggish economic recovery 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
    - Environmental, fire, health and safety
    - Business interruption
    - Cyber-attack and data security

- Financial risks
    - Aluminium and other input costs increase
    - Funding, tax and other financial risks
    - Counterparty default
    - Pension deficit
    - Fraud, bribery and internal control failure

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

Ball acquisition

Following the announcement of the proposed acquisition of Rexam by Ball Corporation in February, an additional risk in relation to the Ball transaction was included on page 39 of the Annual Report 2014. In addition, potential implications of the proposed acquisition have been reflected in our risk reviews where new or heightened risks have been considered and are being actively monitored across the business.

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 £1.9bn of debt facilities, of which £0.5bn are undrawn, with the next significant maturity due in December 2019 (£0.8bn).

Having reassessed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Interim dividend

The Board has approved an interim dividend of 5.8p (2014: 5.8p) per share in accordance with the undertaking given to Ball Corporation in February 2015 that future dividends would not exceed the corresponding interim or final dividend paid in respect of 2014. The interim dividend will be paid on 24 September 2015 to holders of shares registered on 28 August 2015.

Summary and outlook

Results for the half year were in line with our expectations. Volumes were up 3% including UAC (2% organically) with good volume growth in Europe, volume decline in North America driven by carbonated soft drinks softness and lower volumes in South America due to challenging comparison with the FIFA World Cup in Brazil in 2014. Specialty cans continue to grow in the Americas. The benefit of good volume growth was offset by higher metal premium, commoditisation of certain specialty cans in North America and higher energy costs in Brazil.

Our aim 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.

Operationally the business is performing well and the consistent delivery of our efficiency targets demonstrates our commitment to operational excellence. We are continuing to invest for the future and, in addition to a strong innovation pipeline, are seeking to expand our existing footprint in emerging markets to support the sustainable growth of the business. Looking ahead, 2015 remains in line with our expectations, with softer volumes in North and South America offsetting the benefit of lower metal premium.

CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited 6 months to 30.6.15 £m	Unaudited 6 months to 30.6.14 £m	Audited year to 31.12.14 £m
Continuing operations				
Sales	2	**1,969**	1,881	3,832
Operating expenses		**(1,864)**	(1,685)	(3,430)
Underlying operating profit	2	**179**	197	418
Exceptional items	3	**(55)**	(9)	(20)
Amortisation of certain acquired intangible assets		**(2)**	(1)	(1)
Fair value changes on certain operating derivatives		**(17)**	9	5
Operating profit	2	**105**	196	402
Share of post tax profits of associates and joint ventures		**5**	4	10
Retirement benefit obligations net interest cost	4	**(6)**	(8)	(16)
Underlying interest expense		**(25)**	(30)	(59)
Fair value changes on financing derivatives		**–**	(1)	(1)
Interest expense	5	**(25)**	(31)	(60)
Interest income	5	**3**	3	7
Underlying profit before tax		**156**	166	360
Exceptional items	3	**(55)**	(9)	(20)
Amortisation of certain acquired intangible assets		**(2)**	(1)	(1)
Fair value changes on derivatives		**(17)**	8	4
Profit before tax		**82**	164	343
Tax on underlying profit	6	**(36)**	(41)	(86)
Tax on exceptional items	3	**7**	1	11
Tax on fair value changes on derivatives		**3**	(2)	(1)
Tax		**(26)**	(42)	(76)
Profit for the period from continuing operations		**56**	122	267
Discontinued operations				
Profit for the period from discontinued operations	8	**–**	92	90
Total profit for the period		**56**	214	357
Attributable to:				
Shareholders of Rexam PLC		**55**	214	357
Non controlling interests		**1**	–	–
		56	214	357
Underlying earnings per share (pence)	7			
Continuing operations		**16.8**	16.2	37.2
Discontinued operations		**–**	1.9	2.0
Total		**16.8**	18.1	39.2
Basic earnings per share (pence)	7			
Continuing operations		**7.8**	15.8	36.2
Discontinued operations		**–**	11.9	12.2
Total		**7.8**	27.7	48.4
Diluted earnings per share (pence)	7			
Continuing operations		**7.8**	15.6	35.9
Discontinued operations		**–**	11.8	12.1
Total		**7.8**	27.4	48.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 30.6.15 £m	Unaudited 6 months to 30.6.14 £m	Audited year to 31.12.14 £m
Total profit for the period	**56**	214	357
Other comprehensive loss for the period:			
Items that will not be reclassified to profit or loss:			
Retirement benefits and other: actuarial (losses)/gains	**(32)**	(8)	30
Retirement benefits and other: tax on actuarial (losses)/gains	**10**	2	4
Total items that will not be reclassified to profit or loss	**(22)**	(6)	34
Items that may be reclassified to profit or loss:			
Exchange differences before recognition of net investment hedges	**(89)**	(81)	(99)
Net investment hedges recognised	**47**	19	(5)
Exchange differences recognised in the income statement on disposal of businesses	**–**	(152)	(152)
Cash flow hedges recognised	**(18)**	2	(27)
Cash flow hedges transferred to the income statement	**13**	1	7
Cash flow hedges transferred from inventory	**–**	9	12
Tax on cash flow hedges	**(3)**	(2)	(2)
Total items that may be reclassified to profit or loss	**(50)**	(204)	(266)
Total other comprehensive loss for the period	**(72)**	(210)	(232)
Total comprehensive (loss)/income for the period	**(16)**	4	125
Continuing operations	**(16)**	80	203
Discontinued operations	**–**	(76)	(78)
Total comprehensive (loss)/income for the period	**(16)**	4	125
Attributable to:			
Shareholders of Rexam PLC	**(15)**	4	125
Non controlling interests	**(1)**	–	–
	(16)	4	125

CONSOLIDATED BALANCE SHEET

	Notes	Unaudited as at 30.6.15 £m	Unaudited as at 30.6.14 £m	Audited as at 31.12.14 £m
ASSETS				
Non current assets				
Goodwill	10	**1,183**	1,191	1,218
Other intangible assets	11	**105**	31	26
Property, plant and equipment	12	**1,324**	1,212	1,275
Investments in associates and joint ventures		**86**	80	80
Pensions assets	4	**71**	–	89
Insurance backed assets		**22**	20	23
Deferred tax assets		**211**	202	210
Trade and other receivables		**198**	163	177
Derivative financial instruments	14/15	**113**	184	167
		3,313	3,083	3,265
Current assets				
Inventories		**522**	422	504
Insurance backed assets		**2**	2	2
Trade and other receivables		**556**	580	490
Derivative financial instruments	14/15	**24**	9	38
Cash and cash equivalents	14/15	**187**	197	288
		1,291	1,210	1,322
Total assets	2	**4,604**	4,293	4,587
LIABILITIES				
Current liabilities				
Borrowings	14/15	**(380)**	(299)	(292)
Derivative financial instruments	14/15	**(51)**	(26)	(42)
Current tax		**(6)**	(16)	(10)
Trade and other payables		**(849)**	(706)	(806)
Provisions	13	**(31)**	(19)	(18)
		(1,317)	(1,066)	(1,168)
Non current liabilities				
Borrowings	14/15	**(1,049)**	(1,111)	(1,124)
Derivative financial instruments	14/15	**(153)**	(115)	(161)
Retirement benefit obligations	4	**(485)**	(404)	(482)
Deferred tax liabilities		**(43)**	(48)	(40)
Non current tax		**(50)**	(68)	(55)
Other payables		**(63)**	(84)	(64)
Provisions	13	**(69)**	(70)	(79)
		(1,912)	(1,900)	(2,005)
Total liabilities	2	**(3,229)**	(2,966)	(3,173)
Net assets		**1,375**	1,327	1,414
Equity				
Ordinary share capital		**567**	566	567
Non equity B shares		**–**	1	1
Share premium account		**424**	422	424
Capital redemption reserve		**926**	925	925
Retained loss		**(342)**	(438)	(292)
Other reserves		**(259)**	(149)	(211)
Shareholders' equity		**1,316**	1,327	1,414
Non controlling interests		**59**	–	–
Total equity		**1,375**	1,327	1,414

Approved by the Board on 30 July 2015

Graham Chipchase, Chief Executive

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Unaudited 6 months to 30.6.15 £m	Unaudited 6 months to 30.6.14 £m	Audited year to 31.12.14 £m
Cash flows from operating activities				
Cash generated from operations	16	**141**	135	476
Interest paid		**(30)**	(29)	(52)
Tax paid		**(36)**	(28)	(63)
Net cash flows from operating activities		**75**	78	361
Cash flows from investing activities				
Capital expenditure		**(107)**	(95)	(211)
Proceeds from sale of property, plant and equipment		**–**	7	7
Acquisition of businesses	17	**(72)**	–	–
Disposal of businesses		**7**	461	457
Pension escrow investment		**(8)**	(8)	(15)
Loan (to)/from joint venture		**(2)**	6	7
Dividends received from associate		**1**	–	–
Interest received		**3**	3	8
Other investing activities		**–**	(3)	(4)
Net cash flows from investing activities		**(178)**	371	249
Cash flows from financing activities				
Proceeds from borrowings	14	**48**	71	68
Repayment of borrowings	14	**(1)**	(7)	(12)
Settlement of financing derivatives		**41**	5	5
Dividends paid to equity shareholders	9	**(84)**	(92)	(133)
Return of cash to shareholders		**(1)**	(450)	(450)
Proceeds from issue of share capital on exercise of share options		**–**	–	3
Purchase of Rexam PLC shares by Employee Share Trust		**–**	(7)	(7)
Net cash flows from financing activities		**3**	(480)	(526)
Net (decrease)/increase in cash and cash equivalents		**(100)**	(31)	84
Cash and cash equivalents at the beginning of the period		**271**	191	191
Exchange differences and other non cash items		**(7)**	1	(4)
Net (decrease)/increase in cash and cash equivalents		**(100)**	(31)	84
Cash and cash equivalents at the end of the period		**164**	161	271
Cash and cash equivalents comprise:				
Cash at bank and in hand		**70**	103	116
Short term bank and money market deposits		**117**	94	172
Bank overdrafts		**(23)**	(36)	(17)
		164	161	271

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Non equity B shares £m	Share premium account £m	Capital redemption reserve £m	Retained loss £m	Other reserves £m	Shareholders' equity £m	Non controlling interests £m	Total equity £m
At 1 January 2015	**567**	**1**	**424**	**925**	**(292)**	**(211)**	**1,414**	**–**	**1,414**
Profit for the period	**–**	**–**	**–**	**–**	**55**	**–**	**55**	**1**	**56**
Retirement benefits and other: actuarial losses	**–**	**–**	**–**	**–**	**(32)**	**–**	**(32)**	**–**	**(32)**
Retirement benefits and other: tax on actuarial losses	**–**	**–**	**–**	**–**	**10**	**–**	**10**	**–**	**10**
Exchange differences before recognition of net investment hedges	**–**	**–**	**–**	**–**	**–**	**(87)**	**(87)**	**(2)**	**(89)**
Net investment hedges recognised	**–**	**–**	**–**	**–**	**–**	**47**	**47**	**–**	**47**
Cash flow hedges recognised	**–**	**–**	**–**	**–**	**–**	**(18)**	**(18)**	**–**	**(18)**
Cash flow hedges transferred from the income statement	**–**	**–**	**–**	**–**	**–**	**13**	**13**	**–**	**13**
Tax on cash flow hedges	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**	**–**	**(3)**
Other comprehensive loss for the period	**–**	**–**	**–**	**–**	**(22)**	**(48)**	**(70)**	**(2)**	**(72)**
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**33**	**(48)**	**(15)**	**(1)**	**(16)**
Share options: value of services provided	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**
Share options: tax directly in reserves	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**
Acquisition of businesses (Note 17)	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**	**60**	**59**
Return of cash to shareholders	**–**	**(1)**	**–**	**1**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(84)**	**–**	**(84)**	**–**	**(84)**
Total transactions with owners recognised directly in equity	**–**	**(1)**	**–**	**1**	**(83)**	**–**	**(83)**	**60**	**(23)**
At 30 June 2015	**567**	**–**	**424**	**926**	**(342)**	**(259)**	**1,316**	**59**	**1,375**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Non equity B shares £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	566	1	422	925	(438)	(149)	1,327

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Non equity B shares £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 year	–	–	–	–	357	–	357
Retirement benefits and other: actuarial gains	–	–	–	–	30	–	30
Retirement benefits and other: tax on actuarial gains	–	–	–	–	4	–	4
Exchange differences before recognition of net investment hedges	–	–	–	–	–	(99)	(99)
Net investment hedges recognised	–	–	–	–	–	(5)	(5)
Exchange differences recognised on the disposal of businesses	–	–	–	–	–	(152)	(152)
Cash flow hedges recognised	–	–	–	–	–	(27)	(27)
Cash flow hedges transferred from inventory	–	–	–	–	–	12	12
Cash flow hedges transferred to the income statement	–	–	–	–	–	7	7
Tax on cash flow hedges	–	–	–	–	–	(2)	(2)
Other comprehensive (loss)/income for the period	–	–	–	–	34	(266)	(232)
Total comprehensive income/(loss) for the period	–	–	–	–	391	(266)	125
Share options: proceeds from shares issued	1	–	2	–	–	–	3
Share options: value of services provided	–	–	–	–	7	–	7
Share options: dividend equivalent equity settled options	–	–	–	–	(1)	–	(1)
Purchase of Rexam PLC shares by Employee Share Trust	–	–	–	–	(7)	–	(7)
Return of cash to shareholders	–	1	(180)	179	(449)	–	(449)
Dividends paid	–	–	–	–	(133)	–	(133)
Total transactions with owners recognised directly in equity	1	1	(178)	179	(583)	–	(580)
At 31 December 2014	567	1	424	925	(292)	(211)	1,414

NOTES

1 Basis of preparation

This condensed set of financial statements in the half year report for the six months to 30 June 2015 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 2014 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.

The accounting policies adopted in this condensed set of financial statements are consistent with those set out in the Group's audited financial statements for the year ended 31 December 2014 and are updated for IFRS reporting developments applicable to the periods presented.

The following accounting standards are effective for accounting periods beginning after 1 January 2015 and have not yet been adopted by the Group.

(i) IFRS9 'Financial Instruments'. The standard addresses the classification, measurement and recognition of financial assets and liabilities. The standard is effective for accounting periods beginning on or after 1 January 2018 and earlier adoption is permitted subject to EU endorsement. The Group has yet to assess the full impact of IFRS9.

(ii) IFRS15 'Revenue from Contracts with Customers'. The standard addresses revenue recognition and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for accounting periods beginning on or after 1 January 2017 and earlier adoption is permitted subject to EU endorsement. The Group is currently assessing the impact of IFRS15.

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 consolidated cash flow statement for the six months ended 30 June 2014 and year ended 31 December 2014 includes a revision relating to the classification of a settlement of a government incentive in Brazil for indirect taxes. A £18m and £22m outflow, respectively, has been reclassified to "Cash generated from operations" from "Repayment of borrowings". The Group believes that this revision is not material to the condensed set of financial statements taken as a whole.

Having reassessed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

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 2014 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. Management determined that the Europe and AMEA operating segments, and the North America and South America operating segments, respectively met the criteria for aggregation because they are similar in each of the following areas: (i) the nature of the products and services; (ii) the nature of production processes; (iii) the methods of distribution; and (iv) the types or classes of customers for the products and services. Management also determined that the operating segments aggregated have similar economic characteristics. 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	Totals £m
6 months to 30.6.15						
Continuing operations						
Americas	**1,071**	**92**	**8.6**	**25.0**	**(19)**	**73**
Europe & Rest of World	**898**	**87**	**9.7**	**21.9**	**(55)**	**32**
Total reportable segments	**1,969**	**179**	**9.1**	**23.4**	**(74)**	**105**
Share of post tax profits of associates and joint ventures						**5**
Retirement benefit obligations net interest cost						**(6)**
Net interest expense						**(22)**
Profit before tax						**82**
Tax						**(26)**
Total profit for the period						**56**
6 months to 30.6.14						
Continuing operations						
Americas	1,023	112	10.9	31.4	2	114
Europe & Rest of World	858	85	9.9	21.4	(3)	82
Total reportable segments	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

	Sales	Underlying operating profit[1]	Underlying return on sales[2]	Underlying return on net assets[3]	Exceptional and other items[4]	Totals
	£m	£m	%	%	£m	£m
Year to 31.12.14						
Continuing operations						
Americas	2,127	235	11.0	31.6	1	236
Europe & Rest of World	1,705	183	10.7	24.1	(16)	167
Total reportable segments	3,832	418	10.9	27.8	(15)	403
Exceptional items not allocated						(1)
Share of post tax profits of associates and joint ventures						10
Retirement benefit obligations net interest cost						(16)
Net interest expense						(53)
Profit before tax						343
Tax						(76)
Profit for the year from continuing operations						267
Discontinued operations						
Profit for the year from discontinued operations						90
Total profit for the year						357

1 Operating profit before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on certain operating derivatives.
2 Underlying operating profit divided by sales.
3 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, certain acquired intangible assets and non controlling interests. 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.

Americas sales are disclosed after deducting £7m of sales to Europe & Rest of World (six months to 30 June 2014: £6m; year to 31 December 2014: £10m). Sales by Europe & Rest of World to Americas were not material in either period. Non specific costs are allocated to reportable segments on the basis of net operating assets.

	As at 30.6.15	As at 30.6.14	As at 31.12.14
	£m	£m	£m
(ii) Assets			
Americas	**1,735**	1,593	1,740
Europe & Rest of World	**2,105**	1,973	1,910
Total reportable segments	**3,840**	3,566	3,650
Associates and joint ventures	**86**	80	80
Unallocated assets[1]	**678**	647	857
	4,604	4,293	4,587
(iii) Liabilities			
Americas	**(491)**	(413)	(463)
Europe & Rest of World	**(521)**	(466)	(504)
Total reportable segments	**(1,012)**	(879)	(967)
Unallocated liabilities[2]	**(2,217)**	(2,087)	(2,206)
	(3,229)	(2,966)	(3,173)

1 Derivative assets, pension 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.
2 Borrowings, derivative liabilities, current and non current tax liabilities, deferred tax liabilities and retirement benefit obligations.

3 Exceptional items

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Restructuring	**(24)**	(7)	(15)
Transaction related costs	**(20)**	–	–
Employee incentive related costs	**(10)**	–	–
Other exceptional items	**(1)**	(2)	(5)
Exceptional items before tax	**(55)**	(9)	(20)
Tax on exceptional items	**7**	1	4
Exceptional tax	**–**	–	7
Total exceptional items after tax	**(48)**	(8)	(9)

Restructuring relates to reorganisation costs for the European beverage cans business, costs incurred with respect to conversion of steel beverage can lines to aluminium, and is net of a £2m reversal for certain employee related costs no longer required. Transaction related costs have been incurred as a consequence of the proposed acquisition of Rexam by Ball Corporation. Employee incentive related costs are expected to be incurred as a consequence of the proposed acquisition of Rexam by Ball Corporation. Other exceptional items comprise an increase in a legal provision relating to a historic dispute in a business that originated prior to Rexam ownership of £1m (six months ended 30 June 2014: £2m; year ended 31 December 2014: £2m), and in the year ended 31 December 2014 also comprised an increase in legacy environmental provisions of £2m and acquisition transaction costs relating to United Arab Can Manufacturing Limited of £1m. Exceptional tax in the year ended 31 December 2014 related to a release of legacy tax provision no longer required.

4 Retirement benefit obligations

	UK defined benefit pension £m	US defined benefit pensions £m	Other defined benefit pensions £m	Total defined benefit pensions £m	Defined contribution pensions £m	Early retirement and long service obligations £m	Total pensions £m	Retiree medical £m	Gross retirement benefit obligations £m
At 1 January 2015	**89**	**(306)**	**(60)**	**(277)**	**–**	**(10)**	**(287)**	**(106)**	**(393)**
Exchange differences	**–**	**2**	**5**	**7**	**–**	**1**	**8**	**1**	**9**
Acquisition of business (Note 17)	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**	**–**	**(3)**
Service cost	**(6)**	**(8)**	**–**	**(14)**	**(2)**	**(1)**	**(17)**	**(1)**	**(18)**
Net interest (cost)/credit	**2**	**(5)**	**(1)**	**(4)**	**–**	**–**	**(4)**	**(2)**	**(6)**
Actuarial (losses)/gains	**(18)**	**(23)**	**5**	**(36)**	**–**	**–**	**(36)**	**3**	**(33)**
Cash contributions and payments	**4**	**18**	**1**	**23**	**2**	**–**	**25**	**4**	**29**
Other movements	**–**	**1**	**–**	**1**	**–**	**–**	**1**	**–**	**1**
At 30 June 2015	**71**	**(321)**	**(50)**	**(300)**	**–**	**(13)**	**(313)**	**(101)**	**(414)**

Gross retirement benefit obligations at 30 June 2015 of £414m (31 December 2014: £393m) are reduced by tax of £140m (31 December 2014: £135m), giving rise to net retirement benefit obligations of £274m (31 December 2014: £258m).

The principal assumptions for defined benefit pensions are set out below.

	UK 30.6.15 %	US 30.6.15 %	Other 30.6.15 %	UK 31.12.14 %	US 31.12.14 %	Other 31.12.14 %
Discount rate	**3.80**	**3.80**	**2.62**	3.70	3.60	2.34
Future pension increases	**3.30**	**–**	**1.19**	3.20	–	1.19
Future salary increases	**4.80**	**4.00**	**2.81**	4.70	4.00	2.81
Inflation rate	**3.30**	**2.50**	**2.00**	3.20	2.50	2.00

5 Interest

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Interest expense:			
Bank overdrafts	**(4)**	(4)	(7)
Bank loans	**(3)**	(3)	(6)
US private placements	**(10)**	(9)	(20)
Subordinated bond	**(16)**	(20)	(40)
Interest on financing derivatives	**6**	9	19
Foreign exchange gains/(losses)	**2**	(3)	(5)
Underlying interest expense	**(25)**	(30)	(59)
Fair value losses on financing derivatives	**–**	(1)	(1)
	(25)	(31)	(60)
Interest income:			
Cash and cash equivalents	**3**	3	7

6 Tax

The tax rate on underlying profit on continuing operations for the six months ended 30 June 2015 is 23% which includes an adjustment for one off items arising in this period, (six months ended 30 June 2014: 25%; year ended 31 December 2014: 24%). The tax rate is based on management's current best estimate of the annual tax rate expected for the full financial year and is in the range 23% to 25%. 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.

The main rate of corporation tax in the UK decreased from 21% to 20% from 1 April 2015. The July 2015 Budget Statement announced reductions in the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. The changes, which were not substantively enacted at the balance sheet date, are not reflected in the reported deferred tax balances. They are not expected to have a material impact on deferred tax balances.

7 Earnings per share

	6 months to 30.6.15 Pence	6 months to 30.6.14 Pence	Year to 31.12.14 Pence
Underlying earnings per share:			
Continuing operations	**16.8**	16.2	37.2
Discontinued operations	**–**	1.9	2.0
Total	**16.8**	18.1	39.2
Basic earnings per share:			
Continuing operations	**7.8**	15.8	36.2
Discontinued operations	**–**	11.9	12.2
Total	**7.8**	27.7	48.4
Diluted earnings per share:			
Continuing operations	**7.8**	15.6	35.9
Discontinued operations	**–**	11.8	12.1
Total	**7.8**	27.4	48.0

	6 months to 30.6.15 Millions	6 months to 30.6.14 Millions	Year to 31.12.14 Millions
Weighted average number of shares in issue	**702.3**	773.9	737.1
Dilution on conversion of outstanding share options	**6.1**	8.0	7.1
Weighted average number of shares in issue on a diluted basis	**708.4**	781.9	744.2

	Continuing operations attributable to Rexam PLC £m	Discontinued operations attributable to Rexam PLC £m	Total operations attributable to Rexam PLC £m	Non controlling interests £m	Total operations £m
6 months to 30.6.15:					
Underlying profit before tax	**154**	**–**	**154**	**2**	**156**
Tax on underlying profit	**(36)**	**–**	**(36)**	**–**	**(36)**
Underlying profit for the period	**118**	**–**	**118**	**2**	**120**
Exceptional and other items after tax	**(63)**	**–**	**(63)**	**(1)**	**(64)**
Total profit for the period	**55**	**–**	**55**	**1**	**56**
6 months to 30.6.14:					
Underlying profit before tax	166	25	191	–	191
Tax on underlying profit	(41)	(10)	(51)	–	(51)
Underlying profit for the period	125	15	140	–	140
Exceptional and other items after tax	(3)	77	74	–	74
Total profit for the period	122	92	214	–	214
Year to 31.12.14:					
Underlying profit before tax	360	25	385	–	385
Tax on underlying profit	(86)	(10)	(96)	–	(96)
Underlying profit for the year	274	15	289	–	289
Exceptional and other items after tax	(7)	75	68	–	68
Total profit for the year	267	90	357	–	357

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

8 Discontinued operations

There were no discontinued operations in the six months ended 30 June 2015. In the six months ended 30 June 2014 and year ended 31 December 2014, the Group's Healthcare business was treated as a discontinued business as set out below. The sale of Healthcare was completed in June 2014.

	6 months to 30.6.14 £m	Year to 31.12.14 £m
Sales	164	164
Operating expenses	(137)	(137)
Profit before tax	27	27
Tax	(10)	(10)
Profit after tax	17	17
Profit on disposal – Healthcare related	70	69
Profit on disposal – non Healthcare related	5	4
Total discontinued profit for the period	92	90

9 Equity dividends

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Final dividend for 2014 of 11.9p paid on 27 May 2015	**84**	–	–
Interim dividend for 2014 of 5.8p paid on 18 September 2014	**–**	–	41
Final dividend for 2013 of 11.7p paid on 3 June 2014	**–**	92	92
	84	92	133

An interim dividend per equity share of 5.8p has been declared for 2015 and is payable on 24 September 2015. This dividend has not been accrued in this condensed set of financial statements.

10 Goodwill

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
At the beginning of the period	**1,218**	1,232	1,232
Exchange differences	**(45)**	(41)	(14)
Acquisition of businesses (Note 17)	**10**	–	–
At the end of the period	**1,183**	1,191	1,218

11 Other intangible assets

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
At the beginning of the period	**26**	34	34
Exchange differences	**(2)**	(1)	(8)
Acquisition of businesses (Note 17)	**82**	–	–
Additions	**3**	1	6
Amortisation for the period	**(5)**	(3)	(6)
Transfer from property, plant and equipment	**1**	–	–
At the end of the period	**105**	31	26

12 Property, plant and equipment

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
At the beginning of the period	**1,275**	1,257	1,257
Exchange differences	**(55)**	(45)	(36)
Acquisition of businesses (Note 17)	**67**	–	–
Additions	**106**	70	197
Disposals	**–**	(3)	(7)
Depreciation for the period	**(68)**	(67)	(136)
Transfer to other intangible assets	**(1)**	–	–
At the end of the period	**1,324**	1,212	1,275

Commitments placed for future capital expenditure on property, plant and equipment not provided at 30 June 2015 are £102m (30 June 2014: £67m; 31 December 2014: £69m).

13 Provisions

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
At the beginning of the period	**(97)**	(106)	(106)
Exchange differences	**6**	–	1
Acquisition of businesses (Note 17)	**(2)**	–	–
Charge for the period	**(25)**	(10)	(22)
Released in the period	**3**	2	3
Cash utilisation	**15**	25	33
Other movements	**–**	–	(6)
At the end of the period	**(100)**	(89)	(97)

Cash utilisation includes £10m relating to share based payment schemes (six months ended 30 June 2014: £20m; year ended 31 December 2014: £20m).

14 Net borrowings

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
At the beginning of the period	**(1,098)**	(1,171)	(1,171)
Exchange differences	**53**	31	(47)
Acquisition of businesses (Note 17)	**(53)**	–	–
Disposal of businesses	**–**	80	80
(Decrease)/increase in cash and cash equivalents	**(100)**	(31)	84
Proceeds from borrowings	**(48)**	(71)	(68)
Repayment of borrowings	**1**	7	12
Fair value and other changes	**(39)**	12	12
At the end of the period	**(1,284)**	(1,143)	(1,098)

Proceeds from borrowings comprise a drawdown of multicurrency revolving credit and bilateral credit facilities and the repayment of borrowings comprises the repayment of bank loans.

	As at 30.6.15 £m	As at 30.6.14 £m	As at 31.12.14 £m
Cash and cash equivalents	**187**	197	288
Bank overdrafts	**(23)**	(36)	(17)
Bank loans	**(354)**	(260)	(253)
US private placements	**(476)**	(443)	(481)
Subordinated bond	**(576)**	(671)	(665)
Financing derivatives	**(42)**	70	30
	(1,284)	(1,143)	(1,098)

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

	As at 30.6.15 £m	As at 30.6.14 £m	As at 31.12.14 £m
Total derivatives (net)	**(67)**	52	2
Operating derivatives not included in net borrowings	**25**	18	28
Financing derivatives included in net borrowings	**(42)**	70	30
Cash and cash equivalents	**187**	197	288
Borrowings included in current liabilities	**(380)**	(299)	(292)
Borrowings included in non current liabilities	**(1,049)**	(1,111)	(1,124)
	(1,284)	(1,143)	(1,098)

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 30.6.15	Derivatives used for hedging £m	Derivatives not used for hedging £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	**–**	**–**	**187**	**–**	**–**	**187**	**187**
Trade and other receivables[1]	**–**	**–**	**533**	**–**	**–**	**533**	**533**
Available for sale financial assets	**–**	**–**	**–**	**1**	**–**	**1**	**1**
Derivatives	**80**	**57**	**–**	**–**	**–**	**137**	**137**
Financial liabilities							
Trade and other payables[2]	**–**	**–**	**–**	**–**	**(865)**	**(865)**	**(865)**
Bank overdrafts	**–**	**–**	**–**	**–**	**(23)**	**(23)**	**(23)**
Bank loans	**–**	**–**	**–**	**–**	**(354)**	**(354)**	**(354)**
US private placements	**–**	**–**	**–**	**–**	**(476)**	**(476)**	**(498)**
Subordinated bond	**–**	**–**	**–**	**–**	**(576)**	**(576)**	**(542)**
Derivatives	**(25)**	**(179)**	**–**	**–**	**–**	**(204)**	**(204)**
	55	**(122)**	**720**	**1**	**(2,294)**	**(1,640)**	**(1,628)**

As at 30.6.14	Derivatives used for hedging £m	Derivatives not used for hedging £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 31.12.14	Derivatives used for hedging £m	Derivatives not used for hedging £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	–	–	288	–	–	288	288
Trade and other receivables[1]	–	–	478	–	–	478	478
Available for sale financial assets	–	–	–	1	–	1	1
Derivatives	136	69	–	–	–	205	205
Financial liabilities							
Trade and other payables[2]	–	–	–	–	(820)	(820)	(820)
Bank overdrafts	–	–	–	–	(17)	(17)	(17)
Bank loans	–	–	–	–	(253)	(253)	(253)
US private placements	–	–	–	–	(481)	(481)	(513)
Subordinated bond	–	–	–	–	(665)	(665)	(608)
Derivatives	(31)	(172)	–	–	–	(203)	(203)
	105	(103)	766	1	(2,236)	(1,467)	(1,442)

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 2015, 30 June 2014 and 31 December 2014, 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.

The Group has unrealised aluminium commodity derivative contracts that were ineffective from an accounting perspective. These are included in the "derivatives not used for hedging" column above.

16 Reconciliation of profit before tax to cash generated from operations

	6 months to 30.6.15 £m	6 months to 30.6.14 £m	Year to 31.12.14 £m
Continuing operations			
Profit before tax	**82**	164	343
Adjustments for:			
Share of post tax profits of associates and joint ventures	**(5)**	(4)	(10)
Net interest expense	**22**	28	53
Depreciation of property, plant and equipment	**68**	67	136
Amortisation of intangible assets	**5**	3	6
Movement in working capital	**(56)**	(73)	10
Movement in provisions	**7**	(11)	(13)
Movement in retirement benefit obligations	**(5)**	(7)	(13)
Fair value changes on operating derivatives	**14**	(6)	(2)
Other adjustments	**9**	(4)	(12)
Cash generated from continuing operations	**141**	157	498
Discontinued operations			
Cash outflow from discontinued operations	**–**	(22)	(22)
Cash generated from operations	**141**	135	476

17 Acquisition of businesses

On 22 January 2015, the Group acquired a 51% controlling interest in United Arab Can Manufacturing Limited (UAC), a Saudi Arabian beverage can maker. Details of the acquisition are set out below.

	£m
Cash consideration	**69**
Completion adjustment receivable	**(1)**
Total consideration	**68**
Fair value of net assets acquired	**(58)**
Goodwill	**10**

	Carrying values at acquisition £m	Fair value adjustments £m	Fair value of net assets acquired £m
Intangible assets	**–**	**82**	**82**
Property, plant and equipment	**55**	**12**	**67**
Net working capital	**41**	**(4)**	**37**
Cash and cash equivalents	**3**	**–**	**3**
Bank loans	**(53)**	**–**	**(53)**
Retirement benefit obligations	**(3)**	**–**	**(3)**
Provisions	**–**	**(2)**	**(2)**
Tax	**–**	**(13)**	**(13)**
Net assets before non controlling interests	**43**	**75**	**118**
Non controlling interests	**(21)**	**(39)**	**(60)**
Net assets	**22**	**36**	**58**

Goodwill is attributable to the value of synergies and the workforce and is not expected to be deductible for tax purposes. The fair value adjustments comprise recognition of intangible assets relating to customer contracts and relationships of £74m and the UAC trade name of £8m, a revaluation of property, plant and equipment of £12m, a write down of inventories and spare parts of £4m, onerous contracts of £2m and tax of £13m, of which £10m is deferred in relation to intangible assets and other fair value adjustments and £3m is in relation to income taxes. The fair value of non controlling interests of £60m, represents a 49% share of net assets before non controlling interests and tax of £64m, less a share of tax of £4m, reflecting the non controlling interests lower tax liability.

Sales and operating profit for UAC included in the consolidated income statement for the period from acquisition to 30 June 2015 were £36m and £5m, respectively.

On 15 January 2015, the Group acquired a 50% joint venture interest in Envases del Istmo SA (Endelis), a Panamanian beverage can maker, for £5m. Goodwill of £2m has been allocated to this joint venture.

On 28 April 2015, the Group acquired the remaining non controlling interest in Rexam HTW Beverage Can (India) Private Limited for £1m.

Consideration for acquisitions is reconciled to the consolidated cash flow statement as follows:

	£m
Cash consideration paid for UAC	**69**
Less: cash and cash equivalents acquired with UAC	**(3)**
Cash consideration paid for Endelis	**5**
Purchase of non controlling interest	**1**
Net cash outflow included in the consolidated cash flow statement	**72**

18 Contingent liabilities

There have been no significant changes to the Group's contingent liabilities since 31 December 2014.

19 Related party transactions

There are no related party transactions requiring disclosure. Key management compensation will be disclosed in the 2015 annual financial statements.

20 Other information

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 2014.

The directors of Rexam PLC are as set out in the Rexam PLC Annual Report for 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
30 July 2015

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 2015. 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 2015;
- 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 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
30 July 2015
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

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Media

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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 2014, our sales were £3.8 billion.

Rexam's 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 or 0808 237 0030
US:	+1 718 873 9077 or +1 866 928 7517
Access code:	55021111#

A replay service will be available until 29 August:

UK:	+44 (0)20 3426 2807 or 0808 237 0026
US:	+1 866 535 8030
Password:	658742#

At 09:30 Eastern time on Thursday 30 July (14:30 UK time) Rexam will host a conference call on the Company's results and performance:

UK:	+ 44 (0)20 8150 0794 or 0808 101 7162
US:	+1 719 325 4942 or +1 877 741 4242
Access code:	7781670

A replay service will be available until 14 August:

UK:	+44 (0)20 7660 0134 or 0808 101 1153
US:	+1 888 203 1112
Password:	7781670

d **Interim dividend timetable**

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

Ex dividend date	27 August 2015
Record date	28 August 2015
Payment date	24 September 2015

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.