ANNUAL REPORT
2015

AT A GLANCE

WHO WE ARE

Rexam is a leading global beverage can maker. We are based in the UK, but have factories across five continents.

WHAT WE DO

We make cans… all sorts of cans, in different shapes and sizes with different finishes, decorations and ends so that our customers can delight their consumers.

We make cans… as efficiently and sustainably as possible to keep cost and impacts down.

We make cans… the most recycled beverage package in the world to minimise material use and reduce waste.

2015 IN NUMBERS

8,600

Average number of employees in 2015
See below and page 19.

4%

Reduction in carbon intensity per standardised can
2015 vs 2014

66bn

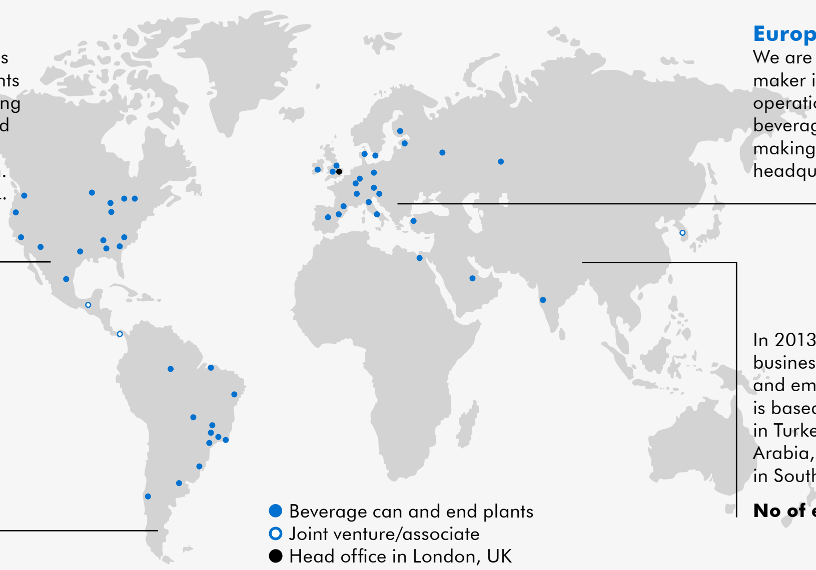
Cans made by Rexam in 2015
Of an estimated 320bn cans made globally

WHERE

The Americas
Our North American operations consist of 18 beverage can plants and end making plants (including joint ventures in Guatemala and Panama). We are the second largest can maker in the region. Headquarters are in Chicago, IL.

We are the no 1 beverage can maker in South America and specifically Brazil, the largest market in the region. Our 12 plants are strategically located to capture growth and optimise asset utilisation. Headquarters are in Rio de Janeiro.

No of employees: 3,900



Europe & Rest of World
We are the no 1 beverage can maker in Europe. Our European operations, which comprise 21* beverage can plants and end making plants, have their regional headquarters in Luton, UK.

In 2013, we established a separate business to focus on faster growing and emerging markets. The business is based in Dubai and has plants in Turkey, Egypt, India and Saudi Arabia, as well as an associate in South Korea.

No of employees: 4,700

* This figure includes the Berlin plant that was operational throughout 2015 and closed at the end of the year.

CONTENTS

FINANCIAL HIGHLIGHTS

£3,925m

Sales
From continuing operations

See page 20 for five year performance.

£404m

Underlying operating profit
From continuing operations

See page 132 for five year performance.

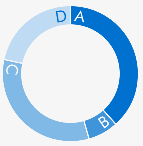
£291m

Statutory operating profit
See page 31 for details of statutory performance.

17.7p

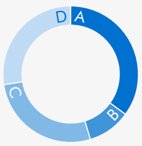
Total dividend for the year

VOLUMES



- A: Europe
- B: Rest of world (AMEA)
- C: North America
- D: South America

OPERATING PROFIT



- A: Europe
- B: Rest of world (AMEA)
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FIND OUT MORE ONLINE

On our website you will find a pdf version of the annual report 2015. You will also find annual reports from previous years (dating back to 1999) as well as investor presentations, publications and other material on Rexam, its markets and business.
www.rexam.com

DISCLAIMER

The annual report 2015 may contain 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 annual report 2015 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 annual report 2015, and other unknown future events and circumstances which can cause results and developments to differ materially from those anticipated. Nothing in this annual report 2015 should be construed as a profit forecast.

Rexam PLC is registered and domiciled in England and Wales: company number 191285.

BALL OFFER

On 19 February 2015, 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 (the Ball offer). See also pages 2 and 7.

This Ball offer is subject to a regulatory pre condition and other conditions as set out in the announcement released on 19 February 2015, a copy of which has been sent to shareholders and other persons entitled to receive it.

CHAIRMAN'S STATEMENT

On 19 February 2015, the boards of Ball Corporation (Ball) and Rexam announced they had reached agreement on the terms of a recommended cash and share offer for Rexam. One year on, we remain convinced that the alliance of Ball and Rexam represents a compelling opportunity for our stakeholders and a strong cultural fit between our two companies.

In many respects, 2015 was therefore an unusual year, but we have fully maintained our focus and continued to invest in, and drive value at Rexam, concentrating on 'business as usual' whilst the regulatory clearances around the Ball offer have been progressing.

THE YEAR IN REVIEW

2015 was another year of challenging global trading conditions but the business performed well and we saw volume growth across all our regions except North America. Like many other UK based global companies we continued to be impacted by foreign exchange translation as well as other external headwinds such as higher energy costs in Brazil. After taking into account the impact of these headwinds and our focused approach to cost control Rexam's profits for the year were in line with our expectations. The full report of our performance is on pages 30 to 36.

BALL CORPORATION

Rexam's board remains firmly supportive of the Ball offer, which is proceeding on track. During the year we worked hard to support Ball and provide the information required by regulators for the ongoing anti trust clearance process. This has inevitably taken up significant management time, but we have stayed focused on our strategic priorities and have continued to operate as a successful independent company. Upon final regulatory clearances being obtained the Ball offer will be effected by means of a scheme of arrangement under the UK Companies Act, which requires the approval of Rexam shareholders and the sanction of the scheme by the Court. Shareholders will be sent a copy of the scheme document, which sets out the terms of the Ball offer, and will be asked to vote on the scheme of arrangement. Completion of the transaction is expected towards the end of the first half of 2016, subject to Rexam shareholder approval, the sanction of the Court and final regulatory clearances.

RETURNS TO SHAREHOLDERS

Returns to shareholders are an established priority for Rexam and the dividend is a core element of total shareholder returns. The board has declared a final dividend* of 11.9p (2014: 11.9p) per share consistent with the terms of the Ball offer requiring that future dividends would not exceed the corresponding interim or final dividend paid or declared in respect of 2014. The final dividend* will be paid on 6 May 2016 to holders of shares registered on 8 April 2016. This final dividend* for 2015 will be paid whether or not the Ball offer completes.

* The final dividend in respect of the six months to 31 December 2015 has been declared by the board as a second interim dividend in accordance with the Company's articles of association and does not require shareholder approval.

CAPITAL EXPENDITURE

We continued with our strategy of investing with discipline in key projects to best meet customer demand and generate value and the investments of recent years have also started to bear fruit. November saw the opening on time and on budget of our innovative new plant at Widnau in Switzerland which has been built to support growth in the energy drinks segment. Our commitment to invest for the long term was highlighted by the announcement in February 2015 of our intention to expand Rexam's operations in India by building a second plant in Sri City.

SAFETY AND ENVIRONMENT

Safety remains a critical priority for Rexam and one the board follows closely. Despite the effort put in across the business on safety our main safety measures remained consistent with 2014. We can nevertheless take comfort from the fact that the number of life changing incidents were down 50% on 2014. We have also worked hard to embed sustainability right across Rexam; this year we were particularly proud of our progress in lightweighting (taking out over 9,000 tonnes of aluminium) and our reduction in energy and carbon intensity (at 4%). We also continued to support our customers in their own sustainability endeavours.

CORPORATE GOVERNANCE

The board sets the tone for Rexam through its conduct, its definition of success and its attitude to the assessment of risk and ethical matters. As the chairman, I am responsible for promoting good governance, which is essential to ensuring that we remain both successful and sustainable. We have stayed true to our core values and continue to uphold and practise effective governance and risk management.

A key strength of Rexam's board lies in its breadth of skills, experience, gender and nationality – and our discussions this year have benefited from this diversity. I have been extremely well supported by the members of the board and am grateful to them all for their valuable contributions to our discussions.

There were no changes to the composition of the board in 2015. However, in July, our finance director, David Robbie, was granted a leave of absence on medical grounds. He has all our very best wishes for a swift and complete recovery. In the meantime, director of group planning and finance, Kath Kearney-Croft, has been supporting the board in the role of acting finance director. Kath has been with Rexam for eight years and was commercial and strategic planning director in our European business before moving to the Group's head office in 2013.

During the year an evaluation of the board and its committees was carried out. The findings were discussed in December. The board believes that it has been effective in carrying out its duties in 2015 and that each individual director has been effective in board related matters. The board agreed in its discussions to focus on certain areas over the coming year to improve its effectiveness in 2016 and these are outlined in more detail in the Governance section of this report. (See page 37).

OUR PEOPLE

I have been particularly impressed by the way Rexam's 8,600 employees around the world have maintained their focus and delivered a good result despite the inevitable uncertainty the Ball offer has brought. They are a credit to the Company and I congratulate and thank them for their significant contribution in demanding circumstances.

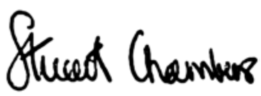
I would also like to pay tribute to our chief executive Graham Chipchase and the executive leadership team, who have led our business strongly through a busy and challenging year.

THE FUTURE

Our customers are global businesses and they want to deal with sophisticated international suppliers that match their global reach and needs. This is what the proposed combination with Ball will create. The potential alliance of two established leaders in the metal packaging business represents a major strategic industry development, creating an enhanced global packaging company capable of delivering a best in class offering across the globe.

Rexam today is in great shape, both strategically and operationally. It is a stronger, more confident and more focused business than it was six years ago, delivering higher returns.

As Rexam heads towards a probable new future I take great pride in having served as chairman of a business that has established itself as a global leader, whilst remaining wholeheartedly committed to its stakeholders.



Stuart Chambers
Chairman

18 February 2016

MARKET REVIEW

The global beverage market is large and growing. In 2015, around 2 trillion litres of packaged beverages were consumed across the world, an increase of 3% compared with 2014. The beverage can is helping to drive that growth.

THE GLOBAL BEVERAGE MARKET

While the average consumer drinks around 270 litres of beverages a year, consumption levels and growth rates differ widely by beverage category and region. North America remains the largest market for beverages, with consumption at 575 litres per capita while average rates in Africa, the Middle East and Asia (AMEA) are well below the global average. The low consumption regions are expected to achieve the strongest growth in the coming years, especially AMEA.

Carbonated soft drinks (CSD) and beers are well established categories and one of the largest globally in terms of consumption along with packaged water, milk and hot drinks. In 2015, the CSD and beer categories have increased by just over 1% compared to 2014. The fastest growth rates over the next three years are expected from smaller categories such as energy drinks, iced ready to drink (RTD) tea and coffee and flavoured alcoholic beverages (FABs), but also from the large and high growth packaged water category. (See charts 1 and 2 opposite).

Globally, about 1.6 trillion units of beverage packs were sold in 2015, an increase of 5% in volume versus 2014. PET bottles have now caught up with glass bottles and both account for the biggest share of the market followed by beverage cans, with the remainder packaged in a mix of cartons, pouches, sachets and other pack types. Can and PET have been growing fast at respectively 3% and 7% per year over the past five years, gaining share over glass. (See chart 3 opposite).

THE GLOBAL BEVERAGE CAN MARKET

The beverage can market comprises about 90% aluminium cans and 10% steel cans. There is a continued move from steel to aluminium and steel cans are now only used in some parts of Europe, Africa and Asia. Moreover, nearly all beverage cans used in North America and Europe are two piece cans but some three piece steel beverage cans are still used in China and South East Asia.

Rexam estimates that just under 320 billion beverage cans were consumed globally in 2015. Beer and CSD account for the vast majority of consumption, but an increasing number of consumers are drinking other beverage categories such as energy drinks, cider, iced RTD tea and coffee, FABs, flavoured and sparkling water, juices and milk from a can. (See chart 1 opposite).

Industry trends vary significantly region to region with different market dynamics. The world's largest two piece market, North America, continues to show a slow controlled decline in the CSD market. This is partially offset by the growth in cans for beer, energy, RTD tea, and specialty categories. Brand owners seek pack differentiation and shelf appeal in the more mature markets of North America, Europe and Japan and we can expect an increase in niche markets for specialty cans (such as Sleek, Big cans and sizes other than standard 12oz cans).

The major growth areas in terms of new plants and new lines have been in the developing parts of the world, particularly in China, South East Asia, Middle East and Africa. The rapid expansion of modern retail in these markets supports can growth versus returnable glass packaging. Moreover, current low levels of can consumption per capita in a market like India (1 can per capita in 2015) compared to North American and West European averages (respectively 315 and 85 cans per capita in 2015) suggests major long term growth opportunities. We also continue to see can growth in mature markets, driven by share gains from glass packaging and by the consumption shift from 'on trade' to 'off trade' channels, where the can is the preferred packaging.

CAN ADVANTAGE

The advantages of the can are well documented: cans are unbreakable, light, quick to chill and offer great visibility on shelf with 360° degree branding. Cans also support long product shelf life, they protect from light and oxygen, and keep the beverage fresh and safe to drink. They are suitable for all beverages, either carbonated or still, alcoholic or soft drinks. They are also convenient for the retailer with high cubic efficiency for transport and are easy to stack on shelves. Furthermore, beverage cans can be recycled forever.

THE GLOBAL PLAYERS

The beverage can market has three major global players, Rexam, Ball and Crown, who together account for over 60% of the global supply of beverage cans. Can-Pack has emerged as a strong regional player in Europe in recent years and accounts for some 4% of global supply. Excluding Japan and Australia, two geographically isolated markets, the three largest players account for over 70% of the market. (See chart 6 opposite).

76%

Percentage of turnover derived from Rexam's top 10 customers in 2015

ABInBev	Heineken
Arizona	Monster
Carlsberg Group	Pepsi
Coca-Cola	Red Bull
CCU	SAB Miller

KEY CUSTOMERS

Rexam's customers include large global and regional beverage companies in soft and alcoholic drinks with a diverse geographic footprint.

One of their key challenges is profitable growth in a world currently growing at a slower pace than before. The slowdown in certain mature markets has put pressure on prices and margins. Growth in emerging markets is attractive but they are proving no less competitive as local champions and multinationals build their positions.

The consolidation trend among the beverage producers industry continued in 2015 with a number of new strategic partnerships and acquisitions aimed at increasing market share, expansion into new and emerging markets and the reduction of costs by leveraging both suppliers and distributors.

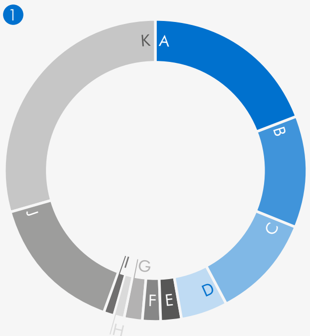
In developed markets, the trend is towards finding ways for our customers to continue to capture consumers' 'share of throat'. Our customers are increasingly focused on innovation to differentiate their products in a crowded and lower growth marketplace.

Innovation is taking place in areas such as beverage categories, consumer segments, drinking occasions and channels using pack size, shape and decoration as differentiators.

In emerging markets the challenge is more around different pack types to access the myriad of consumer segments, price points, beverage categories and channels.

To address customers' priorities Rexam has continued to increase its focus on innovation. Our innovation board is chaired by the chief executive and funds investment to address strategic priorities through new technology. We participate early in the technology value chain to create the best competitive advantage. Our supplier collaboration programme has been built to create a line of sight from our customer priorities to joint technology developments that complement Rexam's capabilities and accelerate our pace of innovation.

1



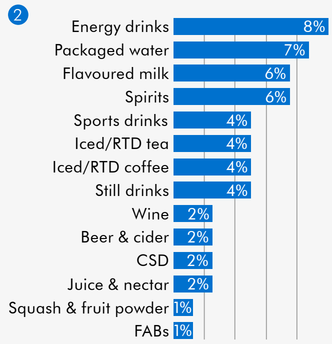
2015 Global consumption by beverage category

2.0 trillion litres

- A: Packaged water
- B: CSD
- C: Beer & cider
- D: Juice drinks
- E: Iced/RTD tea & coffee
- F: Spirits (incl FABs)
- G: Squash & fruit powders
- H: Wine
- I: Energy & sports drinks
- J: Milk & dairy drinks
- K: Hot drinks

Source: Canadean

2

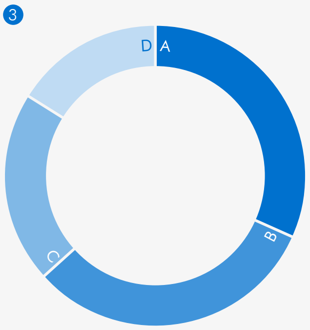


2015–18(e) Global beverage volume growth CAGR

Soft and alcoholic drinks

Source: Canadean

3



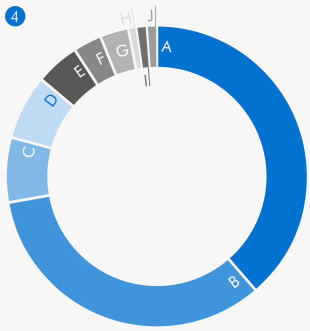
2015 Global beverage pack mix

1.6 trillion units

- A: Glass
- B: Plastic
- C: Cans
- D: Other

Source: Rexam estimates

4

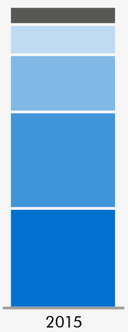


2015 What's in a can

- A: Beer
- B: CSD
- C: Energy drinks
- D: Still drinks
- E: Iced/RTD coffee drinks
- F: Iced/RTD tea drinks
- G: FABs
- H: Sports drinks
- I: Nectars (25–99%)
- J: Juices (100%)

Source: Rexam estimates

5



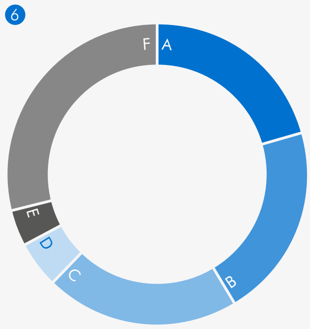
2015 Global can volumes by region

c320 billion cans

- Middle East & Africa
- South & Central America
- Europe
- Asia
- North America (incl Mexico)

Source: Rexam estimates

6



2015 Can makers' market share

c320 billion cans

- A: Rexam
- B: Ball
- C: Crown
- D: MCC
- E: Can-Pack
- F: Other

Source: Rexam estimates

MARKET REVIEW
CONTINUED

Consumer trends are changing: not simply what they drink but where they drink it and what they expect the packaging to deliver above and beyond traditional expectations.

As a leading global beverage can maker, Rexam stays in tune with the main trends (seen in the table below), adapting as needed so that it can continue to ensure that the beverage can remains a package of choice for our own customers.

Consumer trends	How Rexam cans address these growing trends
Health and wellbeing: • Healthy nutrition • Product safety	• Cans are available in a variety of smaller sizes and slim shapes, supporting portion control and single serve consumption. • Cans are suitable for all beverages, including juices, iced RTD tea and coffee, FABs, and flavoured and sparkling water. • Cans support long product shelf life. They protect from light and oxygen, and keep the beverage fresh and safe to drink.
Easy and convenient: • Easy to buy • Easy to consume	• Cans are available for multiple channels (eg vending machines, convenience stores, hypermarkets) and in multiple sizes and formats to suit a wide range of consumer occasions (at home, on the go, with food, etc). • Rexam offers thermochromic inks on cans to signal to the consumer when the product is at its optimum drinking temperature. • Cans provide ready to drink packaging.
Individualism/customisation: • Novelty, fun and experience • Personalised packaging	• Rexam's Standard Editions™ and Super Premium Editions™ technologies[1] allow between 6 to 24 variable print designs on the can (eg names, city photos) for enhanced marketing opportunities. • Cans have 360° branding capability for enhanced visibility on shelf. • Rexam can print QR codes and augmented reality (AR) features on a can, ideal for enabling social media interaction.
Premium and affordable: • Premiumisation • Modern contemporary look • Affordability	• Rexam uses a combination of printing technologies (eg high definition printing, tactile, debossing, sparkling, thermochromic inks) and decorative effects as well as a variety of can ends and tabs (coloured, laser engraved, cut out tabs) to achieve a premium and contemporary look. • Rexam's Fusion® aluminium bottle (250ml and 330ml) is ideal for premium products and special editions. • Cans offer affordable options when retailed in multipacks and smaller pack sizes.
Sustainability: • Sustainable production • Easy to recycle	• The can is a highly efficient and economic package to produce, fill and distribute. Lightweight, cubic efficient and unbreakable, the can protects the product perfectly. • The can is the most recycled beverage packaging in the world. Cans are infinitely and fully recyclable with no loss of quality. Cans have the ability to be recycled back into new cans and on the shelf within 60 days.

[1] Patent pending.

NEW BEVERAGE CATEGORIES

The traditional categories of CSD, beer and energy drinks represent the majority of Rexam's volumes.

In a world with a maturing traditional CSD category, fast growing beverage categories such as juices, dairy, FABs and nutritious drinks offer an exciting growth path and diversification of our customer base.

The can offers customers the opportunity for product differentiation on crowded retail shelves, where plastic bottles dominate in soft drinks, and provides a viable alternative to the more premium types of glass packaging.

CHIEF EXECUTIVE'S REVIEW

Rexam delivered a good operational performance in 2015. Our results are testament to the efforts of a great team working hard in the unique context of challenging market environments, the impact of foreign currency translation and the uncertainty that has come with the Ball offer.

FINANCIAL SUMMARY OF THE YEAR

In 2015, our beverage can volumes grew 4%, 2% excluding the acquisition of United Arab Can Manufacturing Limited (UAC). Reported sales were up 2% at £3,925m due to good volume growth, partially offset by the impact of foreign currency translation and lower pricing. Sales adjusted for foreign exchange were up 3% driven by volume growth, partially offset by pricing.

The increase in volumes stemmed from organic[1] growth across all regions (except North America) at rates in line with – or ahead of – their respective markets. This good growth was offset by the commoditisation of a certain specialty size can in North America and higher energy costs in Brazil – as well as the non repeat of the tax benefit in Brazil in 2014. As a result, reported underlying operating profit was down at £404m (2014: £418m) while operating profit, excluding foreign exchange, was flat.

Free cash flow for the year was lower than our target range at £115m. This was due to higher capital expenditure and adverse working capital.

A full review of the underlying and statutory results can be found on pages 30 to 36.

PREPARING FOR THE FUTURE

In February 2015 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 £1.6bn of cash to shareholders since 2010, creating a focused beverage can maker with a promising future. Notwithstanding that, my fellow board members and I believe that the offer from Ball represents a strong opportunity to create a 'best in class' global service in the metal packaging industry with an enhanced ability to serve the demands of our increasingly global customers.

We have explained that for the Ball offer to proceed certain regulatory clearances are required. Throughout 2015, we worked to support Ball's preparation of merger control filings for submission in all relevant jurisdictions. Final regulatory clearances are still awaited. In July, Ball shareholders approved the future issuance of new Ball shares to Rexam shareholders in connection with the Ball offer. These new Ball shares will form part of the consideration paid under the Ball offer. Rexam shareholders will be asked to vote on the scheme of arrangement once the regulatory clearances are substantially finalised and we anticipate completion of the transaction towards the end of the first half of 2016.

Despite the Ball offer, we continued in 2015 to pursue our own plans as an independent company. In our annual report 2014, we set out our strategic priorities and an overview of our progress against these is provided below.

INVESTING WITH FOCUS

Our aim is to capture opportunities and protect our core business, while at the same time maintaining our strict capital discipline and a focus on returns. In January 2015, we completed the acquisition of a 51% stake in the Saudi Arabian beverage can maker UAC and have integrated it into Rexam. In May 2015, we completed and commissioned the third manufacturing line at the Rexam UAC plant in Dammam. We have spoken for some time about the opportunities in emerging markets and it was therefore pleasing to see this strategy bear fruit with this acquisition. Rexam UAC is a modern business with well established customer relationships and a strong competitive position in an attractive market with good returns.

The start of 2015 also saw us announce that we 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. 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.

Our new plant in Widnau, Switzerland was completed on time in Q4 2015. The plant, which represents an investment of £115m over three years, has a capacity to produce 2.2bn cans per year and commenced production with one operational line with a further two scheduled to come on stream. The plant enables us to meet customer demand for energy drinks in Europe and will free up capacity in our other plants to support continued European growth.

Also completed on time was 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 capacity at the plant by 0.2bn bottles per year.

We have announced an investment in a second can plant in southern India to meet the continued growth of the beverage can market there. We secured land in Sri City and have begun building the plant, which is expected to be operational in 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 plant will be located in due course. Having plants in different locations across India will enable us to meet the needs of our customers in this region over the long term.

In all, net capital expenditure was £242m (2014: £195m), 1.8 times depreciation and in line with our expectations.

STRENGTHENING CUSTOMER RELATIONSHIPS

Strengthening customer relationships is central to our strategy. Our customers face multiple challenges, including changing consumer preferences, increasing regulation and muted economic growth in some of their markets. Our approach is not simply about providing the best quality and customer service at the right cost, although these are important, but also focusing on working strategically and proactively. Customers want a global partner that offers a framework for collaboration;

[1] Organic change is year on year change at constant foreign exchange rates excluding acquisition.

CHIEF EXECUTIVE'S REVIEW
CONTINUED

a packaging expert who speaks their language. This will help them stay ahead in their markets, and enable us to maintain our competitive edge.

As previously reported, consolidation continues in the beverage industry, with customers taking a more co-ordinated, global approach to procurement to help them lower costs and innovate. They are also demanding a more complex product offering as they seek differentiation and shelf appeal. Responding to these industry trends, we continued to strengthen our structures, processes and systems.

Our key account leads, which manage our main global customers and act as their single contact point, are now well established. A key aspect of their role is the development of global key account plans with specific objectives and KPIs and maintaining regular communications with the customer around the delivery of those objectives. This change is helping us build relationships for the long term as a globally recognised 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.

PURSUING 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. Reducing our cost base and increasing our productivity are central to attaining cost leadership. In February 2015, we initiated consultations with the Berlin works council on the closure of our plant. With three low speed lines and one of the highest fixed cost bases in our European network, Berlin had become uncompetitive in serving its core German, Benelux and Polish markets. Negotiations were constructive; an agreement was signed in July 2015 and the plant closed in December 2015.

In 2015, we saw good results from the many value stream activities implemented across our business. We delivered £22m in savings, maintaining our excellent record in this area. 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 Institute's top honour, with only one or two manufacturing plants globally recognised with this award each year. Since adopting the Shingo Model, we have achieved unprecedented honours in the awards: three Bronze and six Silver Medallions – and two Shingo Prizes. A number of Rexam sites are currently preparing for Shingo assessment as we continue our pursuit of manufacturing excellence.

SHAPING OUR FUTURE THROUGH INNOVATION...

Innovation adds value and is a key driver of growth and improved returns. Our performance on innovation positions us as the can maker of choice for our customers and serves as a further means of reducing our cost base. In 2015, we continued to make progress with our three innovation programmes of work – pack of the future, core process and plant of the future. On core process, for example, we used our approach to new technology introduction together with global technology teams, to deploy two new process innovations across the business.

On products, our leading edge Editions™ technology (patent pending) continued to exhibit strong global growth in 2015. Allowing up to 24 different designs to be printed simultaneously on one pallet, we saw a number of customer collaborations come to fruition, including our biggest – in terms of different cans printed – with Baltika. This campaign saw 990 different Russian city names printed on an identical urban skyline graphic using our 50cl cans. Aiming to stay at the forefront of our industry, we are currently developing further variants in the Editions™ portfolio.

Consumers continue to want more from the products they buy. Differentiation and prominence in retail outlets is vital, and we continued in 2015 to pursue such innovation. For example, we worked with Heineken to launch a range of Strongbow Apple Ciders in the first ever 400ml Super Sleek® can. Rexam is the only manufacturer to produce this can size, which provides an additional variation for customers and has helped consolidate our position as a market leader, offering the widest range of beverage cans.

...AND THROUGH SUSTAINABILITY

As a global business producing billions of cans per year, we have a clear responsibility to ensure that sustainability sits at the heart of our business. Many of our customers have advanced programmes that commit them to stretching targets with regard to the sustainability of their packaging. Rexam supports them in this journey to drive sustainable transformation within their supply chains and maintain the sustainability credentials of the can.

Our sustainability framework was established in 2010 around the key areas of products, operations and people. It continues to provide the roadmap that defines how we contribute and create value across a wide range of stakeholder issues. In 2014, we undertook a materiality study to validate our framework, setting ourselves updated measures and targets through to 2020. Notable additions are ambitious targets to reduce the carbon footprint of a can by 25% and to reduce water intensity by 10%.

I can also report that in 2015 we retained our position in the Dow Jones Sustainability Index (DJSI) Europe. This external recognition is vital to show us, and our stakeholders, that we are on the right track and recognises how far we have embedded sustainability across the business. Areas of strength identified by the DJSI continue to be in governance, risk and crisis management, product stewardship, human capital development, labour practice indicators and human rights. Our 2015 scores show improvement in ten categories and confirmed our industry leadership in risk and crisis management, human capital development and labour practices and human rights. More details can be found in our 2015 sustainability report, available on our website.

We work collaboratively with business partners to identify successful sustainability strategies and collectively create value. Three initiatives demonstrate this approach. On the innovation side we are working with Magna Parva to investigate disruptive technologies in metal forming that will drive can lightweighting and reduce energy consumption. We are working with 13 major companies across the value chain in the Aluminium Stewardship Initiative to address issues relevant to the production and stewardship of aluminium from bauxite extraction to the production of consumer goods and recycling. We are also collaborating with Carlsberg on the Carlsberg Circular Community initiative, rethinking the design and production of packaging material to develop the next generation of packaging products.

BUILDING A WINNING ORGANISATION

An organisation that is engaged and performs is critical to our success. In a year when we announced Ball's proposed acquisition of Rexam, I have been hugely impressed by our people's unwavering focus on our strategic priorities and their commitment to deliver. Communicating with all our employees has been a key priority throughout 2015, ensuring they have the information they need to perform their roles but also supporting them as the business moves through change. We have continued to focus on performance management, talent management and providing learning and development opportunities for colleagues across Rexam so they can develop their careers.

It was therefore pleasing to see this effort reflected in our 2015 employee survey results. Our employee survey has been running since 2010; helping us listen to our people and deliver changes that improve our business. With the backdrop of the Ball offer and the unique circumstances it has brought, we saw participation in the survey increase four percentage points from 2013 to 97% and our engagement index remain stable at 75% in our participating locations, with improvements seen in satisfaction, commitment and pride. This was an excellent result in a period of change and shows that we continue to make progress with this key indicator. (See more on page 19).

Central to a winning organisation is a strong and improving safety culture. Safety has always been at the heart of what we do at Rexam, yet we needed our safety performance to be more consistent and sustainable. To reinvigorate our focus right across the business during 2015, 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 performance as we strive towards our objective of zero accidents.

Our main safety measures remained consistent with 2014, with 83% of our manufacturing locations being Lost Time Accident (LTA) free and the number of life changing incidents reducing by 50% over the year.

MARKETS AND DIVISIONAL PERFORMANCE

The market background is explained more fully on pages 4 and 5. In 2015, volume growth in our markets was in line with expectations and the respective markets in which we operate.

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

Europe & Rest of World: overview

In the Europe & Rest of World segment, organic sales grew 7%, with growth in most regions and organic operating profit up 13%. Return on sales was flat, and recent investments made in growing the business (including the new plant in Switzerland) led to reduced return on net assets for the segment.

Europe

After a solid start to the year in both standard and specialty cans, trading in Europe slowed down and volume growth for the year was 3%, driven by Germany, Austria and Spain. Standard cans were flat, while specialty cans were up 8% as good growth continued within energy drinks.

Our business in Russia is self contained in terms of supply of aluminium and other raw materials, the manufacturing process and customers. Against a backdrop of a weak macroeconomic environment and a declining beer market, we saw positive development in Russia, with volumes growing by 3% as the can continued to gain share in the pack mix reaching 25% for beer, helped by the development of modern retailers in the market.

Africa, Middle East & Asia (AMEA)

Our AMEA business saw continued growth, with overall volumes growing 55%, 12% excluding UAC, to close to 5bn cans driven by good growth in specialty cans. Our volumes in India continued to grow strongly at 22%. In Turkey and domestic Egypt, the market performed well and volumes ended up ahead of last year. Given the political instability in the Middle East, certain borders remain closed and this has led to some softness in our export business.

Americas: overview

In the Americas segment, organic sales were down 4% as continued volume decline in North America was offset by some growth in South America. Organic operating profit was down 13% as lower sales combined with commoditisation of a certain specialty size in North America and higher energy costs in Brazil. As a result, return on sales and return on net assets for the segment were lower than last year.

North and Central America

In North America, can consumption remains the highest in the world at 315 cans per capita per year. Rexam has more than 20% of the North American market. During the year we continued to focus on diversifying the portfolio and establishing strong positions with customers in growth categories such as craft beer, tea and energy drinks. In craft beer, for example, we are a leader in the segment, working closely with brands such as 612Brew, Sudwerk Brewing Co., Tin Man Brewing Co., Silver City Brewery, and Burnside Brewing Co., all of whom have recently chosen Rexam cans.

In 2015, our volumes were down 2% due to our exposure to the carbonated soft drinks (CSD) market. This was partially offset by specialty can volumes, which continued to grow strongly at 10%. This was driven by growth in Sleek® and 16oz cans coming from customers in a variety of categories including beer, CSDs and energy drinks as well as flavoured alcoholic beverages. The process of commoditisation of a specialty can size in North America has affected margins during 2015 as previously disclosed.

Outside the US, there continued to be further growth in Mexico and Central America with the region's increasing population and improving GDP per capita. We are participating in this growth through our plant in Querétaro, Mexico. We also have a joint venture in Guatemala and Panama to help us broaden and strengthen our customer relationships in this region.

South America

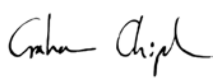
Despite difficult comparative volumes versus 2014 because of the FIFA World Cup, volumes in South America continued to grow at 2% in 2015. After a quiet start to the year, volume strengthened in the second half despite a weakening macroeconomic environment. Specialty cans continued to grow much faster than the total market, and with recent conversion of lines to specialty cans we have fully participated in that growth.

OUTLOOK FOR 2016

Looking ahead, the environment remains challenging but we continue to expect low single digit growth in global can volumes. Customer pressure and competitor actions are reducing market prices in Europe. We have taken resolute steps to address these challenges, reducing our cost base to mostly offset these pricing pressures in 2016. At current aluminium premium rates, we would expect a tailwind, although the cost of premium remains uncertain. Partially offsetting this benefit will be the ramp up costs for new capacity in Switzerland and India, as well as foreign exchange losses in Brazil. As ever, our focus will remain on tight cost management and the elements of our business that we can control.

In closing, I return to the subject of global change in our industry which includes customer and supplier consolidation with resulting pressure on costs and prices. Rexam's proposed combination with Ball will create a global packaging leader driven by a common desire to serve all customers in the best possible way around innovation, manufacturing excellence, supply chain efficiency and sustainability. The proposed combination will also be able to respond to changes in the industry environment in a faster and more effective manner.

I have been proud to lead the Rexam business for the past six years and am confident that the future will continue to deliver value and opportunity for our stakeholders.



Graham Chipchase
Chief Executive

18 February 2016

BUSINESS MODEL

Rexam is a global beverage can maker producing around 66bn cans a year at 56 plants across the world. We offer our customers a broad range of can sizes for their products such as CSD, beer, energy drinks and other beverage categories.

Our business model is underpinned by clear and consistently applied frameworks for enterprise risk management, including governance and sustainable development. We are part of a supply chain that stretches from ore mining to the consumption of beverages from cans by the consumer. Within that chain, we have direct control over the manufacture of beverage cans and ends and the capital (see below) to make this viable. We also constantly support and promote the beverage can as a sustainable alternative to other drinks packaging. (See more on page 6).

MANUFACTURING

Our core skill lies in converting sheet metal into beverage cans and that is where we can generate sustainable competitive advantage and where we create the vast majority of our value. We invest in assets to convert sheet metal into cans and in most cases assume the risk of converting aluminium ingot into coil. Our success and ability to create value relies on high utilisation of our can making lines and our ability to convert sheet metal into finished beverage cans and ends as sustainably as possible at the lowest delivered cost.

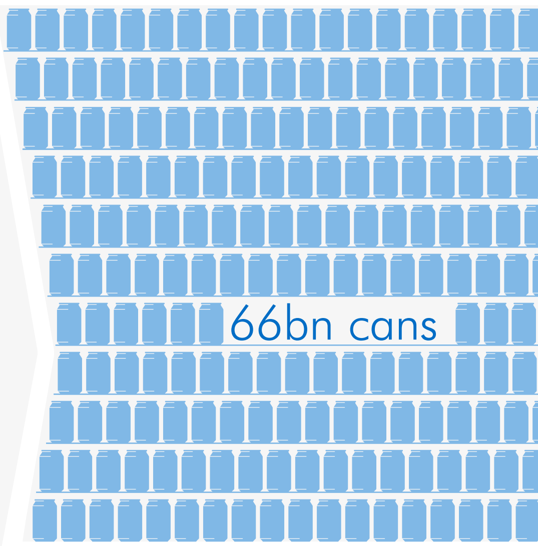
Managing enterprise risk (see page 22)

WE EFFECTIVELY USE OUR STRATEGIC INPUTS...

- **Natural capital**
  Energy, virgin and recycled metal, inks, water
- **Financial capital**
  Disciplined capital allocation
  Intangible assets
- **Manufactured capital**
  Well invested asset base comprising 56 can and end making plants (including joint ventures and associates) in five continents
  Global suppliers and strong relationships
- **Human capital**
  8,600 employees
  Safe and healthy working conditions
  Training and development opportunities
  Fair remuneration and health benefits
- **Social capital**
  Strong relationships with customers and suppliers
  Licence to operate
  Community engagement
  High governance and ethical standards

...IN OUR CAN AND END MAKING AND FOCUS ON...

- Addressing our customers' needs to get their products to their end users as innovatively, efficiently and sustainably as possible (see page 14)
- Continually improving the efficiency and sustainability of our processes and our footprint to achieve low cost base (see page 18)
- Expanding into new markets and into new product areas (see page 14 and page 15)
- Maintaining capital discipline and managing cash and costs (see page 18)
- Keeping our people safe and healthy and developing our structure and their skills to meet our customers' needs (see page 19)
- Promoting the drinks can as a viable and sustainable packaging option (see page 6)



Creating sustainable value

Enhanced financial, manufactured and human capitals

CASH RETURNS TO SHAREHOLDERS

£124m in dividend payments.

SALARIES AND EMPLOYMENT

We employed more than 8,600 people and paid them in total c £503m.

PEOPLE DEVELOPMENT

We delivered on average 23.6 training hours per employee.

Cans recycled back into the metal supply chain reduce carbon emissions

We focus on operational excellence (see page 18) using six sigma and lean principles across our operations and processes to reduce cost and material usage, all the while ensuring the safety and wellbeing of our people.

SUPPLIERS

We are key strategic partners for most of our major suppliers who include aluminium, energy, chemical, machinery and freight companies. Aluminium represents almost 60% of our annual cost base from continuing operations, some £2bn annually. We source our metal from well established global aluminium suppliers. The risk of aluminium and other input cost increases has decreased mainly driven by weak commodity prices and decline in aluminium premium levels during 2015, alongside new regulations aimed at decreasing the volatility of aluminium premiums.

We work closely with all our suppliers to codevelop innovative processes and products to help reduce our material usage or take advantage of the advances in can making technology to complement the work we are already doing in this area.

CUSTOMERS

Our aim is to build strong and mutually beneficial relationships with our customers to ensure that we are the preferred can supplier. Cost leadership is essential and the location of our can making network relative to our customers' filling locations is important in minimising logistics and freight costs. Larger customers are moving to global procurement models and, as part of our response, we have global key account management for core global customers to further align ourselves with them. The complexity of our business is growing with the proliferation of different can sizes and finishes, and shorter product runs. The ability to deliver at low cost in such an environment will become a prime capability. Innovation in products and processes, and our close understanding of the trends affecting our customers, are also critical differentiating factors in shaping our future. (See page 16).

PEOPLE AND CAPABILITIES

We have a highly skilled and motivated workforce, most of whom work in plants. We invest in training and development to help employees achieve their full potential and make sure they have the engineering, technical and commercial skills to help us remain competitive and match the needs of our customers.

We aim to attract and retain top talent by making Rexam a great place to work where people from all backgrounds can develop their careers and feel rewarded for what they do.

SHARED VALUE

Our business follows a circle of revenue and profit generation, efficient cash conversion and reinvestment in the business. We share the value we generate with our shareholders with regular dividend payments (see page 2) and with the wider community through employment, salaries, the payment of taxes and supplier payments as well as social and charitable projects.

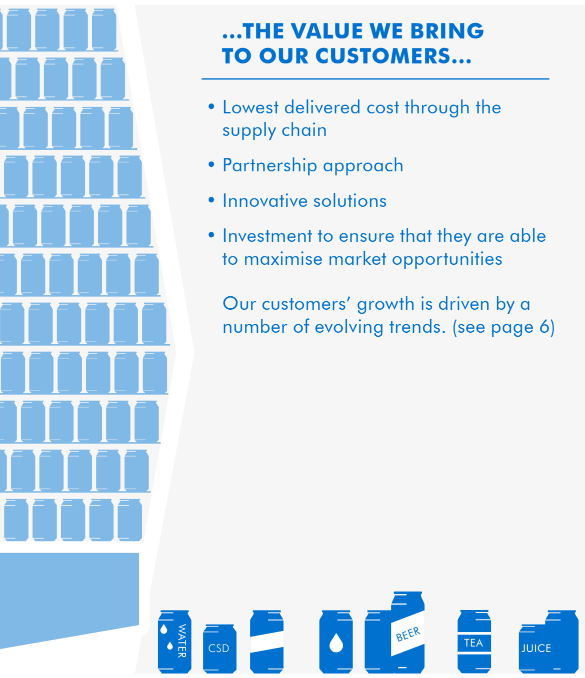
Our aim is to balance growth and returns (measured in return on capital employed: ROCE). ROCE may drop slightly in a year of high investment or if we make an acquisition and in a low investment year it may go up. Through the cycle, however, our aim is to maintain ROCE around 15%.

Sales growth is expected to be slightly above the GDP of the countries in which we operate as beverage markets grow and cans continue to take a greater share of the pack mix (mostly replacing glass containers).

We plan for operating efficiencies and pricing to offset cost inflation over time, thereby expecting profits to grow slightly faster than sales. This translates into good cash generation which supports a healthy balance sheet and helps maintain an investment grade rating.

To underpin sales growth and to protect our business, we aim to continue to invest at a rate of 1 to 1.5 times depreciation over the cycle. Any investment in organic growth or in bolt on acquisitions will be determined by where we see the best opportunities to grow with good returns over time. The disciplined allocation of capital is a crucial competency in this respect and, consequently, a source of advantage.

We consider dividends to be a core element of shareholder remuneration and something on which they should be able to depend. We aim to continue to pay dividends in line with our policy of 2.0 to 2.5 times cover and return surplus cash to shareholders.



...THE VALUE WE BRING TO OUR CUSTOMERS...

- Lowest delivered cost through the supply chain
- Partnership approach
- Innovative solutions
- Investment to ensure that they are able to maximise market opportunities

Our customers' growth is driven by a number of evolving trends. (see page 6)

...AND HOW WE SUPPORT CONSUMERS

- Provide the most convenient single serve beverage package
- Ensure a safe package that keeps contents secure
- Deliver an easily recyclable package
- Support recovery and recycling of beverage cans across the globe

METAL recycles forever™

SUPPLIER PAYMENTS

We paid around c£2.95bn to suppliers worldwide.

ENVIRONMENTAL IMPACT

We reduced our carbon intensity by 4%.

and offset virgin material requirements

OUR STRATEGIC PRIORITIES

Five key strategic priorities (see below and pages 14 to 19) help us to focus on what is important to deliver on our commitments, to align and mobilise our organisation and to optimise time to execution. Together they will enable us to achieve our vision and our overriding goal to deliver sustainable value to all stakeholders.

OUR VALUES

Clear values help build a sense of trust and accountability. They are a point of reference, a compass to guide us.

Safety

In 2015, we added safety to our core values. We wanted to reinvigorate our focus, not just on the shop floor, but right across our business. Our safety vision is that we all get home safely to our family and friends every day.

Continuous improvement

We are determined to do better tomorrow. This is the key to strong customer relationships, operational excellence and business success. We set ourselves ambitious targets and, in making us the benchmark for quality in our industry, become a beacon of best business practice.

Recognition

We believe in recognising every contribution to our business and we celebrate outstanding achievement. We reward and promote people on merit, through fair and open performance management and career development systems. We should all feel that our work is an enjoyable and fulfilling part of our lives.

Teamwork

We know that as a focused beverage can company we are at our best when we work together as a group. We deliver the greatest possible benefit to customers, shareholders, colleagues and communities when we pool our talents and pull together. We respect and value the diversity of our people and we are committed to fairness and meritocracy.

Trust

Openness and honesty are essential to business efficiency and fundamental to a positive working environment. We encourage people to say what they think and if we promise we will do something, we deliver. We will earn and deserve the trust of everyone who comes into contact with us.

Our strategic priorities	What are our key strengths?
Strengthen our customer relationships Not simply by providing best quality and customer service at the right cost but also by working with customers strategically and proactively. We will strengthen ties through commercial excellence and marketing capability, while innovating to meet the challenge of profitable growth in a lower growth world.	• Global manufacturing footprint • Long standing relationships with world leading brands • Depth of packaging knowledge • Responsiveness to operational requirements • Continued investment in new products and processes
Invest with focus Ensure that we capture opportunities and protect our core business, all the while maintaining strict capital discipline and a focus on returns.	• Disciplined capital allocation with good investment track record • World class project management of processes • Strong enterprise risk management • Regarded as proactive, reliable global partner • Strong balance sheet
Pursue continuous improvement in operational excellence Our emphasis is on delivering first class products at cost at or below those of our competitors.	• Unrelenting focus on beverage can making • Stringent focus on quality and on time delivery • Globally recognised manufacturing excellence based on six sigma and lean principles • Highly skilled employees with the engineering and technical expertise to support our business
Shape our future By innovating and continuing to improve our sustainability performance to underpin our licence to operate and to support our customers as they face increasing consumer and legislative pressures.	• Global centrally funded innovation programme • Close ties with technology leaders to enhance our can making process • Clear, aligned sustainability framework with stretching targets • Industry leading commitment to promote and support post consumer recycling
Build a winning organisation Ensuring that a culture of collaboration, delivery and behaviour centred around our core values and leadership practices underpins everything that we do.	• Engaged employees • Strong and improving safety culture with engagement across the company • Continual investment in training and development to ensure that we are prepared • Clear values and leadership practices (as well as globally applied Code of Conduct) part of leaders' performance objectives

How does this help to create value and how do we measure?	Key events in 2015	Future challenges and risks
Delivering on our promises coupled with a proactive approach increases the likelihood of further sales growth. Measures: Sales growth, research and new product development and customer satisfaction score (see pages 20 and 21).	We grew volumes 4% in 2015. • Expanded our European and Russian graphics and design studio capabilities • Continued to lead the development of craft beer in cans in both US and Europe • All time record quality score in our customer survey in South America • Continued growth in new beverage categories	• Pressure on profit margins through coordinated global customers procurement • See summary of principal risks and uncertainties on pages 24 to 29
Our customers operate globally and expect us to be able to match their geographic footprint. Our geographic base translates into a robust business portfolio. Investment improves our ability to win and extend contracts to serve the growing needs of our customers and fully utilise our can making capacity. Measures: Sales growth, profit growth and emerging market sales (see page 20).	We invested in a number of markets globally in 2015. • Completed acquisition of 51% stake in UAC • Invested in joint venture in Panama • Opened new innovative plant in Widnau, Switzerland • Started building second plant in India	• Asset acquisition expensive • Lack of significant available new emerging market investment opportunities • See summary of principal risks and uncertainties on pages 24 to 29
Lowest delivered cost is essential to winning and maintaining business and ensuring that our production lines are working at optimum capacity. Measures: Underlying profit growth, free cash flow, annual efficiency savings (see page 20).	We again gained recognition for operational excellence from The Shingo Institute. • The Shingo Prize awarded to our joint venture in Guatemala • Delivered £22m in savings, continuing our excellent record in this area • Global operational tools implemented to enhance best practice sharing • Berlin plant closure completed in a fair and professional way	• Metal premiums • See summary of principal risks and uncertainties on pages 24 to 29
Positions us as the can maker of choice for our customers and serves as a further means of reducing our cost base and earning our licence to operate. Measures: Recycling rates, research and development, carbon intensity, recycling rates (see page 21).	We continued to innovate in both processes and products to support the needs of our customers. • Our Editions™ technology (patent pending) continued to grow strongly across the world with a number of customer collaborations • Launched new cans sizes in our Sleek® range • Published our 2015 sustainability report achieving 16 of the 20 goals we had previously set	• Maintain balance in our innovation portfolio across the short, medium and long term in light of short term pressures • See summary of principal risks and uncertainties on pages 24 to 29
Engaged, motivated people understand how their work contributes to the delivery of our strategy and the satisfaction of our customers. Training and development ensure that they have the skills to help us remain competitive. Measures: Employee engagement and lost time accident rates (see page 21).	We introduced safety as a core value. • Reduced the number of life changing safety incidents by 50% • Increased participation in our employee survey and maintained our engagement index at 75% • Continued to provide learning and development opportunities for our people against the backdrop of change	• Competition for talent • See summary of principal risks and uncertainties on pages 24 to 29

OUR STRATEGIC PRIORITIES:

STRENGTHEN CUSTOMER RELATIONSHIPS

In today's business climate, our customers are not simply looking at supply chain savings to help drive their growth. They also want a global partner who can offer a framework for collaboration: a packaging expert who speaks their language. This is what can help them stay ahead in their markets, and enables us to maintain our competitive edge.

EDITIONS™ CONTINUES TO DELIVER

Our Editions™ variable printing portfolio continues to grow as our customers exploit the technology to support brand promotion campaigns.

2015 saw a number of customer collaborations come to fruition, including our biggest in terms of different cans printed for Baltika. This campaign saw cans produced using 990 different Russian city names printed on an identical urban skyline graphic using our 50cl cans. SABMiller also used our Super Premium Editions™ technology for their Czech beer brand Pilsner Urquell to create a range of award winning and limited edition eye catching can designs.

Aiming to stay at the forefront of our industry, we are currently developing further variants in the Editions™ portfolio.

SLEEK® FAMILY EXPANDS

Rexam has added two new can sizes to its Sleek® family, reaffirming its position as a leading global can maker. The new 400ml and the 473ml Super Sleek® cans, both with 202 ends, are manufactured in Ejpovice, Czech Republic, and are available to customers across Europe. Providing a sophisticated and modern packaging solution, the 400ml can is an ideal shape and size for on the go consumption. The new 202 end on the 473ml can offers Rexam's customers a more convenient filling format and is available in addition to the existing 206 end.

NEW BEVERAGE CATEGORIES

Last year also saw us further expand into new beverage categories. Bon Affair is one of the first companies in the US to utilise our FUSION® aluminium bottle for its single serve sauvignon blanc wine spritzer. Noah's Spring Water also launched in our innovative and resealable Cap Can® in 2015.

Expansion

Building on success
Following successful launches in 2014, in 2015 we expanded our design capabilities at our UK and Russian design centres. The investment in Luton (UK) sees the installation of a fully operational design reproduction studio, whilst new state of the art technology is now available in the Russian centre based in Moscow.

990

Customer collaboration
We collaborated with Baltika #3, one of Russia's most popular beer brands, to create 990 different can designs for a first of its kind limited collection. Using our patent pending Editions™ technology, the design project, completed in just three days, is the largest Rexam has undertaken to date.

OUR STRATEGIC PRIORITIES: INVEST WITH FOCUS

The long term sustainability of our performance is dependent on the successful expansion in current and new markets, all the while maintaining a balance between growth and returns to our shareholders. Through organic growth and carefully selected bolt on projects, we aim to defend our market positions and improve our ability to serve the needs of our customers.

EXPANSION IN CURRENT AND NEW MARKETS

In 2015, we strengthened our capabilities in both current and new, faster growth markets.

Supporting energy drinks growth

In November 2015, we officially opened a new plant in Widnau, Switzerland. The hi tech facility will produce a range of Slim and Sleek® cans to meet global growth in energy drinks and marked the culmination of collaborative working and innovative thinking, with environmental consideration at its core. The plant, which represents an investment of £115m over three years, will have capacity to produce 2.2bn cans per year and started with one line operational with a further two lines to come on stream.

Taking only 30 months from ground breaking to completion the can making plant is situated alongside the filling plant. Transferring cans directly between the plant and adjoining filling area through wall to wall operations will significantly reduce associated transport costs, regional traffic and CO_2 emissions.

Saudi Arabia and Panama

In January 2015, we acquired a 51% stake in beverage can maker United Arab Can (UAC) for US$122m. The two line plant has an annual capacity of 1.8bn cans in both standard and specialty sizes. In May 2015, we opened a third production line at the plant to support future market growth. Growth prospects for the beverage can in the Middle East are attractive in the medium term and we look forward to working together with our partners in Rexam UAC to lead further expansion in the region.

In January 2015, we also announced that we, together with Envases Universales de Mexico, had completed an investment in Envases del Istmo SA, a single line beverage can plant in Colón, Panama. Long term supply agreements have been secured with customers. The transaction positions us well to serve both our local and global customers in an exciting growth region.

Expansion in India

We have now started to build our second Indian plant in Sri City (55km from Chennai), southern India, as well as securing land in Jaipur, northern India, for a third plant in due course. The location of the new plants will complement our existing production in Mumbai and will enable us to better support our customers and to take advantage of the continued exciting growth of the beverage can in this market.

The plant in Sri City is expected to be operational in the second half of 2016.

55%

Growth in AMEA
Including the acquisition of UAC, our volumes across the AMEA region grew well at 55% in 2015.

120t

Innovative approach to new plant
In building our new plant in Widnau, Switzerland we had to take an innovative approach to solving environmental concerns. For example, to restrict vibrations from machinery, both the cupper and bodymaker were placed on 120 tonne blocks of concrete supported by large springs.

0.2bn

Expanded capacity for aluminium bottle
The expansion of our Fusion® aluminium bottle capability in Ejpovice in the Czech Republic was completed on time in 2015. This investment will help meet growing demand for the aluminium bottle by enabling us to increase capacity at the plant by 0.2bn bottles per year.

OUR STRATEGIC PRIORITIES: SHAPE OUR FUTURE

Shaping our future is about our ability to innovate in terms of products and processes, to support our customers' sustainability agendas and, at the same time, to promote the can as an excellent drinks container.

MOBILE CANNING

In 2015, Rexam teamed up with WeCan Solutions to produce aluminium cans for the first ever mobile canning facility in the UK, one of only a handful in Europe. The pioneering service, backed by Rexam, offers onsite canning solutions for craft brewers and smaller beverage brands with a minimum filling run of 5,000 cans per day.

The collaboration sees Rexam providing 33cl size cans in a range of formats, including unprinted, one colour printed and bespoke designs, on demand. In addition, WeCan Solutions offers the application of pressure sensitive labels for onsite filling.

The partnership highlights both companies' dedication to help craft brewers recognise the benefits of cans as an alternative packaging format, whilst reducing investment costs on filling lines and transportation.

WeCan Solutions' canning system is available to small craft brewers, cider brewers and non alcoholic beverages and currently services over 50 craft brewers across over 40 brands.

ALUMINIUM STEWARDSHIP INITIATIVE

The Aluminium Stewardship Initiative launched at the end of 2012 by key players in the aluminium industry, is supported today by 16 major companies across the value chain including Rexam.

The performance standard was released in December 2014 and addresses issues relevant to the production and stewardship of aluminium, from extraction of bauxite to the producers of commercial and consumer goods and the recycling of pre and post consumer aluminium scrap. This standard was developed with the valuable support of 15 leading non government organisations, representing civil society.

The standard will be implemented through a third party certification system involving all industry players along the aluminium value chain. Rexam continues to be closely involved and is encouraging customers to participate in the first wave of implementation pilots.

PROGRESS AGAINST COMMITMENTS

Our established sustainability framework is comprised of 12 specific commitments and 15 measures and targets, and enables us to continuously improve performance in our three main areas of focus: products, operations and people. During 2015, particular focus was given to water stewardship and community engagement as these were behind target and we are now able to confirm that all areas are on track. Our business key performance indicators include six of the 15 measures. (See page 21).

61,000lbs

Setting an example

Our office in Chicago, US, received top honours in the 2015 Great American Can Roundup (GACR) industry challenge by recycling more than 61,000lbs of aluminium beverage cans, raising over US$24,000 for charity. The GACR is a great opportunity for our industry to team with suppliers and local charities to set a positive example for local communities.

17 goals

A catalyst for change

Following ratification of the sustainable development goals (SDGs) by the United Nations in September, businesses are encouraged to help governments achieve 17 global goals. We are keen to align with government and policymakers to solve global challenges through innovation, investment and collaboration. We will assess the SDGs and look to incorporate the relevant goals into our business plans.

First

Metal Recycles Forever

August 2015 saw the first commercial use of the Metal Recycles Forever logo in the UK market on Rexam cans produced for micro brewer Concrete Cow. Promoted by all members of Metal Packaging Europe, the logo provides a definitive symbol for the metal packaging industry. Part of a behavioural change campaign, it informs consumers about the recyclability of metal packaging, encouraging them to recycle.

2020 SUSTAINABILITY GOALS

Our material issues	Our goals	Progress
Recycling	Achieve industry targets in Europe, US and Brazil Measure in AMEA	●
Life cycle carbon	25% reduction/can (normalised)	●
Partnership	7.5/10 customer satisfaction	●
	100% policy mitigation	●
	100% suppliers use CDP	●
Innovation	Five projects progressing through stage gate per year	●

Our material issues	Our goals	Progress
Material	Ongoing material reduction	●
Energy and carbon	7% reduction/can (normalised)	●
Water	10% reduction/can (normalised)	●
Waste	25% reduction/can (normalised)	●

Our material issues	Our goals	Progress
Safety	33% reduction in three year rolling average Lost Time Accident Rate	●
Engagement	Improvement in engagement score by sector	●
Conduct	100% successfully completed Code of Conduct training modules	●
Communities	50% increase in total of employee hours invested in agreed initiatives	●

Annual progress against the above measures can be accessed here: *www.rexam.com/keymetrics*

- ● On track to achieve on time
- ● Positive trend
- ● Progress behind target

OUR STRATEGIC PRIORITIES: OPERATIONAL EXCELLENCE

Rexam is built on a strong culture of operational excellence. It lies at the heart of our business and is a key element as we seek cost leadership and sustainable value creation. Through the application of continuous improvement processes, we focus on delivering exceptional quality and customer service.

11x

Unprecedented Shingo success
Since adopting the Shingo Model, we have been recognised eleven times by The Shingo Institute with three bronze and six silver medallions and two Shingo Prizes.

50%

Keeping our people safe
Safety has always been at the heart of what we do at Rexam and in 2015 we saw the number of life changing incidents reduce substantially by 50%.

£22m

Unrelenting focus on cost
In 2015, the many value stream activities implemented across our business delivered £22m in savings, maintaining our excellent record in this area.

GUATEMALA PLANT AWARDED THE SHINGO PRIZE

Rexam's joint venture with Envases Universales in Guatemala was awarded The Shingo Institute's highest accolade in 2015, The Shingo Prize.

Each year, only one or two manufacturing plants globally are recognised with this level of award, an achievement that The Shingo Institute describe as joining a distinguished and elite group of recipients committed to achieving operational excellence.

Rexam has been competing for the Shingo Prize since 2011 and has achieved unprecedented success. We have to date been awarded three bronze medallions, six silver medallions and two Shingo Prizes. In addition to the plant in Guatemala, our plant in Jacarei, Brazil, was also awarded a silver medallion in 2015.

ZERO LOSS PROGRAMME EXPANDED

In 2013, we launched a zero loss initiative focused on two pilot plants: Milton Keynes, UK and Extrema, Brazil. Both plants have seen a significant improvement in line performance and a positive change in employee engagement. Following the success of the pilots, we started in 2015 to roll out a zero loss programme to a number of plants across our business.

Zero loss eliminates wasteful, costly and unsafe process losses. By losses we mean any accident or injury, any scheduled or unscheduled stoppages of our critical machines, and any defective product caused by a failure of the process. Zero loss uses proven Total Productive Maintenance (TPM) methodology. Based on the robust analysis of process data, small crossfunctional project teams, called 'improvement teams', work together to identify the problem and understand the 'biggest loss' or, in zero loss terms, 'the biggest opportunity'.

Zero loss is an important factor in helping us realise our core value of continuous improvement.

OUR STRATEGIC PRIORITIES: PEOPLE

An organisation that is engaged and performs is critical to our success. The readiness of our people to compete and win in our industry is central to the sustainability of our business. During the year, we continued to invest in our people and systems so that they can perform and grow in their job.

HUMAN RIGHTS AND DIVERSITY

We aim to deliver sustainable success by providing an inspiring place to work, upholding human and labour rights and ethical business practices, and ensuring supply chain labour standards are met. A respect for human rights is implicit in our employment practices across all our operations as well as in the high standards we expect from our suppliers (see page 11) wherever we source their products.

We are often considered important employers in the communities in which we operate, and we take into consideration local concerns, using our presence responsibly to contribute to the promotion of the communities' wellbeing.

Our five core values (see page 12) and our Code of Conduct, which sets out clear standards of behaviour, underpin our social, ethical and environmental commitments and send a clear message to all of our stakeholders.

We promote non discriminatory decisions and actions through online legal compliance training which ensure familiarity with our own Code of Conduct. This supports our efforts to attract and retain the best talent and, we believe, encourages new ways of thinking.

Decisions regarding selection, terms of employment, advancement, retention and termination are made without regard to gender, race, religion, colour, national origin, age, marital status, sexual orientation or physical or mental disability. Disabled people are given full consideration for employment and subsequent training (including, if needed, retraining for alternative work where employees have become disabled), career development and promotion on the basis of their aptitudes and abilities.

In 2015, we employed around 8,600 people around the world. 88% of our workforce (7,568) is male and 12% female (1,032) (2014: 88% and 12% respectively). The imbalance is not untypical for the manufacturing industry. At year end 2015, the board comprised six males (75%) and two females (25%) (2014: 75% and 25%).

In senior management roles there were 157 males (84%) and 30 females (16%) (2014: 85% male and 15% female).

REWARDING AND SHARING SUCCESS

Our aim is to be an employer of choice with a culture of high performance, motivated people and outstanding leaders. We need to ensure we can attract and retain top talent by making Rexam a great place to work, where people from all backgrounds can develop their careers and feel rewarded.

	2015 Males	2015 Females	2014 Males	2014 Females
Directors	6 (75%)	2 (25%)	6 (75%)	2 (25%)
Senior managers	157 (84%)	30 (16%)	164 (85%)	29 (15%)
All employees	7,568 (88%)	1,032(12%)	7,078 (88%)	950 (12%)

We maintain a clear consistent approach to rewarding our people competitively – not only what they do, but also how they do it – with base salaries linked to their role, contribution and performance. Global short term incentive plans aligned to business strategy and our shareholder interests are offered to the majority of our employees so that they can share in the success of the business. Company and individual performance measures enable us to recognise and reward exceptional performance. (See also page 54).

Communication with employees is considered a key responsibility and regular briefings and town hall meetings are held to discuss relevant issues. Employees are encouraged to participate and give their views on any aspect of the Group's business including financial results and the economic factors affecting the Group's performance.

CHARITABLE WORK AND DONATIONS

We encourage all our teams to be constructive members of our local communities. Rexam's total charitable donations (including cash and in kind donations) during 2015 were £682,408.

EMPLOYEE ENGAGEMENT SURVEY

Our employee engagement survey has been running since 2010 to listen to our people and deliver changes that improve our business. In July 2015, we carried out our fourth survey in six years and 97% of employees responded in participating locations. The survey measures levels of satisfaction, pride, advocacy and motivation and our overall employee engagement score remains stable at 75%.

KEY PERFORMANCE INDICATORS

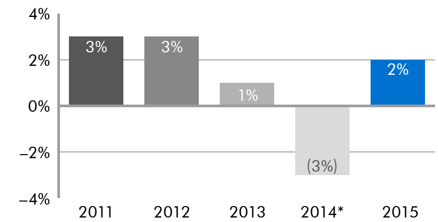
Our goal to deliver shareholder value drives our strategic priorities. We track our performance against both financial and non financial measures. They reflect our strategic priorities of growing the business and driving ongoing efficiencies that will lead to sustainable shareholder returns, supported by safe and responsible working practices. The non financial measures are taken from our sustainability framework and do not include the Rexam UAC plant in Saudi Arabia.

KPI | **What we measure and why** | **Performance** | **Target**

Sales growth

What we measure and why: Based on underlying business performance from continuing operations.

Shows our success in driving additional volumes in our existing business, growing our customer base and our ability to maintain appropriate pricing levels.



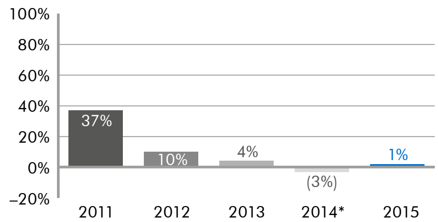
Target: **GDP+**
We expect to grow our sales at GDP+ of the countries/ regions in which we operate.

See page 31.

Underlying profit growth

What we measure and why: Reported in the financial review for the relevant years and represents continuing operations.

Demonstrates our ability to convert sales efficiently by delivering top quality packaging with high levels of customer service and tight management of own costs.

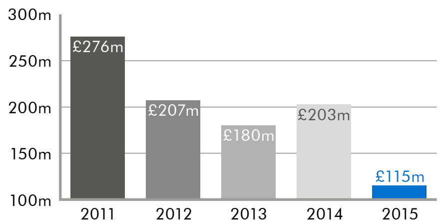


Target: **GDP++**
As efficiencies and pricing offset cost inflation over time, we expect profit to grow at a faster rate than sales.

Free cash flow

What we measure and why: The cash generated from continuing operations less capital expenditure, interest and tax.

Measures how well we turn profit into cash through management of working capital and a disciplined approach to capital expenditure. A high level of cash generation is key to supporting our dividend policy.



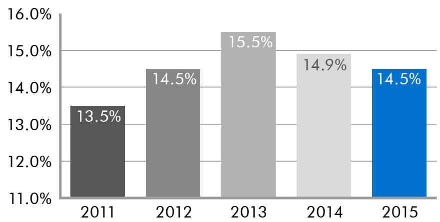
Target: **In the range £150–£200m**
Will vary according to investment plans including capital expenditure.

See page 35.

Return on capital employed

What we measure and why: Underlying operating profit from total operations plus share of post tax profits of associates and joint ventures divided by the average of opening and closing shareholders' equity after adding back retirement benefit obligations (net of tax) and net borrowings.

Demonstrates how we deliver against the various investments in the business: both organic capital expenditure and acquisitions.



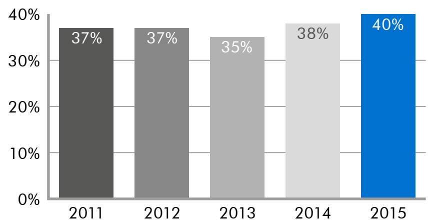
Target: **Over the cycle 15%**
Depending on level of organic investment or number of acquisitions.

See page 35.

Emerging market sales

What we measure and why: Percentage of Group sales from markets such as Brazil, Russia, Latin America, India and other AMEA countries on a continuing operations basis.

Shows the opportunity to develop our business in faster growing but more volatile markets.



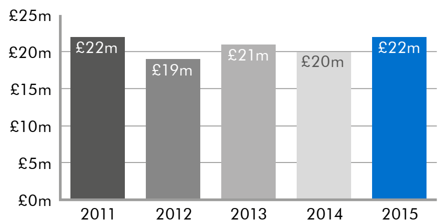
Target: **Around 40% over time**

See page 7.

Annual cost savings

What we measure and why: Improvements in our processes and systems efficiencies for continuing operations.

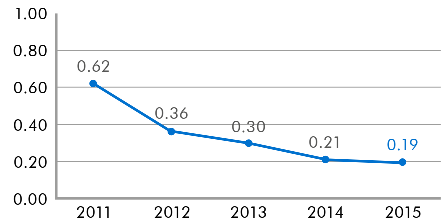
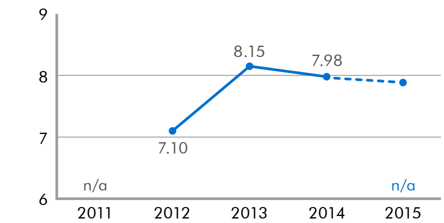
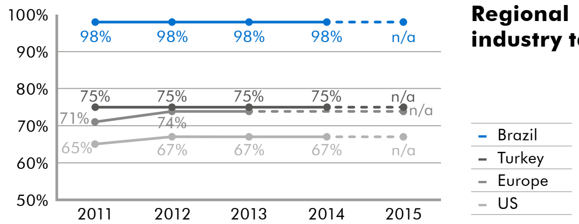
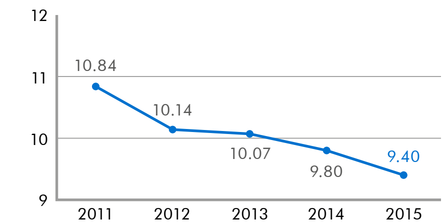
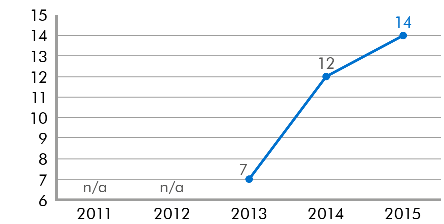
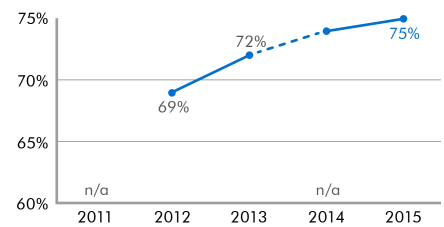
Shows the results of our efforts to improve our cost base and develop a sustainable business.



Target: **c £20m**
The aim is to maintain savings at £20m. Efficiencies (and pricing) will help offset inflation over time.

See page 18.

* Organic sales growth, which adjusts for the impact of foreign currency translation, was 4% in 2014, broadly in line with our volume growth. Organic operating profit growth in 2014 was 2%.

KPI	What we measure and why	Performance	Target
Lost time accident rate	The number of lost time accidents multiplied by 200,000/total hours worked on a three year rolling average. Use of a common, globally recognised indicator ensures that we proactively manage and address any issues in a coordinated, consistent manner.		**Zero accidents** The long term target is zero accidents pa with a near term target of 33% reduction between 2013 and 2020.
Customer satisfaction score	Annual measurement among our main customers of quality, number of complaints and on time in full deliveries. As a result of the Ball offer and the anti trust clearance process the survey was not carried out in 2015.		**7.5 out of 10** To improve on the global benchmark of similar companies.
Recycling rates	We promote and actively support recycling systems for cans. Recycling directly avoids the production of an equivalent amount of virgin material and avoids littering. Measures the percentage of cans collected for recycling in our main markets.		**Regional industry targets**
Carbon intensity	Measured as tonnes of CO_2e per million cans (normalised to a standardised can in each region). Demonstrates our commitment to progressively reduce the amount of carbon required to convert raw materials into cans.		**7% lower by 2020** (vs 2013 baseline)
Research and development	Shows the number of major projects that are on track to support the three streams of innovation: pack of the future; core process improvement and plant of the future.		**Minimum of five projects per year in progress**
Employee engagement	Based on global employee survey conducted at c 18 month intervals. Measures extent to which employees are motivated to contribute to organisational success and are willing to apply discretionary effort to accomplishing tasks important to the achievement of organisational goals. The 2015 result covers participating locations.		**Continuous improvement**

RISK MANAGEMENT

Rexam is exposed to a number of financial, operational and reputational risks which can impact the delivery of our strategy. A proactive approach to risk management is critical to ensuring the sustainable growth and resilience of the Group.

OVERVIEW OF ENTERPRISE RISK MANAGEMENT

Rexam has a well established risk management framework which is embedded in day to day operations and reinforced by the board and senior management's focus on ensuring effective identification, mitigation and monitoring of existing and emerging risks. The importance of risk management in protecting our people, assets and reputation is recognised throughout the organisation with strong awareness of how risks impact our business and strategic priorities.

Our risk management framework includes a thorough review of relevant risks and mitigating actions and continues to evolve to reflect changes in the business and operating environment. Each business unit and Group function has responsibility for identifying potential risks at an early stage, escalating risks and relevant considerations and implementing appropriate mitigations. Close working relationships between Group functions, business units and the risk leadership team facilitate the sharing of best practices and insight on risk trends from internal and external sources to refresh and enhance our collective understanding and management of principal risks.

Refer also to pages 48 and 49 for more details on risk management and internal controls.

KEY DEVELOPMENTS DURING 2015

Principal risks

With Rexam continuing to strengthen customer relationships, improve cost efficiency and grow its presence in emerging markets, the principal risks for Rexam operating on a business as usual basis remained the same although the assessment of the following principal risks has changed (see pages 24 to 29):

Increased risks:

- Risk of financial impact from country based instability has increased due to economic and currency weakness, as well as political uncertainty, in some of Rexam's markets such as Russia, Brazil and Egypt.
- Risk of a cyber attack and data security breaches has increased given the increasing frequency of attacks on technology systems and data breaches in the market. Rexam's transition to a new global data centre also increased risk during the year although this transition successfully completed at the end of the year.

Decreased risks:

- Risk of aluminium and other input cost increases has decreased mainly driven by weak commodity prices and decline in aluminium premium levels during the year, alongside new regulations aimed at decreasing the volatility of aluminium premiums.

Enterprise Risk Management (ERM) framework

Development of our ERM framework has continued with a number of activities focused on enhancing our risk culture and risk management process including:

- Continued focus on safety;
- Updated business continuity management activities and extension of business continuity reviews to key suppliers;
- Introduction of risk velocity and appropriate risk ratings which have refreshed our consideration of principal risks;
- Review of emerging and common risk topics across the Group; and
- Extension of risk based auditing approach.

Ball offer

Following the announcement of the proposed acquisition of Rexam by Ball Corporation, the risks associated with a potential takeover have been separately considered with the implementation of a number of mitigating actions and active monitoring (see page 29).

Assessment of prospects and viability

Analysis for the new 'viability statement' reporting requirement (included on page 51) has been based on our strategic plan for 2016-2018 and ERM framework. The tools and information we use for managing our risks have facilitated the quantification of potential downside scenarios and the analysis required to make this statement. Alignment of the three year period for the viability statement with the Group's strategic plan period and ERM framework review has supported the analysis with the ability to use a consistent set of underlying assumptions. These include the forecast growth and profitability of the Group and financial position reflecting current expectations regarding market growth, contracted volumes and recent investments as well as assessments of risk probabilities and risk impact over the three year period. The assessment has been performed on a business as usual basis and does not take into account any potential change in circumstances resulting from the Ball offer.

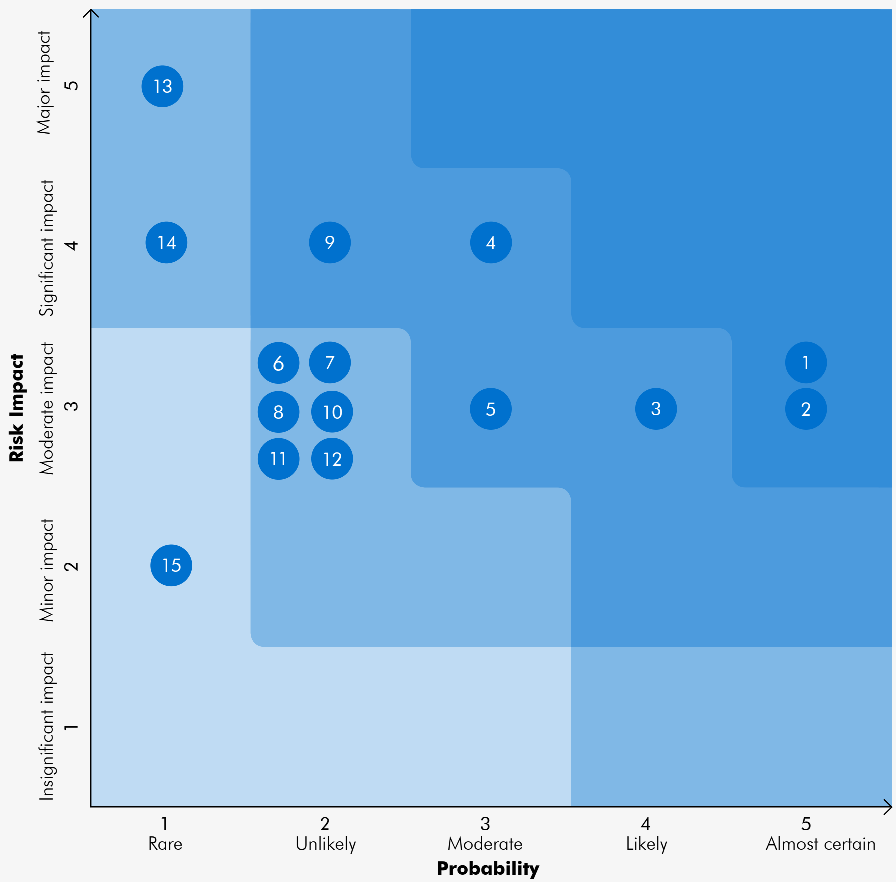
The assessment of the Company's prospects considered stress testing of the strategic plan using two methodologies. Firstly, a stress test case has been modelled reflecting all of the risks which have been identified in the strategic plan. Secondly, a simulation model with a probabilistic approach to quantify the impact of many combinations of risks that could materialise has generated a spread of potential outcomes based on varying the extent of an economic downturn where a number of highly correlated principal risks are reflected, as well as significant risks independent from an economic downturn. The principal risks that have been reflected in one or both of these methodologies are noted in the table on pages 24 to 29.

The results of the stress test case and simulation modelling were considered against the Group's financial position to determine that in these severe but plausible downside scenarios, the Group would not breach its covenants and would have sufficient resources to continue to operate and meet its liabilities over the three year assessment period.

REXAM ONGOING RISK MANAGEMENT APPROACH

REXAM RISK MANAGEMENT TOOL – HEAT MAP MATRIX

1. Competitive environment trends
2. Financial impact from country-based instability
3. Continued economic slowdown
4. Cyber attack and data security
5. Business interruption
6. Aluminium and other input cost increases
7. Tax risks
8. Changes in consumer tastes, nutritional preferences, health related concerns and environment related concerns
9. Environmental, fire, health and safety
10. Changes in packaging legislation and regulatory environment
11. Pension deficit
12. Fraud, bribery and internal control failure
13. Funding and other financial risks
14. Counterparty default
15. Insufficient talent and knowledge capital



SUMMARY OF PRINCIPAL RISKS AND UNCERTAINTIES

SUMMARY OF PRINCIPAL RISKS AND UNCERTAINTIES

The table below sets out what we believe to be the principal risks and uncertainties facing the business. The table does not cover all of the risks that the Group may face. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this report may also have an adverse effect on the Group.

Risk and description	Potential impact and key mitigations	2015 Assessment	2015 Movement
Competitive environment trends ▲ Failing to develop Rexam's strength with our customers and unable to improve our commercial capabilities to deliver our value propositions to customers and react according to their changing needs. **Strategic priorities: 1, 2, 3, 4**	**Potential impact** Adverse business performance, price and volume pressure, adverse terms and margin erosion. **Key mitigations** We continue to focus on strengthening relationships and building partnerships with our customers, with focus on value adding service and innovation, as well as investing in our production capacity and our capabilities. See also page 14. Other mitigations are customer and competitor strategy review and analysis, improved pricing process and continued emphasis on cost reduction and efficiency.	HIGH	Stable
Continued economic slowdown ▲ Unable to respond swiftly and manage the impact of an economic slowdown and sluggish recovery in Rexam's key markets. **Strategic priorities: 1, 2, 3**	**Potential impact** Adverse business performance, price and volume pressure, and eroded customer and consumer confidence. **Key mitigations** Rexam continues to manage capital investment closely and is focused on maximising utilisation of assets to ensure we align volume demand from our customers and our capacity. We use scenario planning and modelling based on potential upside and downside risk analysis within our budgeting and forecasting processes to identify mitigating actions which would be implemented should this risk increase further. We continue to focus on cost improvement measures through lean initiatives, efficiency savings, supply chain management and innovation (see page 16 and 18).	HIGH	Stable
Financial impact from country based instability ▲ Failure to manage the risk and exposure of our business operations in some emerging markets with political, socioeconomic and legal uncertainties. **Strategic priorities: 2, 4**	**Potential impact** Currency fluctuations and lack of access to currency, trade sanctions affecting our business, political instability, social unrest, war and terrorism, and security threat to our people and assets. **Key mitigations** Emerging market risks are assessed in detail by management when considering investment opportunities, in due diligence reviews prior to investment and in continuing business reviews and risk assessments. We leverage on the ground market and country intelligence from local management, with the support from external advisors. Additionally, business continuity plans are in place at individual plant, sector and group level, and these plans are reviewed, benchmarked and tested during the year. Preparedness plans have been built for operations in countries facing rapidly changing environments.	HIGH	Increased

▲ Principal risk which has been reflected in the assessment for prospects and viability.

Risk and description	Potential impact and key mitigations	2015 Assessment	2015 Movement
Cyber attack and data security Disruption of Rexam's IT systems or compromise of sensitive data driven by malicious cyber attack or technology failure. **Strategic priorities: 4**	**Potential impact** Business interruption, financial losses, loss of confidential data, negative reputational impact and breach of regulations. **Key mitigations** Rexam's IT security procedures and processes (including mobile devices and cloud services) are in place, covering areas around antivirus software, backups, access and password control. Disaster recovery plans are in place and tested twice a year along with system penetration and vulnerability tests. In the case of a disaster or technology failure, clear responsibilities have been set between IT and business units to ensure operations can continue during the down time. During the year, the transformation of the global data centre was completed according to plan which enables Rexam to manage IT risks and resources more effectively.	HIGH	Increased
Aluminium and other input cost increases ▲ Failure to manage our most significant raw material aluminium cost, followed by metal premiums, other raw materials, energy and fuel costs. These costs are driven by market volatility, regulatory changes and requirements, and non controllable costs. **Strategic priorities: 1, 3**	**Potential impact** Margin erosion, loss of volumes, loss of competitive advantage against competitors or other beverage packaging products. **Key mitigations** Majority of our aluminium ingot costs are charged to our customers on a pass through or back to back hedged pass through basis. For the remaining aluminium, hedging strategy and mechanisms are in place to manage the aluminium cost and associated currency exposures. The conversion cost from ingot to aluminium coil is covered by long term supply contracts. During the year, there has been significant decline in aluminium premiums due to weakness in global aluminium price, along with changes in London Metal Exchange (LME) rules to reduce metal queues from warehouses and reduce scope for manipulation and extreme volatility.	MEDIUM	Reduced
Business interruption ▲ Every business faces the potential risk of a major disruption to internal facilities or external supply chain which could be caused by natural disaster, loss or scarcity of supply, industrial disputes, supplier failure, technology failure, unplanned outages and physical damage as a result of fire or other such event. **Strategic priorities: 1, 3, 5**	**Potential impact** Operational disruption adversely affecting our ability to meet customer requirements, potential additional contractual liabilities and a consequential impact on financial performance. **Key mitigations** There are established business continuity management protocols and procedures across the Group, and clarity on responsibilities between Group functions and business units, in the event of severe business interruption. Ongoing maintenance programmes are also in place at manufacturing plants and facilities. Strong relationships with suppliers enable flexible sourcing arrangements for key supplies and we ensure appropriate levels of inventory are maintained. Additionally, mechanisms are in place to monitor financial and operational viability of our key suppliers. During the year, we have also extended our business continuity reviews to certain key suppliers to ensure effective management of potential supply disruptions. Insurance programmes to protect losses associated with business interruption are also in place.	HIGH	Stable

▲ Principal risk which has been reflected in the assessment for prospects and viability.

SUMMARY OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and description	Potential impact and key mitigations	2015 Assessment	2015 Movement
Tax risks In an increasingly complex international tax environment, some uncertainties are inevitable in estimating our tax liabilities. **Strategic priorities: 4**	**Potential impact** Additional tax liabilities, fines and penalties, and reputational impact. **Key mitigations** We seek to plan and manage our tax affairs efficiently, in the jurisdictions in which we operate. Tax planning is based around the needs of our operating businesses. With dedicated internal tax experts and the use of external tax advisors where required, we exercise our judgement in assessing the required level of provision for tax risk and allocate resources appropriately to protect our position.	MEDIUM	Stable
Changes in consumer tastes, nutritional preferences, health and environment related concerns ▲ The risk of changing consumer trends resulting in a shift in demand away from beverage cans or from our customers' products for which Rexam manufactures packaging. Drivers of this risk can include lifestyle and taste change, nutrition and health considerations or environmental concerns. **Strategic priorities: 1, 4**	**Potential impact** Adverse business performance, loss of market share or business and being substituted by other forms of beverage packaging products. **Key mitigations** We continue to monitor and focus on market and consumer trends as well as political developments through internal and external business intelligence services and through our involvement in national and international packaging and environmental associations in the jurisdictions in which we operate. We also focus on business opportunities in new beverage categories (see page 6).	MEDIUM	Stable
Environmental, fire, health and safety The risk of a significant environmental contamination, fire or health and safety issue at one of our locations. **Strategic priorities: 5**	**Potential impact** Health and safety incident, financial exposure, business disruption and reputational damage. **Key mitigations** We continue to carry out regular environment, health and safety (EHS) audits in cooperation with internal and external specialists to drive best practice. The audit approach provides the basis for delivering a more sustainable and robust improvement of EHS management systems and performance at all sites and strive for continuous improvement in our key health and safety KPI measures. During the year, we continued with our fire safety and property protection audits supported and performed by an independent provider, and have invested in fire safety and property protection. We continue to deliver the actions included in our three year world class safety roadmap.	MEDIUM	Stable

▲ Principal risk which has been reflected in the assessment for prospects and viability.

Risk and description	Potential impact and key mitigations	2015 Assessment	2015 Movement
Changes in packaging legislation and regulatory environment ▲ The Group is subject to applicable laws and regulations in the global jurisdictions in which Rexam operates. Packaging will continue to be a focus for government legislators working within the sustainability agenda. **Strategic priorities: 4**	**Potential impact** Changes in packaging legislation and regulation affecting producer responsibility for recycling, recycled content, carbon footprint and landfill taxation represent an increasing trend risk. **Key mitigations** Rexam continually monitors developments in laws and regulations in the jurisdictions that may affect our business. This is performed through established and effective membership of relevant trade associations, by direct collaboration with governmental and non governmental organisations and through internal and external resources. Legislative risk registers are maintained by the responsible persons using appropriate risk monitoring tools. Rexam also focuses on investment in new innovation and technology programmes to ensure continuous enhancements in our packaging products and manufacturing processes.	MEDIUM	Stable
Pension deficit ▲ Risk relates to cash contributions, charges to the income statement and balance sheet volatility. **Strategic priorities: 5**	**Potential impact** Adverse financial impact to the Group as a result of a pension deficit. **Key mitigations** Rexam's retirement benefit risk management is overseen by the Retirement Benefits Committee (RBC) which is normally chaired by the finance director. The RBC reviews all proposed new undertakings and improvements to retirement benefits. Managing pension deficit volatility on the balance sheet and general de risking of funded plans, which includes equity, interest rate and inflation risks, is the responsibility of pension plan fiduciaries in consultation with the RBC. Cash contributions are paid to the respective plans to ensure that there are adequate assets to meet the plans' obligations.	MEDIUM	Stable
Fraud, bribery and internal control failure The risk of an internal control failure such as a Rexam employee committing fraud or bribery due to lack of integrity or awareness. **Strategic priorities: 5**	**Potential impact** Financial loss, reputational damage and breach of laws. **Key mitigations** The Rexam Code of Conduct provides a framework for all of our policies at Group, sector and individual businesses. A Group control framework, setting out key financial controls to be applied across the Group, is in place to ensure consistency and further enhance the control environment. Rexam's 'Raise Your Concern' (whistle blowing) hotline also allows employees to raise any concerns regarding behaviour that does not conform to Rexam policies. During 2015, online compliance refresher training was rolled out to all relevant personnel.	MEDIUM	Stable

▲ Principal risk which has been reflected in the assessment for prospects and viability.

SUMMARY OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and description	Potential impact and key mitigations	2015 Assessment	2015 Movement
Funding and other financial risks Risks related to the cost and availability of funds to meet our business needs, movements in interest rates, foreign currency exchange rates as well as commodity prices. **Strategic priorities: 2, 3**	**Potential impact** Financial exposure due to interest rates, foreign currencies and commodities prices volatility, and lack of funding to meet our requirements. **Key mitigations** Rexam's financial risk management is based upon sound economic objectives and good corporate practice. Rexam negotiates funding requirements in a timely manner ensuring appropriate headroom is secured to mitigate the risk of lack of availability. Derivative and other financial instruments are used to manage exposures under conditions agreed by the board. Further details of our financial risks and the way in which we mitigate them are set out in note 24 to the consolidated financial statements.	MEDIUM	Stable
Counterparty default ▲ Risk of counterparty failure including, for example, bank, insurer, customer or supplier. The continued challenging macroeconomic environment in certain regions or countries in which Rexam operates requires focus in this area. **Strategic priorities: 5**	**Potential impact** Financial losses, service and supply disruptions. **Key mitigations** A range of financial counterparties are used and strict limits, determined by qualitative and quantitative measures, on our exposure are applied to each of them. The risk of insurer failure is monitored by our insurance broker and reported to Rexam immediately if an issue arises. Customer credit limits are imposed and their credit risk, as well as suppliers', is reviewed and monitored. In addition, there are procedures across the Group to manage working capital tightly, including customers' overdue debts reporting.	MEDIUM	Stable
Insufficient talent and knowledge capital Failing to identify, attract, develop and retain talents to satisfy current and future needs of the business. **Strategic priorities: 5**	**Potential impact** Performance declines or lack of growth due to lack of talent 'bench strength'. **Key mitigations** As part of our continued strategic focus on building a winning organisation, we continue to invest in active talent management, succession planning and the development needs of our employees.	LOW	Stable

▲ Principal risk which has been reflected in the assessment for prospects and viability.

An additional risk has been added in light of the Ball offer for Rexam.

Risk and description	Potential impact and key mitigations	2015 Assessment	2015 Movement
Rexam PLC takeover The risks associated with Rexam PLC being taken over by another organisation. These risks may have a significant impact on key relationships with customers, suppliers, employees and other stakeholders due to the lack of certainty regarding completion of the transaction and how it will be implemented.	**Potential impact** Negotiations with customers and suppliers may prove more difficult. Employee turnover may lead to loss of valuable experience, expertise and business networks. It could also lead to increased workload and pressure for existing workforce. The Ball offer is still subject to regulatory and Rexam shareholder approval. As such there is still a risk that the transaction proposed by the Ball offer may not proceed. In the event that the Ball offer does not complete, Rexam would continue with business as usual. **Key mitigations** All major customers and suppliers have existing contracts in place with regular senior management interactions to ensure business as usual. Appropriate retention packages for employees have been put in place and senior management communicate regular updates regarding the Ball offer to maintain employee engagement and retention. Coordinated and consistent communications are shared with all stakeholders.		

FINANCIAL REVIEW

Kath Kearney-Croft
Acting Finance Director

In 2015, we delivered a good financial performance despite volatile financial exchange, pricing pressures and higher energy costs in Brazil.

This financial review of our results is based on what we consider to be 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 Healthcare business was sold in the first half of 2014 and its results for that period are set out in 'Discontinued operations' below.

2015		Continuing operations £m	Discontinued operations (Healthcare) £m	Total operations £m
Underlying business performance[1]:				
Total sales		**3,925**	–	**3,925**
Underlying operating profit		**404**	–	**404**
Share of associates and joint ventures profit after tax		**13**	–	**13**
Underlying total net finance cost[2]		**(55)**	–	**(55)**
Underlying profit before tax		**362**	–	**362**
Underlying profit after tax		**280**	–	**280**
Exceptional and other items after tax		**(95)**	–	**(95)**
Profit for the year		**185**	–	**185**
Attributable to:				
Shareholders of Rexam PLC		**182**	–	**182**
Non controlling interests		**3**	–	**3**
Underlying earnings per share	(p)	**39.1**		**39.1**
Basic earnings per share	(p)	**25.9**		**25.9**
Interim dividend per share	(p)			**5.8**
Proposed[3] final dividend per share	(p)			**11.9**

2014	Continuing operations £m	Discontinued operations (Healthcare) £m	Total operations £m
Underlying business performance[1]:			
Total sales	3,832	164	3,996
Underlying operating profit	418	25	443
Share of associates and joint ventures profit after tax	10	–	10
Underlying total net finance cost[2]	(68)	–	(68)
Underlying profit before tax	360	25	385
Underlying profit after tax	274	15	289
Exceptional and other items after tax	(7)	75	68
Profit for the year	267	90	357
Attributable to:			
Shareholders of Rexam PLC	267	90	357
Non controlling interests	–	–	–
Underlying earnings per share (p)	37.2		39.2
Basic earnings per share (p)	36.2		48.4
Interim dividend per share (p)			5.8
Final dividend per share (p)			11.9

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 £55m (2014: £68m) comprises net interest of £43m (2014: £52m) and retirement benefit obligations net interest cost of £12m (2014: £16m).

3 The final dividend in respect of the six months to 31 December 2015 has been declared by the board as a second interim dividend in accordance with the Company's articles of association and does not require shareholder approval. This second interim dividend is payable on 6 May 2016.

SUMMARY OF THE STATUTORY PERFORMANCE

	2015 £m	2014 £m
Continuing operations:		
Sales	**3,925**	3,832
Profit before tax	**250**	343
Profit after tax	**185**	267
Discontinued operations – profit for the year:	**–**	90
Profit for the year	**185**	357
Attributable to:		
Shareholders of Rexam PLC	**182**	357
Non controlling interests	**3**	–
Basic earnings per share (p)	**25.9**	48.4

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 33 and 34. For continuing operations, sales were £3,925m (2014: £3,832m) and profit before tax including exceptional and other items was £250m (2014: £343m). Total profit after tax for the year attributable to the shareholders of Rexam PLC, including the results of discontinued operations, was £182m (2014: £357m) and basic earnings per share was 25.9p (2014: 48.4p).

RECONCILIATION OF UNDERLYING TO STATUTORY PERFORMANCE

	Operating profit £m	Profit before tax £m
Underlying	**404**	**362**
Exceptional items	**(95)**	**(95)**
Amortisation of certain acquired intangibles	**(5)**	**(5)**
Fair value changes on certain operating derivatives	**(13)**	**(13)**
Fair value changes on financing derivatives	**–**	**1**
Statutory	**291**	**250**

The following tables, showing sales and underlying operating profit, compare the continuing operations on a consistent basis to demonstrate 'like for like' trading performance.

ANALYSIS OF SALES MOVEMENT

	Beverage Cans Europe & ROW £m	Beverage Cans Americas £m	Total £m
Continuing operations reported sales 2014	1,705	2,127	3,832
Currency fluctuations	(180)	167	(13)
Continuing operations 2014 pro forma basis	1,525	2,294	3,819
Change in sales	191	(85)	106
Continuing operations sales reported 2015	**1,716**	**2,209**	**3,925**

Sales, which exclude the impact of currency, increased by £106m including UAC, with no impact of pass through of aluminium costs. Overall volumes grew 4%. Volumes grew 3% in Europe driven by good growth in energy drinks and growth in Germany, Spain and Austria. Volumes grew in Turkey, Egypt and India, whilst market softness was experienced in the Middle East. Standard volumes in North America declined due to softness in the carbonated soft drinks (CSD) market, whilst specialty volumes increased due to growth in beer and energy drinks. Volumes in South America were 2% higher than last year with a decline in standard can volumes more than outweighed by increased specialty can volumes. Included in 2014 is the benefit of an indirect tax credit in Brazil.

FINANCIAL REVIEW
CONTINUED

ANALYSIS OF UNDERLYING OPERATING PROFIT MOVEMENT

	Beverage Cans Europe & ROW £m	Beverage Cans Americas £m	Total £m
Continuing operations underlying operating profit reported 2014	183	235	418
Currency fluctuations	(31)	17	(14)
Continuing operations 2014 pro forma basis	152	252	404
Change in underlying operating profit	32	(32)	–
Continuing operations underlying operating profit reported 2015	**184**	**220**	**404**

A further analysis of the change in underlying operating profit is set out below:

	Total £m
Sales price and cost changes	**(35)**
Metal premium costs	**–**
Indirect tax credit Brazil	**(16)**
Volume and mix changes	**29**
Efficiency savings	**22**
Change in underlying operating profit	**–**

Underlying operating profit, after adjusting for the impact of currency, was flat. Sales price and cost changes were adverse in aggregate, predominantly from a reduction in sales pricing reflecting the commoditisation of specialty cans in North America, the non repeat of a 2014 indirect tax benefit in Brazil, higher energy costs in Brazil and inflationary cost increases, particularly in Brazil and Russia, partly offset by supply chain and other cost savings. Metal premium costs were in line with last year. Volume growth in Europe, AMEA and South America was partly offset by lower standard can volumes in North America. Efficiency savings totalled £22m and predominantly comprised metal savings and other cost reductions.

EXCHANGE RATES

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

	2015	2014
Average:		
Euro	**1.38**	1.24
US dollar	**1.53**	1.65
Russian rouble	**93.72**	63.29
Closing:		
Euro	**1.36**	1.28
US dollar	**1.48**	1.56
Russian rouble	**109.06**	90.79

ANALYSIS OF CURRENCY IN THE CONSOLIDATED INCOME STATEMENT

The principal currencies that impact our results are the US dollar, the euro and the Russian rouble. The net effect of currency translation caused sales and underlying operating profit from ongoing operations to decrease by £13m and £14m respectively compared with 2014 as shown below.

	Sales £m	Underlying operating profit £m
US dollar	**172**	**21**
Russian rouble	**(68)**	**(20)**
Euro	**(84)**	**(12)**
Other currencies	**(33)**	**(3)**
	(13)	**(14)**

In addition to the translation exposure, the Group is also exposed to movements in exchange rates on certain of its 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 beverage can operations. These exposures, in aggregate, did not materially impact underlying profit.

Analysis of currency on the consolidated balance sheet

Most of the Group's borrowings and net assets are denominated in US dollars and euros. Currency movements increased net borrowings by £32m and reduced net equity by £21m.

UNDERLYING TOTAL NET FINANCE COST

	2015 £m	2014 £m
Net interest	**(43)**	(52)
Retirement benefit obligations net interest cost	**(12)**	(16)
Underlying total net finance cost	**(55)**	(68)

The underlying total net finance cost for continuing operations was £13m lower than 2014. The retirement benefits net interest cost is explained in 'Retirement benefits' below. The £9m reduction in net interest is primarily due to a change in hedging strategy in Brazil. The overall average interest rate for the year was around 3%, down from 4% in 2014. Based on underlying operating profit from continuing operations, interest cover was 9.4 times (2014: 8.0 times). Interest cover is based on underlying operating profit from continuing operations and underlying net interest expense excluding charges in respect of retirement benefit obligations.

TAX

The tax charge on profit before exceptional and other items for the year on total operations was £82m (23%) (2014: £96m, 25%).

The tax charge applicable to underlying profit from continuing operations before exceptional and other items is £82m (23%) (2014: £86m, 24%). Our rate varies to some extent in line with our profit mix across our businesses. We anticipate the sustainable rate on continuing operations going forward will be in a range of 23% to 25%, reflecting the territories in which we operate, as well as the availability of tax incentives in some jurisdictions. A number of factors can cause the final tax charge to vary from the weighted average tax rate of the countries of the Group's operations. In 2015, the charge has been impacted by reassessment of the recoverability of deferred tax balances, movements in provisions for uncertain tax positions, and tax incentives, offset to some extent by tax on differences between local and functional currencies, withholding taxes and other charges on the repatriation of profits.

Tax cash payments in the year for continuing operations were £60m compared with £63m last year. Cash taxes can vary from the charge in the income statement for a number of reasons. The most material of these has been the utilisation of deferred tax assets such as tax losses, but in addition our cash payments can be affected by local laws governing the timing of certain tax deductions, and payments of taxes sometimes falling outside of the year to which they relate or settlement of provisions. We anticipate cash tax to continue to be lower than the charge to the income statement for the foreseeable future.

EXCEPTIONAL AND OTHER ITEMS

The exceptional and other items arising in 2015 in respect of total operations were as follows:

	Total operations £m
Exceptional and other items included in operating profit:	
Restructuring of businesses	**(44)**
Transaction related costs	**(29)**
Employee incentive related costs	**(20)**
Other exceptional items	**(2)**
Amortisation of certain acquired intangible assets	**(5)**
Fair value changes on certain operating derivatives	**(13)**
Total exceptional and other items included in operating profit	**(113)**
Fair value changes on financing derivatives	**1**
Total exceptional and other items before tax	**(112)**
Tax on exceptional and other items	**17**
Exceptional and other items after tax	**(95)**

Restructuring, transaction related costs, employee incentive related costs and other exceptional items

In 2015, the restructuring charge of £44m principally relates to reorganisation costs for the European beverage can business, including closure of the plant in Berlin, and costs incurred with respect to the conversion of steel beverage can lines to aluminium.

Transaction related costs of £29m have been incurred as a consequence of the proposed acquisition of Rexam by Ball.

Employee incentive related costs of £20m will be incurred as a consequence of the proposed acquisition of Rexam by Ball.

Other exceptional items of £2m include an increase in a legal provision relating to an historic dispute in a business that originated prior to Rexam ownership and transaction fees relating to the acquisition of UAC.

OTHER ITEMS

Amortisation of certain acquired intangible assets

Intangible assets, such as technology patents and customer contracts, are required to be recognised on the acquisition of businesses and amortised over their useful life. The board consider that separate disclosure, within exceptional and other items, of the amortisation of such acquired intangibles relating to total operations amounting to £5m (2014: £1m) 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 date. 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.

FINANCIAL REVIEW
CONTINUED

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 hedge only 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 change in aluminium prices on these failed aluminium hedges has given rise to a loss of £14m (2014: gain of £3m). There was also a gain of £1m (2014: gain of £2m) relating to fair value changes on certain non hedge 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.

Fair value changes on financing derivatives

The fair value of the derivatives arising on financing activities directly relates to changes in interest rates and foreign exchange rates. The fair value will change as the transactions to which they relate mature, as new derivatives are transacted and due to the passage of time. The fair value change on financing derivatives for the year was a net gain of £1m (2014: net loss of £1m).

DISCONTINUED OPERATIONS – HEALTHCARE

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

	Healthcare 2014 £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)	73
Profit for the year after tax	90

EARNINGS PER SHARE

	2015	2014
Underlying earnings per share:		
Continuing operations (pence)	**39.1**	37.2
Total operations (pence)	**39.1**	39.2
Basic earnings per share total operations (pence)	**25.9**	48.4
Average number of shares in issue (millions)	**702.9**	737.1
Year end number of shares in issue (millions)	**705.4**	704.8

Underlying earnings per share from continuing operations was 5% higher at 39.1p compared with 37.2p in 2014. The average number of shares in issue reduced following the share consolidation that accompanied the 2014 return of cash. Basic earnings per share from total operations, which includes exceptional and other items, was 25.9p (2014: 48.4p).

RETIREMENT BENEFITS

Retirement benefit obligations (net of tax) as at 31 December 2015 were £268m, an increase of £10m compared with £258m reported at 31 December 2014. This change was principally due to foreign exchange movements and actuarial losses. These actuarial losses are included in the consolidated statement of comprehensive income.

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

	2015 £m	2014 £m
Defined benefit plans	**8**	12
Retiree medical – interest on liabilities	**4**	4
Retirement benefit obligations net interest cost	**12**	16

The overall retirement benefit obligations net interest cost, which is a non cash accounting charge, reduced to £12m (2014: £16m) due to a higher UK defined benefit plan surplus and lower discount rates.

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

	2015 £m	2014 £m
Defined benefit pension plans	**45**	43
Other pension plans	**5**	6
Retiree medical	**9**	9
Total cash payments	**59**	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. Under this agreement, £130m will be paid into the escrow account, at a rate of £15m per year. 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. If there is a change of control with a subsequent material decline in Rexam's credit rating or a material deterioration in Rexam's financial covenant, the entire £130m escrow would be paid into the plan. As at 31 December 2015, £55m had been paid into the escrow investment account.

Based on current actuarial projections, it is expected that total cash payments in 2016 will be around £65m.

CASH FLOW

Total free cash flow for the year from continuing operations resulted in an inflow of £115m compared with £203m for 2014. This lower inflow primarily reflects an outflow in working capital of £35m and higher capital expenditure. Capital expenditure was £47m higher than 2014, in line with expectations. In 2015, 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.

	2015 £m	2014 £m
Continuing operations:		
Underlying operating profit	**404**	418
Depreciation and amortisation[1]	**133**	141
Retirement benefit obligations	**(26)**	(29)
Change in working capital	**(35)**	10
Restructuring costs	**(9)**	(13)
Other movements	**(9)**	(29)
Cash generated	**458**	498
Capital expenditure (net)	**(242)**	(195)
Net interest and tax paid	**(108)**	(107)
Dividend received from associate	**9**	–
Loan (to)/from joint venture	**(2)**	7
Free cash flow from continuing operations	**115**	203
Free cash flow from discontinued operations	**–**	(31)
Free cash flow	**115**	172
Equity dividends	**(124)**	(133)
Business cash flow	**(9)**	39
Acquisitions[2]	**(125)**	(4)
Disposals[3]	**7**	537
Ball transaction related costs	**(25)**	–
Cash flow including borrowings disposed	**(152)**	572
Return of cash to shareholders	**(1)**	(450)
Other share capital changes	**1**	(4)
Pension escrow investment	**(15)**	(15)
Exchange differences	**(32)**	(47)
Other non cash movements	**1**	17
Net borrowings at the beginning of the year	**(1,098)**	(1,171)
Net borrowings at the end of the year	**(1,296)**	(1,098)

1 Excludes amortisation of certain acquired intangibles amounting to £5m (2014: £1m) and exceptional depreciation of £17m (2014: £nil).

2 Acquisitions include £53m in respect of borrowings acquired (2014: £nil) and £1m for the remaining non controlling interest in Rexam HTW Beverage Can (India) Private Limited.

3 Disposal proceeds include £nil in respect of borrowings disposed (2014: £80m).

CAPITAL EXPENDITURE – CONTINUING OPERATIONS

	2015	2014
Capital expenditure (gross)[1] (£m)	**243**	196
Depreciation and amortisation[2] (£m)	**133**	141
Ratio (times)	**1.8**	1.4

1 Capital expenditure is on a cash basis and includes computer software that has been capitalised.

2 Excludes amortisation of certain acquired intangibles of £5m (2014: £1m) and exceptional depreciation of £17m (2014: £nil).

Gross capital expenditure by continuing operations was £243m, around 1.8 times depreciation and amortisation, of which approximately 70% was attributable to strategic and growth projects. The principal projects were the construction of a new plant in Widnau, Switzerland, which opened in November to support customer demand for energy drinks in Europe, construction of a new plant in India to support market growth, further investment in our Fusion® bottle manufacturing capability and the development of specialty can products globally.

It is expected that capital expenditure from continuing operations in 2016 will be around £240m, 1.6 times depreciation and amortisation.

BALANCE SHEET AND BORROWINGS

	As at 31.12.15 £m	As at 31.12.14 £m
Goodwill and other intangible assets	**1,334**	1,244
Property, plant and equipment	**1,436**	1,275
Retirement benefits (net of tax)	**(268)**	(258)
Other net assets	**260**	251
	2,762	2,512
Shareholders' equity	**1,405**	1,414
Non controlling interests	**61**	–
Net borrowings[1]	**1,296**	1,098
	2,762	2,512
Return on capital employed[2] (%)	**14.5**	14.9
Net borrowings/EBITDA[3] (times)	**2.4**	2.0
Interest cover[4] (times)	**9.4**	8.0
Gearing[5] (%)	**88**	78

1 Net borrowings comprise borrowings, cash and cash equivalents and financing derivatives.

2 Underlying operating profit from total operations plus share of post tax profits of associates and joint ventures divided by the average of opening and closing shareholders' equity after adding back pension assets, retirement benefit obligations (net of tax) and net borrowings.

3 Based on net borrowings divided by underlying operating profit plus depreciation and amortisation, excluding amortisation of certain acquired intangible assets and exceptional depreciation, from continuing operations.

4 Based on underlying operating profit of continuing operations divided by underlying total net interest expense from continuing operations.

5 Based on net borrowings divided by equity including non controlling interests.

FINANCIAL REVIEW
CONTINUED

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

	As at 31.12.15 £m	As at 31.12.14 £m
Borrowings	**1,484**	1,416
Cash and cash equivalents	**(237)**	(288)
Financing derivatives	**49**	(30)
Net borrowings	**1,296**	1,098

Net borrowings/EBITDA based on continuing operations was 2.4 times (2014: 2.0 times). Interest cover is over 9 times and we remain comfortably within our debt covenants. Our liquidity is strong with committed debt facilities of £2.0bn at the year end.

The Group's current principal committed loan and bank facilities are detailed below:

	Currency	Maturity	Facility £m
Subordinated bond	US$ and euro	2067	648
US private placement	US$	2024	118
US private placement	US$	2022	368
US private placement	Euro	2022	19
Revolving credit facility	Multi currency	2019[1]	602
Bilateral credit facilities	Multi currency	2019[1]	205
Bilateral credit facility	Multi currency	2016	10
Total committed loan and bank facilities			1,970

1 There is an option to extend to December 2021.

For the management of foreign currency asset matching and interest rate risk, the profile of gross borrowings is approximately 56% (2014: 58%) in US dollars and 44% (2014: 42%) in euros.

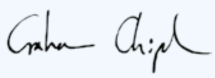
Derivative financial instruments comprise instruments relating to net borrowings (cross currency, interest rate swaps and forward foreign exchange contracts) and those related to other business transactions (forward commodity contracts and forward foreign exchange contracts). Total derivative financial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

	As at 31.12.15 £m	As at 31.12.14 £m
Cross currency swaps	**(44)**	31
Interest rate swaps	**(4)**	(6)
Forward foreign exchange contracts	**(1)**	5
Derivative financial instruments included in net borrowings	**(49)**	30
Other derivative financial instruments	**(38)**	(28)
Total derivative financial instruments	**(87)**	2

The decrease in the value of cross currency swaps can be mainly attributed to the weakening of the euro against sterling and interest rate swaps maturing in the year. The decrease in the value of other derivatives was due mainly to the decrease in aluminium prices.

The Strategic Report 2015, from pages 2 to 36 has been reviewed and approved by the board of directors.

On behalf of the board



Graham Chipchase
Chief executive
18 February 2016

GOVERNANCE

In my statement on pages 2 and 3, I said that the board sets the tone for Rexam through its conduct and that good governance is essential to ensure that we remain both successful and sustainable. During 2015, the board continued to uphold and practice effective governance and risk management. We need to be trustworthy and expectations of companies such as ours are, with every good reason, very high. The recommendation by the board to approve the offer from Ball Corporation (Ball) does not affect or alter the board's duties in any respect whilst Rexam remains a standalone company.

The board believes that good corporate governance is strong values and a desire to do what is right for employees, shareholders and all other stakeholders. The board influences the way in which the Company conducts itself, its definition of success and its attitude to risk and ethical matters.

During the year, the board spent time reviewing the Company's longer term strategy and direction to be the best beverage can maker in the world, which the board is committed to achieve through its business model (see pages 10 and 11). On the approach by Ball, our focus remained committed to business as usual and the implementation of our strategy. To manage the approach and subsequent negotiations and discussions relating to the Ball offer, we established a defence committee reporting to the board which continued to meet throughout the year.

I am pleased at how our solid governance principles and clear processes continue to guide us as we maintain business as usual whilst dealing with regulatory clearances, divestment and integration workstreams aimed at achieving the anticipated completion of the transaction and ultimate change in ownership.

During 2015, the board visited the beverage can plant in Milton Keynes and toured the graphics and design centre in Luton. Such visits, arranged annually, enable the non executive directors to deepen their knowledge and understanding of the day to day functioning of the beverage can business.

We continued to engage with our shareholders to explain our business model and strategy, and the steps we are taking to deliver value to our shareholders and other stakeholders.

I am pleased to be able to report that we made good progress against the actions agreed following the 2014 board evaluation. Our 2015 board evaluation was facilitated by myself, the senior independent director and the company secretary. As a board, we have identified areas of development to ensure that we continue to contribute in an open and transparent way and ensure that, whilst the Ball Offer is subject to both regulatory and shareholder approval, the Group is solidly positioned for the proposed takeover of Rexam by Ball. The board evaluation process and outcomes are more fully described on pages 43 and 44.

Every year the board has a programme of key items to consider and also focuses on the strategic issues for the Company, examples of which are shown on page 42. The board delegates certain responsibilities to its committees to assist it in carrying out its functions. During 2015 our remuneration committee considered the remuneration related arrangements relevant to the Ball transaction whilst retaining a clear focus on new provisions of the updated UK Corporate Governance Code and best practice remuneration guidelines.

Our audit and risk committee considered the Group's significant financial and business matters during the year. This included a robust assessment of risk related matters, the new requirements to prepare a viability statement, compliance with relevant Competition and Markets Authority rules and the increased financial reporting requirements to assist Ball in their US filing obligations as part of the Ball offer.

Our nomination committee led the process to consider talent and succession planning for senior management and the nomination committee had the opportunity to meet more informally with individuals in the talent pool.

A key strength of our board lies in its diversity across a range of measures including skills, experience, gender and nationality. The action plan to enhance diversity within the senior management functions continues to be developed, details of which can be found on page 19.

Integrity and trust are more important than ever in today's business world, and the board and I will continue to provide leadership to the business as a whole and build upon the high standards of good governance that have been implemented to date. Our responsibilities as a board will continue until such time as the proposed Ball offer completes, at which point myself and my fellow directors will resign from office.

Stuart Chambers
Chairman

CORPORATE GOVERNANCE REPORT AND DIRECTORS' REPORT

This corporate governance report and other disclosures set out on pages 73 to 75 make up the directors' report.

UK CORPORATE GOVERNANCE CODE COMPLIANCE

This corporate governance report has been prepared in accordance with the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in September 2014 (the Code).

The Code can be viewed on the www.frc.org.uk website. This report, together with the remuneration report, describes how we have applied the main principles of the Code and complied with its detailed provisions.

It is the board's view that throughout the year, 1 January 2015 to 31 December 2015, the Company has applied the main principles and complied with the provisions of the Code. The Company has not, however, tendered for audit services in the past 10 years as explained on page 49.

THE BOARD

Non executive director
Ros Rivaz (60)
Appointed 12 June 2013.

Committees
Nomination, remuneration (chair).

Skills and business experience
Experience in technology, sustainability and IT systems, and expertise in driving efficiencies in manufacturing processes and procurement in global organisations. Previous appointments include chief officer for Smith & Nephew plc until 2014 and senior management positions in ExxonMobil, ICI, Tate & Lyle and Diageo.

Other directorships
Deputy Chair of the Council of the University of Southampton where, in 2015, she was awarded an honorary doctorate of science. Non executive director of Boparan Holdings Limited.

Executive director
Graham Chipchase (53)
Chief executive
Appointed 1 January 2010 as chief executive. Joined the board as finance director on 10 February 2003 and was Group director plastic packaging from 2005.

Skills and business experience
Comprehensive financial and operational knowledge, proven leadership skills and a detailed understanding of Rexam's businesses and markets. Previous appointments include finance director of GKN plc's aerospace services business and various positions within the European and US subsidiaries of BOC Group plc. Operational experience as Group director of Rexam's plastic packaging business.

Other directorships
Non executive director of AstraZeneca PLC.

Executive director
David Robbie (52)
Finance director
Appointed 3 October 2005.

Skills and business experience
Strong financial, accounting, strategic and corporate finance experience and skills. Previous appointments include chief financial officer of Royal P&O Nedlloyd NV and finance director of CMG plc. Previously a non executive director of the BBC.

Other directorships
Trustee of Aldeburgh Music.

Non executive director
Leo Oosterveer (56)
Appointed 1 September 2011.

Committees
Audit and risk, nomination.

Skills and business experience
Strong operational leader with global management experience and a track record in marketing, sales and strategy development gained both in Europe and Asia. Previous appointments include leadership of the global food service division of Unilever PLC until 2014 and chairman/chief executive of Unilever in Thailand and Indochina from 2002 to 2006.

Other directorships
Chairman of Mylaps BV.

Senior independent director
Johanna Waterous CBE (58) Appointed 4 May 2012 as a non executive director and senior independent director.

Committees
Audit and risk, nomination, remuneration.

Skills and business experience
A leading expert in retail and customer relationship management with wide knowledge of the global retail world. Johanna was awarded a CBE in 2013 for her services to supporting business growth. A former director of McKinsey, the global management consulting firm.

Other directorships
Non executive director of RSA Insurance Group plc, chairman of Sandpiper CI Limited, and a director of the RBG Kew Foundation. Retired as a non executive director of Wm Morrison Supermarkets PLC on 31 January 2016.

Chairman
Stuart Chambers (59)
Appointed 1 February 2012 as a non executive director and chairman on 23 February 2012.

Committees
Nomination (chairman).

Skills and business experience
Extensive business experience, including experience of global business to business markets. Previous appointments include group chief executive of NSG Group until 2009, and chief executive of Pilkington PLC until its acquisition by NSG Group in 2006. Also held senior positions at Mars Inc and Royal Dutch Shell plc.

Other directorships
Chairman of ARM Holdings plc and appointed to the Hearings Committee of The Panel on Takeovers and Mergers, effective from 30 April 2016 (see page 40).

Non executive director
John Langston (66)
Appointed 30 October 2008.

Committees
Audit and risk (chairman), nomination, remuneration.

Skills and business experience
A chartered accountant with international, commercial and corporate finance experience. Previous appointments include a director of TI Group plc prior to its acquisition by Smiths Group and operational roles on the board of Smiths Group plc, and as finance director at Smiths from 2006 until his retirement in May 2010.

Other directorships
Non executive director of Inchcape plc.

Non executive director
Carl-Peter Forster (61)
Appointed 10 June 2014.

Committees
Nomination, remuneration.

Skills and business experience
Considerable operational and manufacturing expertise, and the knowledge and experience gained, as a leader in global organisations. Carl-Peter is the former Chief Executive of Tata Motors, part of the global Tata Group, and previous to that he was Group VP and Regional President of GM Europe. He also spent 13 years in various senior management roles at BMW AG.

Other directorships
Non executive director of IMI plc. Chairman of London Taxi Company and a board member of Hong Kong listed Geely Automotive Group Holdings.

Company secretary
David Gibson (53)

Changes to the board

There were no changes to the board during 2015 and up until the date of this annual report.

David Robbie was diagnosed with a serious medical condition in July 2015 and was granted a leave of absence to undergo medical treatment. Details of additional support arranged for the board during David Robbie's absence are on page 45.

Board experience

Manufacturing
100%

Consumer
48%

Finance
38%

Marketing
38%

Board diversity

International
DE NL GB CDN

Women on the board
25%

Board balance

Executive
25%

Non executive
75%

Board tenure

0–2 years
25%

3–4 years
37.5%

5–8 years
12.5%

9–12 years
25%

Figures above as at the date of this report.

The directors who have been in office for 9–12 years are the executive directors.

LEADERSHIP

HOW THE BOARD OPERATES

The board brings leadership to the Group. It does this through the development, monitoring and review of the Group's strategy, guided by the executive directors to whom the board delegates the operational management of the business. It ensures that risks are effectively managed through robust policies and procedures, supported by the right values and culture. The board's primary focus is the sustainable long term success of the Group to deliver value for shareholders, taking into account other stakeholders. The board does not routinely involve itself in day to day business decisions but there is a formal schedule of matters that require the board's specific approval, as well as those which can be delegated to committees of the board or senior management. The board retains responsibility for all such delegated matters.

The fundamental matters reserved to the board are:

- board appointments and removals
- the Group's strategy
- acquisition and disposal of businesses
- material financial decisions relating to equity, marketable securities, borrowing facilities, guarantees or indemnities and changes in accounting policies or practice
- all capital expenditure projects over £20m or any capital expenditure project which, regardless of the amount, does not meet the Group's financial criteria
- significant contract approvals
- changes to the Group's management and control structures
- matters relating to the Company's share listing
- the appointment and removal of principal advisors and external auditors.

The board considers all matters in an open and transparent environment whereby all directors have unrestricted access to information and management. The board works as a team but independence of thought and approach as well as constructive debate are encouraged. This collective vision of the Company's purpose, its values, culture and the behaviours the board promotes, form the foundation of strong corporate governance.

BOARD MEMBERSHIP AND MEETINGS 2015

	Attendance[1]
Stuart Chambers (chairman)	9/9
Graham Chipchase	9/9
Carl-Peter Forster	9/9
John Langston	9/9
Leo Oosterveer	9/9
Ros Rivaz	9/9
David Robbie[2]	4/9
Johanna Waterous	9/9
David Gibson (company secretary)	9/9

1 Number of scheduled meetings attended/maximum number of meetings that the director could have attended.

2 David Robbie was unable to attend five board meetings during the year as he was diagnosed with a serious medical condition and was granted a leave of absence to undergo medical treatment and chemotherapy. The Board asked Kath Kearney-Croft, a senior member of the Group finance team, to be acting finance director in David Robbie's temporary absence and the board has invited her to board meetings. During key periods, David Robbie has continued to provide support to Kath Kearney-Croft and the board.

DEFENCE COMMITTEE

The board established a defence committee in December 2014 to manage discussions with Ball relating to a possible combination of the two businesses. The defence committee comprised Stuart Chambers (committee chairman), Johanna Waterous (senior independent director), Graham Chipchase, David Robbie and David Gibson. Since July 2015 Kath Kearney-Croft has attended meetings of the defence committee in David Robbie's absence. The defence committee report their discussions and actions to the board for full debate and consideration. Since the board's recommendation to Rexam shareholders in February 2015 that the terms of the offer received from Ball for the entire issued and to be issued ordinary share capital of Rexam be accepted, the defence committee has continued to meet to discuss the Ball offer and related matters and continues to provide updates to the board at regular intervals.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the chairman and chief executive are separate with each having clearly defined responsibilities. Nonetheless, they maintain a close working relationship to ensure the integrity of the board's decision making process and the successful delivery of the Group's strategy.

Stuart Chambers is the chairman of the Company. The chairman creates and manages a constructive dialogue between the executive and non executive directors. He works with the company secretary to ensure that appropriate matters are discussed during board meetings. Graham Chipchase is the chief executive of the Company. He has responsibility for leading the executive directors and the senior executive team in the day to day management of the business and ensures effective implementation of board decisions. The key responsibilities of both the chairman and the chief executive are more fully described on page 41.

The written job specifications for the roles of chairman and chief executive are approved by the nomination committee.

NON EXECUTIVE DIRECTORS

At the date of this annual report, Rexam has a non executive chairman and five other non executive directors, including a senior independent director, all of whom are considered to be independent. Their collective role is to understand the business and its markets, consider proposals on strategy and constructively challenge management. The non executive directors hold or have held senior positions in industry and commerce, and contribute a wide range of international experience and objective perspective to the board. Through the board committees, the non executive directors bring focus and independence to governance and succession planning, internal controls, risk management and remuneration policies.

Johanna Waterous is the senior independent director and, if required, will deputise for the chairman. She is available to talk to shareholders if they have any issues or concerns or if there are any unresolved matters that shareholders believe should be brought to her attention.

In addition to planned board and committee meetings, the chairman meets with the non executive directors to discuss, on a less formal basis, the Group's performance, strategy, governance, and board succession plans. The executive directors do not attend these meetings.

Non executive directors serve the Company under contracts for services which are generally for an initial three year term. On appointment, an undertaking is requested confirming that the non executive director has sufficient time to fulfil his or her role on the board and any new directorships are subject to approval and notification to the board. Stuart Chambers has confirmed to the board that his appointment to the Hearings Committee of The Panel on Takeovers and Mergers with effect from 30 April 2016 will not conflict with him discharging his responsibilities as chairman at Rexam.

GOVERNANCE FRAMEWORK

The Company operates through the board and its main board committees, namely the audit and risk, the nomination and the remuneration committees. The board evaluates the membership of its individual board committees on an annual basis and aims to ensure that each of the committees has a different non executive director as its chairman. The board committees are governed by terms of reference which detail the matters delegated to each committee and for which they have authority to make decisions. The terms of reference for the board committees can be found on the Rexam website.

Shareholders

The chairman – key responsibilities

- Leads the board.
- Promotes a culture of openness, challenge and debate.
- Monitors progress towards the timely and effective implementation and achievement of the objectives, policies and strategies set by the board.
- Ensures that the board has the appropriate balance of skills, experience and diversity, and gives consideration to succession planning.
- Reviews the effectiveness of the board, its committees, and individual directors.
- Ensures compliance with Group policies concerning the conduct of the business.
- Provides guidance to the executive directors and senior management.
- Reviews and agrees directors' training and development needs.
- Safeguards the interests of shareholders.
- Ensures that the board sets clear expectations concerning the Group's culture, values and behaviours.

The board – key responsibilities

- Overall direction of the Group's strategy and the long term success of the Group's business. For the board's discussions during 2015 see page 42.

Audit and risk committee

Key objectives:
to monitor the integrity and the effectiveness of the Group's financial and business reporting, the performance of the internal and external audit functions, internal control policies and the Group's procedures for identification, assessment and reporting of risk. For further details see pages 46 to 51.

Nomination committee

Key objectives:
to ensure the board is effective and comprises individuals with a diverse balance of skills, knowledge and experience, and to develop succession plans for the refreshment of the board. For further details see pages 43 to 45.

Remuneration committee

Key objectives:
to determine the policy on executive remuneration, the remuneration arrangements for the directors and senior management and policy for the Group's annual and long term incentives. For further details see pages 54 to 72.

Chief executive – key responsibilities

- shareholder value
- develops and manages the Group and its trading performance within the authorities delegated by the board
- develops and delivers the Group's strategic plan as agreed by the board
- ensures the timely and effective implementation of the objectives, policies and strategies set by the board
- leads the executive management team and ensures that management has the appropriate balance of skills and experience
- ensures management succession plans and management development plans are in place taking into account the benefits of diversity
- oversees the Group's performance in safety, health and sustainability matters
- is the primary interface with shareholders
- promotes high standards of ethical business conduct.

Executive leadership team (ELT) – key responsibilities

The ELT currently comprises nine members being the Group's most senior business and functional executives.

Key objectives: to focus on the implementation of the Group's strategy, financial structure and planning, organisational development and policies and to review the Group's financial and competitive performance.

Graham Chipchase Chief executive

David Gibson Legal/Communications

Rich Grimley Group Operations

Craig Jones Beverage Can Africa, Middle East & Asia

Claude Marbach Beverage Can North America

Carlos Medeiros Beverage Can South America

Iain Percival Beverage Can Europe

David Robbie Finance director

Nikki Rolfe Human resources

Kath Kearney-Croft Finance (acting finance director and has been invited to attend meetings during David Robbie's absence)

Oliver Graham Commercial/Marketing (member until 14 December 2015 when he assumed responsibility for the businesses to be divested in connection with the Ball offer)

LEADERSHIP
CONTINUED

BOARD DISCUSSIONS 2015 TO ACHIEVE OUR STRATEGIC PRIORITIES

Strategy
- discussed the strategy and performance for each business sector with a focus on emerging markets
- discussed integration of the acquisition of a controlling interest in United Arab Can Manufacturing Limited, Saudi Arabia, and a joint venture acquisition of Envases Del Istmo SA (Panama)
- approved the capital expenditure for a third line at the beverage can plant in Dammam, Saudi Arabia
- received reports on the approved purchase of land and build of a new beverage can plant in India to meet the growth demands in that region
- monitored investment in expanding the capacity of the FUSION® aluminium bottle production in the Czech Republic
- maintained a business as usual approach to strategic decision making
- reviewed reports and agreed parameters relating to the Ball offer and associated workstreams
- considered research, development and innovation in relation to the strategic agenda to create and maximise value
- considered and approved responses for global bid process
- approved increase in investment in new plant in Widnau, Switzerland to add two further lines
- approved sector recommendations for closure of a beverage can plant in Germany and investment in plants in Finland, Denmark and Germany.

External environment
- updates and discussion on aluminium premium and market influences
- discussed the key issues affecting the business and industry trends
- received updates from the audit and risk committee on participation in the UK government's cyber security healthcheck and associated actions
- discussed the developing macroeconomic environment in regions of operation.

Stakeholder engagement
- engaged with private shareholders at the AGM
- considered annual investor audit and feedback and broker presentation on composition of Rexam share register
- reviewed Rexam's sustainability arrangements and programmes (incorporating all aspects of corporate social responsibility)
- engaged with institutional shareholders and investor bodies
- received reports on meetings with customers and suppliers and considered contract terms.

Delivering our strategy
- Strengthen our customer relationships
- Invest to capture growth
- Pursue continuous improvement in operational excellence
- Shape our future
- Build a winning organisation.

Other business
- The board's recommendation in February 2015 that the terms of the offer received from Ball for the entire issued and to be issued ordinary share capital of Rexam PLC (the Ball offer) be approved by Rexam shareholders
- Consideration of transactional matters relating to the Ball offer.

Budget and performance
- approved the Group's budget for 2016 and the strategic plan to 2018
- maintained oversight of the financial position of the Group and its performance against budget, forecast and market expectations
- approved the Group's full year and half year results, dividend policy and trading updates
- reviewed the performance of business segments
- discussed redemption of B shares in connection with the final phase of the Return of Cash to shareholders approved in 2014.

Risk and governance
- considered the reports on matters discussed at audit and risk committee meetings
- reviewed the legal compliance arrangements and policies presented by the Group and business sectors
- discussed the Group risk management process, risk tracking and mitigation
- reviewed the Group and business procedures and controls
- discussed and considered the requirements and content of the viability statement and reviewed the principal risks identified by the Group which were the focus for enhanced stress testing.

People, culture and values
- held board meeting with the Beverage Can Europe leadership team and visited the plant in Milton Keynes, UK
- reviewed health and safety arrangements to ensure our employees and customers get home safely every day
- considered reports on matters discussed at nomination committee and remuneration committee meetings
- considered appointment of acting finance director
- focused on the effectiveness of the board during 2015 following feedback from the board evaluation process
- considered reports on The Rexam Pension Plan
- received reports on the Horizon and Academy programmes hosted by the Rexam Business School.

EFFECTIVENESS

Our board members bring important skills and experience to our organisation and this complements the skills of our executive team.

My ambitions for the composition of the board are to maintain and, where applicable, broaden the range of expertise, experience and diversity and ensure that effective succession plans are in place. Throughout 2015 the members of the board have continued to challenge each other to ensure the quality of our decisions.

Stuart Chambers
Nomination committee chairman

EFFECTIVENESS OF THE BOARD

The board acts in the best interests of the Company, making well informed and high quality decisions within a framework of prudent risk management. Matters are discussed cohesively by the board as a whole, with challenge and debate encouraged, and no one individual has unrestricted power of decision making.

The composition of the board and its committees facilitates the effective discharge of its duties and responsibilities. Rexam has a board of directors with international business backgrounds and a range of diverse skills, experience and nationalities. Their diversity and knowledge are invaluable in challenging and developing the Group's strategy and enable the board to govern the global business effectively.

Throughout 2015 and up to the date of this annual report the Company had a majority of independent non executive directors on the board.

The board is aware of the other commitments of the directors and considers that these commitments do not conflict with their duties as directors of the Company. A biography of each member of the board, including details of their business experience and other directorships, is given on pages 38 and 39.

BOARD PERFORMANCE EVALUATION

The directors recognise that the evaluation process is an important annual opportunity to review the practices and performance of the board, its committees and its individual directors, and implement actions to improve the board's focus, effectiveness and ability to contribute to the Company's success. An externally facilitated performance evaluation of the board was last conducted in 2013.

In 2015, the chairman and company secretary agreed the scope of the review which took into account, amongst other areas, the principal challenges and opportunities identified in the 2014 performance evaluation. The evaluation explored specific aspects of board and board committee effectiveness: the work of the board in 2015, and board environment, information and meetings. Directors were asked to complete a questionnaire which was reviewed and scored. The chairman met with each director to discuss their views on the effectiveness of the board and obtain open and constructive feedback.

The senior independent director is responsible for the annual performance appraisal of the chairman and presents the feedback from this process and her recommendations to the nomination committee.

Our board performance evaluation process

Having conducted its performance evaluation, the board believes that it, and each of its committees has been effective in carrying out their objectives in 2015 and that each individual director has been effective and demonstrated commitment to the role. The challenges and opportunities were identified through the performance evaluation and the board agreed to focus on the following areas over the coming year to improve the board's effectiveness in 2016:

Challenges and opportunities	2016 development points following 2015 evaluation
Board environment and information	Learning from the additional requirements and challenges arising from the Ball offer; to heighten the focus in 2016 on emphasising and facilitating the importance of regular and full information flow, individual contribution from each director and open and transparent discussions at the board and board committees.
Board and committee professional development	To increase the professional development of the board and the board committees to extend their understanding of the Group and the issues faced on a business as usual basis, and to effectively contribute to discussions connected with the expected closing of the Ball offer.
Competitors, customers and suppliers	To continue presentations of detailed market intelligence on customers and suppliers to further develop the level of knowledge achieved in 2015. Refocus of discussions relating to competitors' strategies, strengths and weaknesses, and underlying commercial trends that are shaping the future of the beverage packaging industry.
Succession planning and leadership development	To continue informal meetings between the board, senior management and the talent pool so that the board can add value in discussions relating to talent identification, development and succession planning.

EFFECTIVENESS
CONTINUED

The board made progress during 2015 against the areas for development identified in the 2014 evaluation although the announcement of the Ball offer changed the emphasis of the board's priorities. In particular:

Challenges and opportunities	2015 progress on 2014 development points
Competitors, customers and suppliers	Progress was achieved by providing the board with customer and supplier insight through presentations and analysis of the global tender process. In conjunction with the progress made in 2014, the board achieved a further enhanced understanding of the beverage packaging industry. Development of the board's knowledge of the range of competitors to the beverage can industry will continue in 2016.
Talent pipeline and succession planning	Helpful interaction and debate on this topic between the board and senior management at board meetings, and events that were arranged to facilitate meetings with members of the talent pipeline. The Ball offer influenced the board's focus in the area of succession planning and the board was able to add value to discussions relating to senior management succession planning.
Board and committee professional development	Time constraints in 2015 affected plans for general professional development. The Ball offer provided scope for regular external training and development in the structure of takeover transactions, global regulatory clearance processes and associated divestment and integration workstreams.

The board committees each discussed their own effectiveness evaluations and identified areas for focus to improve their effectiveness in 2016. A full performance evaluation of the board, its committees and the individual directors will continue to be conducted annually.

DEVELOPMENT, INFORMATION AND SUPPORT

Formal board meetings are held during the year and the chairman and the company secretary ensure that, prior to each meeting, the directors receive accurate, clear and timely information which helps them to discharge their duties. In the months with no scheduled board meeting, the directors receive the prior month and cumulative financial, operating and risk information relating to the Group and its businesses. The directors receive their board papers through a secure electronic portal and are able to reference and mark the electronic papers in the board meeting.

All newly appointed directors participate in an internal induction programme that introduces the director to the Group and includes visiting Group businesses. This programme is tailored to each director's needs, taking into account individual qualifications and experience. If required, an overview of the role and responsibilities of a director can be facilitated by an external consultant. The company secretary gives guidance on board procedures and corporate governance.

New board directors participate in an induction programme which comprises one to one meetings with functional and operational management for an overview of the corporate and business aspects of the Group. Directors meet with the Group's external auditors, legal advisors, the Company's brokers and capital markets advisors. Governance and board related matters are discussed with the company secretary. Visits to the Group's plants in different jurisdictions are also arranged to provide a clear understanding of the beverage can manufacturing process and the beverage can markets.

The chairman is responsible for, and reviews and agrees with each director their training and development needs. Members of the committees receive specific updates on matters that are relevant to their role. The chairman arranges for the board to visit at least one of the Group's business locations each year to ensure that the directors' knowledge of, and familiarity with, the businesses are updated and maintained.

During 2015, the board visited the beverage can plant in Milton Keynes, UK where directors met with local management and toured the manufacturing facilities. They also toured Rexam's graphics and design centre in Luton. Rexam is the only beverage can maker to currently provide a full suite of design development capability under one roof.

Members of the senior management team with responsibility for the Group's businesses and those with corporate and service centre functional responsibilities make periodic presentations at board meetings about their businesses, functions, performance, suppliers, customers, competitors, markets and strategy.

The company secretary, who is appointed by the board, is responsible for ensuring compliance with board procedures. This includes taking minutes of the board meetings and recording any concerns relating to the running of the Company or proposed actions arising therefrom that are expressed by a director in a board meeting. The company secretary is also secretary to the audit and risk, nomination and remuneration committees.

Under the direction of the chairman, the company secretary is responsible for the communication of relevant information between the board, its committees and the senior management team. He also advises the board, through the chairman, on all governance and regulatory compliance matters.

Should a director reasonably request independent professional advice to carry out their duties, such advice is made available at the Company's expense.

NOMINATION COMMITTEE MEMBERSHIP AND MEETINGS 2015

The board has approved the terms of reference delegating certain responsibilities to the nomination committee. The terms of reference are reviewed annually and are available on the Company's website.

The nomination committee is chaired by the chairman of the board. The other members of the committee during 2015 were all independent non executive directors.

Committee membership	Attendance[1]
Stuart Chambers (committee chairman)	5/5
John Langston	5/5
Carl-Peter Forster[2]	4/5
Leo Oosterveer	5/5
Ros Rivaz	5/5
Johanna Waterous	5/5

1 Number of scheduled meetings attended/maximum number of meetings that the director could have attended.

2 Carl-Peter Forster was unable to attend one meeting due to a prior engagement confirmed prior to his appointment to the board. He received the agenda and the papers for that meeting and provided his comments in advance of the meeting.

THE ROLE OF THE NOMINATION COMMITTEE

The appointment and replacement of directors is governed by the Company's articles of association, which may only be amended with shareholders' approval in accordance with relevant legislation. Recommendations for appointments to the board are the responsibility of the nomination committee which acts in accordance with its terms of reference and the articles of association.

All board appointments are conducted through a formal, rigorous and transparent procedure involving the nomination committee and the board. The performance and effectiveness of the nomination committee are reviewed as part of the main performance evaluation of the board and all its committees.

The main responsibilities of the nomination committee are to:

- review the structure, size and composition of the board (including its skills, knowledge, experience and diversity, including gender diversity);
- give full consideration to succession planning and ensure that processes and planning are in place with regard to both the board and senior executive appointments;
- identify and consider candidates on merit against objective criteria and make recommendations to the board on appointments to the board and board committees, and on the appointment of the company secretary;
- assess the time needed to fulfil the roles of chairman, senior independent director and non executive director;
- keep up to date on strategic issues and commercial changes affecting the Company and its markets; and
- assist the chairman with the annual board performance evaluation process to assess the overall performance and effectiveness of the board and each board committee, and the individual performance of directors.

NOMINATION COMMITTEE AREAS OF FOCUS 2015

During 2015, the nomination committee carried out its duties by focusing on its key activities and ensuring the long term effectiveness of the board.

Reviewed the board and committee composition in 2015.
Discussed the range of skills on the board and its diversity and how to ensure an adequate balance of skills and experience for effective medium and long term decision making.
Discussed the grant of leave of medical absence relating to the finance director and additional support to be provided to the board in his absence.
Reviewed succession and development plans for the executive directors and executive leadership team.
Reviewed its own effectiveness during 2015.
Oversight of the board performance evaluation.

BOARD APPOINTMENTS AND DIVERSITY

The board appreciates the benefits of greater board diversity, including gender diversity. It recognises that a diverse and inclusive culture, and policies that promote diversity are key to creating a breadth of perspective among directors and effective balance in the boardroom.

The nomination committee has a policy of working alongside recruitment consultants who adhere to a voluntary code of conduct to ensure that when seeking new candidates for the board, at least 30% of the candidates on their initial list of candidates are women (the Voluntary Code of Conduct) and are independent in that they have no other connection with the Company. For executive director appointments the recruitment consultants evaluate and consider prospective external candidates and review internal candidates. In all cases the nomination committee then meets with and considers prospective appointees and, if appropriate, recommendations are made to the board for approval.

The Group's gender balance at board level is currently six males, 75% and two females, 25% (2014: 75% male and 25% female). It is the board's intention to maintain that at least 25% of the board are women. Diversity is one of the important factors in the specification given by the nomination committee to recruitment consultants when appointing new directors. The nomination committee ensures that, with the assistance of recruitment consultants who adhere to the Voluntary Code of Conduct, female candidates are considered routinely as part of the recruitment process to bring the most effective balance within the boardroom. The overriding objective is that board appointments will continue to be on merit and that the most appropriate candidates are identified and appointed.

In 2016, the nomination committee will continue to assess the board's composition and how it can be enhanced and will consider diversity as part of this process to ensure it continues to draw candidates from the widest possible range of talent. Further details on diversity throughout the Group can be found on page 19.

SUCCESSION PLANNING

The nomination committee develops succession plans for the board, mindful of the need for progressive refreshment of the board, and a balance of skills, experience and diversity.

The board's responsibility for succession planning means that it is actively involved in the Group's talent processes to identify internal candidates for promotion and develop senior managers to give them every opportunity to progress their careers. The nomination committee identifies through the management review process any internal people whose skills, experience and contribution to the Group would add value to the board. The board periodically discusses current senior management positions within the organisational structure and, led by the chief executive, considers potential successors to meet the Group's leadership needs over time.

The board led discussions regarding appropriate arrangements for the period of David Robbie's medical absence. As announced in July 2015, the board asked Kath Kearney-Croft, a senior member of the Group finance team, to support the board in the role of acting finance director. The board continues to keep under review the need to appoint an interim finance director to the board.

RE-ELECTION OF DIRECTORS

To promote good governance and in accordance with the Code, the board has recommended that all directors should submit themselves for election or re-election on an annual basis.

A biography of each member of the board can be found on pages 38 and 39.

ACCOUNTABILITY

Throughout 2015 the audit and risk committee continued to carry out its duties by focusing on the key activities associated with, and complementary to, its core internal financial control responsibilities.

In accordance with its terms of reference the audit and risk committee considered all financial related matters on behalf of the board, such as the full year and half year financial results, the external audit reports and responsibilities, the internal audit function's plans and updates, and the detailed review of Group risks and mitigation plans. In addition, during 2015, the audit and risk committee spent additional time discussing with management and the external auditors the financial reporting requirements in relation to the Ball offer. Full details of our activities during the year are given on page 47.

The committee recognises its role in supporting the board by ensuring that appropriate internal controls and risk management processes are in place to maintain good corporate governance for the Company.

The board recognises its responsibility for ensuring the implementation and maintenance of effective systems of risk management and internal control, and presenting a fair, balanced and understandable assessment of the Group's position and prospects. The systems and controls in place include policies and procedures which provide assurance that transactions are recorded as necessary to facilitate the financial reporting process and the preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Representatives of the businesses complete biannual representation letters formally confirming that their businesses comply with the Group's financial reporting policies and other Group policies and procedures. To discharge its responsibilities the board works closely with the audit and risk committee.

After taking account of the detailed work of the audit and risk committee, the board confirms that it carried out a review of the effectiveness of the system of risk management and internal control which operated within the Group during 2015 and up to the date of this annual report in accordance with the requirements of the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. This review covered the effectiveness of internal controls, namely financial, operational, compliance and risk management.

No significant failings or weaknesses were identified in the review for 2015. The board is satisfied that, where areas for improvement were identified, processes are in place to ensure that the necessary action is taken and that progress is monitored. The board will continue to carry out such reviews on an annual basis and will monitor the risk management and internal control systems as recommended by the 2014 Code. Details of the specific actions taken during 2015 to review the control environment and continue to improve controls are set out under risk management and internal control on pages 48 and 49.

The Company has complied during the financial year under review and up to the date of this report with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) order 2014.

John Langston
Audit and risk committee chairman

AUDIT AND RISK COMMITTEE MEMBERSHIP AND MEETINGS 2015

The audit and risk committee members comprise independent non executive directors. John Langston is the chairman of the audit and risk committee. As a qualified chartered accountant and former finance director he is considered to have recent and relevant financial experience and is well placed to lead the audit and risk committee to enable it to carry out its responsibilities.

Committee membership	Attendance[1]
John Langston (committee chairman)	5/5
Leo Oosterveer	5/5
Johanna Waterous	5/5

1 Number of scheduled meetings attended/maximum number of meetings that the director could have attended.

THE ROLE OF THE AUDIT AND RISK COMMITTEE

The board has approved the terms of reference delegating certain responsibilities to the committee. The terms of reference are reviewed annually and are available on the Company's website. The main responsibilities of the audit and risk committee are to:

- oversee and review the financial and operational risks, policies and management;
- assist the board in meeting its responsibilities by ensuring an effective system of internal control and compliance and accurate external financial reporting;
- assist the board in managing the relationship with the Company's external auditors including negotiating and agreeing the audit fee and the scope of the audit for and on behalf of the board;
- review and monitor the external auditor's independence, and in particular the provision of any non audit services provided by them to the Group;
- keep under review the effectiveness of the process for the identification, assessment, mitigation, reporting and monitoring of principal risks facing the business;
- approve the appointment of the director internal audit and review and approve the annual programme of internal audit assignments; and
- ensure the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's business model, strategy, position and performance.

The audit and risk committee meets at least four times a year. At the request of the audit and risk committee chairman, the chairman of the board, the chief executive, the finance director, the acting finance director, the director of Group accounting and control, the director internal audit, the director with responsibility for enterprise risk management and the external auditors are invited to attend each meeting.

Should it be requested, the audit and risk committee has access to independent expert advice at the Company's expense. The performance and effectiveness of the audit and risk committee are reviewed as part of the performance evaluation of the board and all its committees.

AUDIT AND RISK COMMITTEE AREAS OF FOCUS 2015

Reviewed and recommended for approval the financial results of the Group at the meetings immediately prior to the full and half year results announcements, following discussion with management and the external auditors.
Reviewed and approved where appropriate additional financial reporting requirements in relation to the Ball offer.
The Ball offer has required focus during 2015 for the committee and additional meetings have taken place during the year to review with management and the external auditors the progress on the transaction and related workstreams.
Reviewed the effectiveness of both external and internal audit, the two key assurance providers on which the committee places reliance, to ensure that independent reporting on the controls and financial results is maintained. A review of the external auditors' effectiveness was carried out following completion of the 2014 year end audit. A separate review of internal audit's effectiveness was carried out at the end of 2015 and reported to the committee at its February 2016 meeting.
The committee has a high focus on risk and reviewed the enterprise risk management process and its results at two meetings during the year, which are dedicated to risk management. At each of these meetings a business sector or key Group function will present its risks and provide details of the mitigation measures in place to address those risks. During 2015 the Beverage Can Europe and the Beverage Can Africa, Middle East and Asia sectors presented their risks to the committee.
Reviewed updates from the director internal audit on the controls within the businesses, including IT risks and controls.
Presentation by chief information officer on information technology risks with emphasis on cyber risks.
External audit plan for 2015 year end approved; early warnings reports presented by external auditors.
Reviewed and considered the quarterly updates presented by the director internal audit of the results of audits carried out by the internal audit team and information relating to audit opinions given, recommendations made and remediated by the businesses, key performance indicators for the internal audit team and any whistle blowing reports received.
Meetings of audit and risk committee chairman with the director internal audit and with the external auditors.

FINANCIAL AND BUSINESS REPORTING

The audit and risk committee shares responsibility with the board for reviewing in detail the annual report and half year results announcements, which provide a clear assessment of the performance and prospects of the Group through the business model, strategy, and a review of strategic risks and financial and non financial performance. The annual report is reviewed at draft stage by sector and functional management to ensure it is fair, balanced and understandable. Also included in the annual report is the external auditors' report to the members providing an independent opinion on the truth and fairness of the Group's financial statements. The half year results announcement includes the external auditors' review report to the Company.

Other financial information that is to be published is reviewed by the audit and risk committee for statutory and regulatory compliance and is submitted to the board with a recommendation for approval.

Significant issues considered by the committee

The committee has regular discussions with both management and the external auditors on significant matters. The following principal risks, judgements and accounting issues were considered by the committee during 2015, as part of the reporting and review process.

Berlin factory closure

The closure of the Berlin plant was announced in February 2015 and the committee received updates on progress from management during the year confirming works council approval and assessing the risk of industrial action. The committee discussed the key judgments relating to the accounting treatment of the closure which included redundancy provisions, accelerated depreciation, transfer of assets to other Group plants, and asset impairment with management and the external auditors. Internal audit carried out a review of the plant controls and the closure process in the period prior to closure on 31 December 2015 and reported its conclusions to the committee. The committee considered the reports it had received, its discussions with management and internal audit, and guidance from the external auditors, and concluded that it was satisfied that the closure and the appropriate accounting treatment had been fully considered and was appropriate.

Tax

The committee considered key tax issues facing the Group, in particular those where judgement was required to determine their treatment in the financial statements, such as the recognition and recoverability of deferred tax assets and the appropriate levels of provisions where there are uncertainties or interpretation of local laws and regulations. The external auditors provided an external perspective confirming the judgements adopted by management, and the committee was comfortable with the judgements taken.

Brazil currency hedging

Management discussed with the committee their decision to apply cash flow hedging in Brazil to mitigate the costs associated with financial hedging of the Brazilian Real. The accounting treatment for the Brazilian currency hedging was discussed in depth between the committee, management and the external auditors, and the committee concluded that the accounting treatment was appropriate based on these discussions.

Global and significant contracts

The major contracts being negotiated during the year were discussed with management as to their progress and the key terms within the contracts. The committee sought the advice of management and the external auditors relating to the accounting treatment of up front payments and rebates. The committee was satisfied that the position taken by management was supportable.

Goodwill impairment

The committee reviewed the carrying value of goodwill and other assets compared with the value in use for each business in the Group to ensure sufficient headroom, including appropriate sensitivities, and discussed key assumptions and judgements with both management and the external auditors, concluding that no impairment was necessary. The external auditors reported to the committee that management's approach was appropriate and concurred with management's position that the carrying value of goodwill and other assets remains supportable.

UAC acquisition

The committee discussed with management the progress made in integrating the UAC business into Rexam and the key risks were presented to the committee by the AMEA sector. Internal audit reviews, which took place at the beginning and end of the year, highlighted a number of control issues, none of which were significant, and the progress being made by management to address those issues. The committee also discussed with management and the external auditors the acquisition accounting for UAC and specifically the fair values attributed to intangible assets, concluding that the accounting treatment was appropriate.

ACCOUNTABILITY
CONTINUED

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has well established risk management and internal control systems. While all elements of risk cannot be eliminated, the processes and systems aim to identify, assess, prioritise and, where possible, mitigate the Group's risks. Although no system can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the board with reasonable assurance that assets are safeguarded, transactions are properly authorised and recorded and that material errors and irregularities are either prevented or detected within a timely period.

The enterprise risk management (ERM) function is led by the director responsible for ERM together with the chief executive, finance director, the director internal audit and other senior management representatives, and has brought an increased focus and emphasis on global risk management, providing leadership and co-ordination across the Group's business and operational risk activities. Operational risk which includes health and safety, environment, fire and property protection, security, business continuity and crisis management is the responsibility of senior functional management.

The directors confirm that the board have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. These risks are described on pages 24 to 29 in the risk management section of this annual report, and includes details of how they are being managed or mitigated.

There is an ongoing process for identifying, assessing, mitigating, reporting and monitoring the risks faced by the Group captured within a formal ERM framework. Meetings are held with businesses and functional managers who present their risk registers, enabling discussion of the risks identified, the management of those risks and the mitigation measures as well as the effectiveness of the systems of internal control. The process ensures that risks are not just the product of a bottom up approach but are also examined from a top down perspective and closely aligned with the Group's strategy.

The ERM function chairs the risk leadership team with representatives from internal audit and senior management from each of the sectors. The team meets regularly to focus on key Group risk themes and to refine the ERM framework.

The framework which the board has established to provide effective internal control for both the Group and its associates and joint ventures is supported by the key areas set out in the table below.

THE INTERNAL CONTROL FRAMEWORK

	Responsibility	Activity in 2015
Financial reporting	The Group has a comprehensive system for reporting financial results to the board. An annual budget and strategic review are prepared for each business and are consolidated for review by the board before being formally adopted. During the year, monthly management accounts, including cash flow and capital expenditure reporting, are prepared with a comparison against budget and prior year. Forecasts are revised in light of this comparison and are also reviewed by the board.	Regular reviews took place to ensure businesses were performing in line with budget and strategy. The chief executive and the finance director, or in the finance director's absence, a senior member of the Group finance team, met regularly with operational management to ensure businesses were performing as expected and reporting in accordance with the Group's standards. Following those meetings the chief executive and the finance director, or in the finance director's absence, a senior member of the Group finance team, reported back to the board.
Delegated authority	There are clearly defined lines of responsibility and levels of authority in operation throughout the Group, with specific matters reserved to the board. Businesses are decentralised with operating autonomy and financial responsibility delegated to corporate and local management to the extent that they have approval to operate within defined levels of authority and risk.	The Group authority levels and related financial limits, which include information on those matters that are specifically reserved for the board's consideration, are regularly reviewed and updated.
Procedures and controls	There are formal written Group financial procedures and controls in operation, including specific procedures for capital investment and the approval of significant contracts. Corporate and local management are required to complete biannual representation letters formally confirming that their business complies with the Group's financial reporting policies and other Group policies and procedures. The Group control framework has been fully implemented to ensure that controls are updated consistently and in line with best practice.	Procedures and controls are regularly updated to ensure that they are effective and in line with best practice. During 2015 the SAP software which manages segregation of duties controls was upgraded. The online legal compliance training system developed to ensure employees' familiarity and compliance with the Group's Code of Conduct also includes specific training on Financial Integrity, combating bribery in business and competition and antitrust law, and was completed by all appropriate employees during the year, following a refresh of the training content.

THE INTERNAL CONTROL FRAMEWORK CONTINUED

	Responsibility	Activity in 2015
Internal audit	The internal audit function monitors financial and other risks faced throughout the Group and the control systems in operation to manage those risks. All significant internal audit findings are reported to the audit and risk committee.	Meetings were held regularly between internal audit, Group and sector management, to review progress on implementing audit recommendations and to ensure any significant issues identified were addressed. Updates on performance were provided to the audit and risk committee by the director internal audit, including details of progress against the audit plan, audit report opinions given and progress in implementing audit recommendations. As well as reporting on Group controls and risks the internal audit function also reports on its own performance using key performance indicators (KPIs) measuring such areas as completeness of the audit plan, timeliness of internal audit reports, coverage of businesses, key projects supported and development of internal audit staff. The internal audit function continues to enhance its approach to the audit of business risks by focusing on a number of the key Group risks identified from the enterprise risk management framework and carried out a detailed review of the risk mitigations management had put in place to address these risks. Areas reviewed included commercial sales in Beverage Can North America, production and treasury risks in Beverage Can South America, country stability risks in emerging markets, as well as the Group treasury and information management functions of Rexam PLC.
Operational risk management	Operational risk management, part of the enterprise risk function, provides the leadership to develop and monitor processes which identify, assess and manage risks associated with health and safety, environment, business continuity and crisis management, fire and loss prevention, security and asset protection. Purpose built audit programmes allow for businesses to be evaluated against Rexam's and external best practice standards in these areas, and provide the basis for continuous improvement action plans. In addition, many Rexam businesses are accredited to external internationally recognised standards. The function also manages Rexam's global insurance programme. Periodic updates, including any significant findings and issues, are reported to the audit and risk committee.	In 2015 the Environmental Health and Safety policy was updated together with a communication about the different aspects of the operational risk management programmes. The Global Framework for Safety and the World Class Safety Action plan was launched which identifies safety as one of our core values and creates a vision for safety. KPI's reflect a LTAR consistent with 2014 and the number of life changing incidents occurring has reduced by 50% and 83% of our sites were LTA free in 2015. Good progress has been made on business continuity management planning and the sectors have completed live testing scenarios with their crisis management teams. Detailed business continuity audits have been completed with some of our metal suppliers. This process will continue into 2016. Further details can be found in the principal risks section of this annual report on page 26.

INTERNAL AUDIT

The internal audit function plans and undertakes audits to ensure that the controls operating in the businesses conform with Group controls and procedures, and reviews the effectiveness of the risk management process.

The director internal audit provides quarterly updates to the audit and risk committee and reports on all significant audit findings.

He has separate meetings with the chairman of the audit and risk committee without any other member of management being present.

In 2015, the audit and risk committee reviewed and approved the annual internal audit plan including the proposed audit approach, coverage and allocation of resources. It also reviewed the results of the audits undertaken, with particular emphasis on the recommendations made and management's response to the matters raised. The quarterly update provided to the committee also includes the internal audit function's own KPIs reporting on audit plan performance, coverage of operations, days to issue reports and transfer of auditors into the business.

An internally commissioned survey with Group, sector and business management was undertaken at the end of 2015 and the results were reported to the committee in early 2016.

EXTERNAL AUDITORS

The audit and risk committee has primary responsibility for, and advises the board on, the appointment, reappointment and the remuneration of the Company's external auditors. Any recommendation for the reappointment of the external auditors is subject to their continued satisfactory performance. Following an audit tender in 2003, PricewaterhouseCoopers LLP (PwC) were appointed as the Company's external auditors, with the lead audit partner changing by rotation in 2008 and in 2013. It is expected that the formal rotation of the current lead audit partner will be effective from the audit of the financial results for 2017.

The board continues to monitor the Competition and Markets Authority Order (the Order) and EU rules relating to audit tendering and rotation, and the audit and risk committee has indicated that, if the Ball offer does not proceed, it will commence a review of the current external audit service provider and tender in line with the transitional arrangements of the Order. At the present time, the board believes it is in the best interests of shareholders to defer any tender of the external audit contract until there is certainty as to the progress of the Ball offer.

The external auditors attend all audit and risk committee meetings and annual enterprise risk review meetings with each of the business sectors. The audit and risk committee chairman also has separate meetings with the external auditors to discuss relevant matters. The external auditors work with Group and sector management and discuss their findings and recommendations with the audit and risk committee.

ACCOUNTABILITY
CONTINUED

During 2015, the audit and risk committee reviewed the effectiveness and independence of the external auditors and after confirming the effectiveness of PwC, recommended to the board that PwC be proposed for reappointment. The effectiveness review in 2015 was conducted by the director internal audit surveying both sector and business management following the 2014 year end audit. A report was presented to the committee, focusing on a number of areas including audit scope, delivery and audit team. A further review of PwC's effectiveness will be undertaken in 2016 following completion of the 2015 audit. The audit and risk committee will continue to keep under review the independence and objectivity of the external auditors.

Non audit services are provided by PwC to the Group only in accordance with Rexam's policy on the provision of such services, which assesses the type of service to be provided and the associated fees. Any request for non audit services above a fee threshold of £25,000 is presented to the finance director, or in his absence, a senior member of the Group finance team, for approval prior to commencement of the work. The finance director, or in his absence, a senior member of the Group finance team, will also obtain the prior authorisation of the chairman of the audit and risk committee for services deemed 'restricted' above a threshold of £50,000 and above £150,000 for services deemed 'unrestricted'. PwC are prohibited from providing services to the Group that would be considered to jeopardise their independence, such as financial systems design and implementation, actuarial services, internal audit outsourcing and investment services. The policy on non audit services is reviewed annually to ensure it continues to be in line with best practice.

The audit and risk committee biannually reviews the level of non audit fees to ensure that the provision of non audit services does not impair PwC's independence or objectivity. In recent years the level of non audit fees has reflected the transactional nature of the Company's activities as it disposed of certain of its businesses to focus on being a global beverage can manufacturer. During 2015 the level of non audit fees provided by our auditor is higher than usual as a result of the ongoing Ball offer. The additional work relates primarily to non statutory audit procedures required in relation to both annual and quarterly reporting for US GAAP purposes, carve out accounting for the divestment of operations as part of the remedies package to obtain regulatory approval, and other assurance workstreams directly related to the transaction, all of which are typically performed by a company's auditor. The cost of such services amount, in total, to £3.4m as shown in note 5 to the consolidated financial statements. Following discussion with management and consideration by the audit and risk committee regarding the scope of work and the suitability of PwC to carry out that work, the audit and risk committee concluded and approved that it was in the interests of the Company to purchase these additional services from the external auditor to leverage PwC's existing knowledge of the Group, and provide added proficiency and a more immediate time and cost efficiency. To safeguard auditor objectivity and independence, separate PwC teams independent of the audit team are engaged to lead on workstreams that are not audit or review related, and management remains responsible for all key decisions and judgments in respect of the work PwC is engaged to perform.

PwC has also provided global tax advisory services during the year. Other audit firms were engaged to provide expatriate and specialist tax advisory services as well as to advise on business disposals. The fees for non audit services are disclosed in note 5 to the consolidated financial statements.

In 2015, a review of all fees paid for services delivered to the Group by the main audit firms was undertaken by the director internal audit.

DIRECTORS' CONFLICTS OF INTEREST

The board has a formal system in place for directors to review regularly their interests and to deal with situations where a director reports any conflicts of interest. Any conflict situation reported to the chairman and the company secretary is considered by the board based on its particular facts. Any authorisations given to a director who has a conflict situation are recorded in the board minutes and in a register of directors' conflicts which is reviewed annually by the board. No conflict situations were reported to the board during 2015 and up to the date of this annual report. Stuart Chambers has confirmed to the board that his appointment to the Hearings Committee of The Panel on Takeovers and Mergers, with effect from 30 April 2016, will not conflict with him discharging his responsibilities as chairman at Rexam.

TAX MANAGEMENT

Our businesses pay a number of different taxes to local and national governments. These include corporate taxes on profits, employment taxes, property taxes, customs duties and withholding taxes. In addition our businesses administer on behalf of taxing authorities the collection of sales taxes charged to our customers and taxes paid by our employees. We take our responsibilities seriously and the management of our tax affairs is aligned with the Group's wider business practices and our commitment to corporate responsibility. In particular the Group seeks to adopt the following principles in its management of its tax position: compliance with and reasonable interpretation of tax laws; paying the right amount of tax at the right time; a constructive relationship with tax authorities; alignment of planning with our commercial operations and the needs of our businesses; and delivering shareholder value while protecting the Group's reputation.

CODE OF CONDUCT

A Code of Conduct, which applies to all Company employees worldwide, has been approved by the board and provides a clear statement for the benefit of stakeholders involved with, or impacted by, Rexam's activities. It is communicated through an induction process for new employees, as part of the team briefings in the Group's businesses and on the Group's intranet and website. The board is kept informed regarding the maintenance of the Code of Conduct which will include giving consideration to the disclosures that will be required in respect of human trafficking and slavery introduced by the Modern Slavery Act 2015. Any breaches of the Code of Conduct are reported to the board. The content of the Code of Conduct captures the key compliance messages that are relevant for all employees, whether working in the manufacturing plants or in office based locations.

During 2014, a review of the Code of Conduct was initiated to reflect the changing demographics of Rexam's business and to support Rexam's vision to be the best beverage can maker in the world. An online training system is operated to ensure employees are aware of their responsibilities and are in compliance with the Code of Conduct. Further details can be found on page 19. During 2015, all relevant employees recertified their Code of Conduct status.

The Group's policies and procedures relating to bribery and corruption were kept under review by the executive leadership team and the audit and risk committee during 2015. There were no material breaches of the Code of Conduct during 2015.

During 2015, we took steps to increase the scope and impact of our online compliance training programme. The training is now tightly linked to our onboarding process to reinforce the messages contained in the Code of Conduct. An annual certification process was introduced in 2014 so that all appropriate employees will be reminded of the requirements of the Code and their obligations. The content of the training was refreshed during 2015 ahead of the annual certification process.

The Company has not been required to pay any disclosable fines during the year in respect of antitrust matters.

WHISTLE BLOWING POLICY

Rexam has an open door policy whereby employees are encouraged to share concerns, raise issues and provide ideas for improvement with all levels of management in the business. It is recognised, however, that there will be times when an employee might be uncomfortable raising concerns directly with local management and, in such cases, communication with business and Group management is encouraged.

The Company operates a whistle blowing policy known as Raise Your Concern (RYC) which is supported by an external confidential telephone helpline. The helpline is available to all employees to raise any concerns, including those of a financial nature. The externally operated helpline was changed to a new provider in late 2014, which provided an opportunity to refresh the service by circulating new promotional literature both online, and through the use of posters and wallet sized cards that were placed in break out and refreshment areas. We were able to engage with employees to better understand the reasons that calls are made via the helpline rather than through internal communication lines, especially as a number of the calls received relate to human resource/grievance related issues.

The RYC policy is explained to employees when they commence employment with the Group and in team meetings to ensure the policy is understood by, and available to, all employees. Employees are encouraged to use the service only when other internal reporting lines have not adequately dealt with their concerns, or if the matter is too serious or confidential to discuss with local or sector management.

During 2015, 37 calls were received by the helpline provider (2014: 41 calls). There have been on average 41 calls per year since the policy was introduced in 2006. The majority of calls continue to relate to human resources issues and practices. All reports of calls are taken by internal audit or the company secretary's office and an initial feedback response is available to the caller within five working days.

All calls are investigated by the director internal audit, in conjunction with the company secretary or deputy company secretary, and, if appropriate, by management of the respective business. Any significant concerns are reported directly to the chairman of the audit and risk committee as well as to Group management.

The RYC helpline service was extended to suppliers during 2015 and will be further extended to customers during 2016.

Group management and the audit and risk committee receive a quarterly report on calls received and how they have been resolved.

The audit and risk committee will continue to review the whistle blowing policy and the RYC process annually.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 36. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are detailed in the financial review on pages 30 to 36. In addition, notes 22, 23 and 24 to the consolidated financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with established agreements with a number of key customers and suppliers across different geographic areas and markets. The financial resources include £2.0bn of debt facilities, of which £0.6bn are undrawn, with the next significant maturity due in December 2019 (£0.8bn). The Group also has cash and cash equivalent balances at 31 December 2015 of £0.2bn. As a consequence, the directors believe that the Group is well placed to manage its business despite the economic environment which increases risks and uncertainties.

The directors, having made appropriate enquiries, are satisfied that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of this annual report 2015. For this reason, they continue to adopt the going concern basis in preparing the consolidated and Company financial statements.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2014 revision of the Code, the directors have assessed the Group's prospects and viability. The board has determined that the three years to 31 December 2018 is an appropriate time frame for the viability statement. This period is aligned with the strategic plan of the Group and the ERM framework in which principal risks including their likelihood and impact are assessed. This alignment enables management and the board to have sufficient, realistic visibility on the commercial and financial assumptions required to undertake a robust assessment.

As part of their assessment, the directors have considered the current position and prospects of the Group, including the strategic plan approved by the board, the financial position of the Group as described under 'Going Concern' and the potential likelihood and impact of principal risks as set out on pages 24 to 29; resulting in an analysis of the Group's ability to absorb varying degrees of plausible downside scenarios as described on page 22.

Based on this analysis, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2018.

THE ROLE OF THE REMUNERATION COMMITTEE AND REMUNERATION POLICY

The remuneration committee is responsible for making recommendations to the board on the Group's remuneration policy and setting the remuneration arrangements appropriate for the directors within the terms of the policy approved by shareholders. The directors' remuneration report, which includes the remuneration policy that received a binding vote from shareholders at the AGM 2014, is on pages 54 to 72 of this annual report. No changes to the remuneration policy are proposed.

SHAREHOLDER ENGAGEMENT

The board fully supports the principle of the Code which seeks to encourage more active interest and contribution from shareholders.

SHAREHOLDER ENGAGEMENT CYCLE

- presentations and conference calls for half year and full year results and trading updates, and responding to analyst and investors' comments and questions;
- briefing meetings with major institutional shareholders in the UK and US;
- attendance of the directors at the AGM;
- attendance by senior executives from across the business at relevant meetings and conferences throughout the year;
- addressing questions relating to the Ball offer;
- responding to enquiries from shareholders and analysts through our investor relations and company secretariat teams; and
- providing information through the investor section on the Company's website *www.rexam.com* and Rexam investor 'app'.

INSTITUTIONAL INVESTORS

Meetings are held in the UK and US following the announcement of the half and full year results to discuss the Group's operating and financial performance, including corporate governance related matters, and the Group's longer term strategy. The presentation slides shown to representatives of the investment community are available on the Company's website, as is a live webcast of the related results presentation. Contact is made with major institutional shareholders periodically and in advance of the AGM each year in order to understand their views on the Company and to ensure that their views are communicated to the board.

The non executive directors are given regular updates as to the views of institutional shareholders. After the investor meetings held following the announcement of the half and full year results, a summary report on investor responses is prepared for the board, normally by the Company's corporate brokers.

PRIVATE INVESTORS

Communication with private investors is largely through the AGM, which is held at a central London location. The notice of the AGM, the annual report and any related papers are provided to shareholders at least 20 working days before the date of the AGM to ensure that shareholders have sufficient time in which to consider the items of business to be voted upon. An electronic and paper proxy appointment service is offered to enable those who cannot attend in person to vote on the business being proposed at the meeting.

In respect of the AGM 2016, Rexam shareholders have received notice that the Company's AGM 2016 will be held on 22 June 2016. It is possible that the Ball offer will complete before 22 June 2016 in which case you will no longer be a shareholder of Rexam and will not need to attend the AGM 2016.

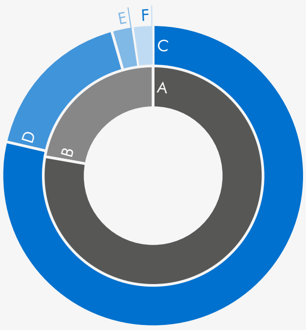
A presentation is made at the AGM to update shareholders on the Group's activities. Shareholders are given the opportunity to ask questions of the chairman, the board and the chairman of each board committee during the AGM and to meet the directors informally. Separate resolutions are proposed at the AGM on a poll for each item of business and an announcement confirming whether each resolution was passed at the AGM is made through the London Stock Exchange and on the Rexam website.

Rexam's ADR investors receive details of the AGM and are entitled to instruct the depositary, The Bank of New York Mellon, to vote on the resolutions to be proposed at the AGM.

The percentage of the total number of shares voted at the AGM 2015 was 60.18% (2014: 69.0%). A summary of the number of votes cast in respect of each resolution can be found on the Rexam website together with the presentation slides shown at the AGM. All members of the board normally attend the AGM and the board receives a written report after the AGM giving details of the voting and any concerns raised by shareholders.

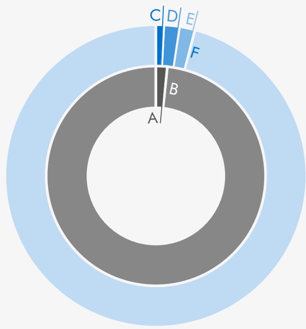
SHAREHOLDERS BY PROFILE, SIZE OF HOLDING AND GEOGRAPHY

An analysis of Rexam ordinary share holdings by category and size is as follows:



Number of holdings (%)

A: Individuals	77.79
B: Institutions	22.21
C: 1 – 2,000	78.81
D: 2,001 – 20,000	16.98
E: 20,001 – 100,000	2.01
F: 100,001 and above	2.20



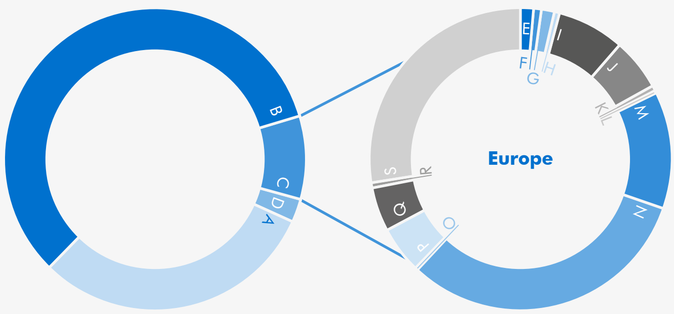
Number of shares (%)

A: Individuals	1.78
B: Institutions	98.22
C: 1 – 2,000	0.95
D: 2,001 – 20,000	1.58
E: 20,001 – 100,000	1.91
F: 100,001 and above	95.56

An analysis of Rexam ordinary share holdings by geography is as follows:

Shareholdings by worldwide region (%)

A: UK	30.62
B: North America	58.09
C: Europe	8.83
D: Rest of World	2.46



Shareholdings by European country (%)

E: Austria	0.14
F: Belgium	0.07
G: Denmark	0.13
H: Finland	0.03
I: France	0.64
J: Germany	0.49
K: Italy	0.06
L: Liechtenstein	0.02
M: Netherlands	1.11
N: Norway	2.78
O: Spain	0.04
P: Sweden	0.44
Q: Switzerland	0.42
R: Unidentified	0.05
S: Other European	2.41

DIRECTORS' REMUNERATION REPORT

Dear shareholders
I am pleased to present the directors' remuneration report on behalf of the board for the year ended 31 December 2015.

The report is presented in two sections:

- The directors' remuneration policy in place from 2 May 2014 following approval by shareholders; and
- The annual report on directors' remuneration which sets out how the remuneration policy was applied during 2015. This report is expected to be subject to an advisory vote at the AGM in 2016.

MAIN ACTIVITIES IN 2015

Details of the remuneration decisions for 2015 are set out in the annual remuneration report on pages 63 to 71. The chairman's statement and the chief executive's review outline the business context for 2015 which has been to operate on a 'business as usual' basis.

Whilst this has been another challenging year in terms of global trading conditions, our people have continued to deliver a strong performance, with volume growth across most regions, and a focus on investing in Saudi Arabia and Panama, and expansion in India. Safety has been firmly embedded into our core values; LTAR is consistent with 2014 and the number of life changing incidents occuring in 2015 has seen a 50% reduction. Despite the backdrop of the activity to support the Ball offer, bonus outcomes are above target level and reflect the good progress made during 2015.

As announced earlier this year, David Robbie commenced a period of continuous sick leave with effect from 13 July 2015. In line with our remuneration policy and applicable legislation the Committee has approved the payment of his salary over this period and has given careful consideration to the approach to variable remuneration. Kath Kearney-Croft, director of group planning and finance, has been acting finance director in David Robbie's absence.

LOOKING FORWARD TO 2016

The chief executive's salary and the finance director's salary will remain unchanged during 2016 (the last increase being in May 2014).

The short term incentive for 2016 will be awarded in accordance with our remuneration policy and targets will be set with reference to achievement over the full year. If the Ball offer completes, the Committee will make an assessment of achievement against targets based on financial and personal performance from 1 January 2016 to the date of completion.

We expect that in April 2016 the long term incentive awards granted in 2013 for the 2013-2015 performance period will vest at 20.8% for executive directors and it is not anticipated that long term incentive awards will be granted in 2016.

BALL OFFER

The recommended offer from Ball announced early in 2015 has proceeded in line with expectations during the year. As part of the recommended offer, Ball agreed to put in place certain remuneration arrangements for key employees in Rexam. These separate arrangements do not form part of the Company's own remuneration arrangements for its executive directors. Outline details can be found in the Rule 2.7 announcement dated 19 February 2015 on Rexam's website.

The arrangements put in place for the executive directors are conditional upon, and will come into effect immediately following, completion of the Ball offer. Full details of the incentive arrangements agreed with Ball will be disclosed in the Scheme document which will be sent to Rexam shareholders prior to completing the Ball offer.

Until such time of completion of the Ball offer, the Committee will continue to make decisions and maintain the principles as set out in the remuneration policy approved for three years by our shareholders at the AGM 2014.

Ros Rivaz
Remuneration Committee chair

ABOUT THIS REMUNERATION REPORT

This report has been prepared in accordance with the provisions of the Companies Act 2006, Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UK Corporate Governance Code. It also meets the requirements of the UK Listing Authority's Listing Rules.

The remuneration policy is on pages 56 to 62 of this report and can be found on *www.rexam.com* as part of the Annual Report 2015. The following parts of the remuneration report 2015 are audited: the single total figure of remuneration for directors, including annual incentive and long term incentive outcomes for the financial year ended 31 December 2015; long term incentives awarded during 2015; total pension entitlements; payments to past directors and payments for loss of office; and, directors' shareholdings and share interests.

REMUNERATION POLICY OVERVIEW

The Group's main objective is to create value for our shareholders and other stakeholders through our vision to become the best beverage can maker in the world. This means balancing profitable revenue growth, cash generation and the risk profile for the Group to deliver a strong return on capital employed. It is essential that the remuneration principles underpin these objectives and that achievement of the corporate strategy is reinforced through appropriate performance and management incentives. Rewards are aligned with the Company's performance so that executive directors are incentivised to achieve demanding results but within an appropriate risk profile for the Group.

OUR CURRENT REMUNERATION PRINCIPLES ARE AS FOLLOWS:

- Attracting, retaining and motivating highly qualified and talented people, providing competitive remuneration to all employees appropriate to the countries in which we are based.
- Ensuring that a significant portion of the remuneration package of an executive director is weighted towards variable performance related pay which rewards higher achievement.
- Promoting a consistent, clear and transparent link between business strategy and individual motivation to achieve performance and to create shareholder value.
- Providing a meaningful reward opportunity for achievement of stretching targets linked to delivery of our business strategy and achievement of personal performance objectives.
- Providing transparency and simplicity in the reward strategy and complying with regulation.

THE REMUNERATION POLICY

Linking reward to business strategy

see pages 12 and 13

- Long term incentives designed to align the interests of management with those of shareholders with a bias towards the longer term.
- Maintaining capital discipline with a focus on growth and creation of shareholder value in annual incentive design.
- Linking annual incentives to a balance of growth and return measures, including personal objectives, to align with strategy.

Key performance indicators

see pages 20 and 21

- Salaries are reviewed annually, taking account of both internal and external comparators.
- Benefits offered are competitive and cost effective.
- Executive directors participate in retirement benefit plans in their home country.

Salary, benefits and retirement benefits

- Incentive metrics reflect key aspects of budgeted profit and cash, and personal performance objectives reflect strategy for growth. Awards are subject to malus and clawback.

Annual cash incentives

- 25% of annual cash incentive is deferred into share awards. Awards are subject to a three year holding period and are subject to malus and clawback.

Deferred bonus incentives

- Awards are granted with performance targets that are measured over three years and reflect the Company's strategy. Awards are subject to malus and clawback.

Long term incentives

STRATEGIC REPORT
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FINANCIAL STATEMENTS

POLICY

DIRECTORS' REMUNERATION POLICY
This remuneration policy received a binding vote from shareholders at the AGM 2014 and became effective at the conclusion of the AGM on 2 May 2014. Any commitments, eg historical share awards, entered into prior to approval and implementation of the remuneration policy as detailed in this report will be honoured on their original terms.

Policy table – executive directors fixed pay

Element, purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary To attract and retain high performing talent by setting base salaries at rates comparable with what would be paid in an equivalent position elsewhere.	Salaries are reviewed annually taking account of our remuneration policy, personal performance and the experience of the executive director. Other factors considered are the levels of base salary provided for the broader employee base, prevailing market and economic conditions, and market data from companies of similar market capitalisation and revenue to Rexam with consideration of industry sector relevance.	Annual salary increases for executive directors will not normally exceed the average percentage increase awarded to other employees in the United Kingdom. Increases may be above this level; for example if there is an increase in the scope, scale, market comparability or responsibility of the role.	The overall performance of the individual is considered by the Committee when reviewing salary.
Benefits To provide competitive and cost effective benefits to assist executive directors to carry out their duties effectively.	The Company provides private healthcare insurance, permanent health insurance, a car benefit (or cash equivalent), travel, accommodation and meals while on Company business. The policy allows us to provide any other benefits that are deemed to be an employment benefit by the relevant tax authority, or in certain circumstances are considered appropriate and reasonable by the Committee. Such benefits may include relocation expenses and education allowances.	Set at a level which the Committee considers will provide a sufficient level of benefit based on the role and individual circumstances, such as relocation, and which are comparable with benefits offered by companies of similar size and complexity.	None.
Retirement and other related benefits To provide market competitive retirement and other related benefits.	Executive directors who commenced UK based employment prior to 6 April 2011, participate in the Rexam Pension Plan, a career average revalued earnings defined benefit plan (the Plan). Members select a pensionable salary for the year and receive a salary supplement on pension eligible base salary not pensioned. Executive directors who commence UK based employment after 6 April 2011 are entitled to membership of a defined contribution pension arrangement.	Current executive directors receive a pension entitlement equal to 1/30th of their selected pensionable salary with an optional cash supplement of 44% of eligible base salary not pensioned. In the event of death in service of a member of the Plan with dependants, an age related amount of between 11 and 15 times salary is provided. In the event of ill health and subject to meeting eligibility criteria a benefit may be provided through the Plan in accordance with the Plan rules. A newly appointed executive director who is an internal recruit and already a member of the Plan is entitled to continue to participate in the Plan. Executive directors who are newly recruited may opt for a retirement plan contribution of 25% of base salary, or alternatively elect for a cash supplement of 22% of base salary. Death in service life cover of four times base salary and a Group income replacement plan, providing continuing income for two years at 50% of base salary after short term sickness benefit expires, with a lump sum of two times base salary payable on cessation of service if there is no return to work, is also provided.	None.

Policy table – executive directors' performance based pay

Element, purpose and link to strategy	Operation	Opportunity	Performance measures
Annual incentives To incentivise the executive directors and senior executives to achieve profitable growth and to sustain the Group's cash performance.	Financial and personal objectives are set at the start of the year and are aligned to strategic objectives. Following the end of the year, the Committee considers the extent to which these have been achieved and sets the award level. Annual payments are subject to overall Committee discretion taking into consideration both the attainment of the financial measures and achievement against personal objectives. Subject to malus and clawback.	Annual incentive opportunity as a percentage of base salary: Maximum performance 180% Target performance 90% Threshold performance 45% Annual incentive payments are not pensionable.	The annual incentive is based on annual financial performance, usually profit and cash which accounts for 80% of the overall incentive, and also on achievement of personal performance objectives which accounts for 20% of the overall incentive. Details of measures for 2015 are included on page 64.
Deferred bonus shares To add long term sustainability and shareholder alignment to short term performance achievement.	A proportion of the annual incentive as determined by the Committee is paid in Rexam shares and deferred for three years. Dividend equivalents are awarded in shares or cash equal to the dividends paid during the period between the date of grant and the date of transfer of the shares on the number of shares that vest. Subject to malus and clawback. Awards will be forfeited in the event that a participant voluntarily terminates his employment and breaches restrictive covenants.	A part of any earned annual incentive is to be deferred into Rexam shares, the current mandated amount being 25% of total incentive earned.	All deferred shares vest after three years.
Long term incentives To motivate and reward longer term performance, linked to key strategic objectives.	The Long Term Incentive Plan (LTIP) is used for the long term incentive arrangement. Awards which may be granted as nil cost options or conditional share awards vest to the extent that performance conditions have been achieved over a three year measurement period. Dividend equivalents are awarded in shares or cash equal to the dividends paid during the period between the date of grant and the date of vesting on the number of shares that vest. Subject to malus and clawback. Awards will be forfeited in the event that a participant voluntarily terminates his employment.	The maximum value that can be granted in a given year is 220% of base salary. Under each measure, threshold performance will result in 25% of maximum vesting for that element, rising on a straight line basis to full vesting.	The LTIP performance measures for awards from 2014 are relative total shareholder return (TSR) performance and EPS growth weighted 25% on TSR and 75% on EPS. The EPS portion will only vest if a certain minimum average return on capital employed (ROCE) is achieved. TSR targets are set with threshold being median ranking in the relative TSR versus the largest 150 companies (excluding investment trusts) by market capitalisation within the FTSE All Share Index; maximum vesting is for upper quartile ranking. EPS targets are set at the start of each three year measurement period having regard to a number of internal and external reference points. The ROCE underpin is set above the cost of capital.
All employee share plans To encourage voluntary participation in share ownership throughout the Group where share plans are appropriate.	Under the current all employee share plan UK based executive directors are entitled to participate in the UK tax approved Savings Related Share Option Scheme (SAYE). Participants make monthly contributions from salary for either three or five years linked to the grant of an option to buy Rexam shares at the end of the savings period at an option price which can be discounted by up to 20% of the market price on the invitation date.	Savings limits and the maximum discount for the option price are set by the UK tax authorities. The current maximum approved monthly savings limit is £500. The current maximum discount for the option price is 20% of the market price of a share on the invitation date.	None.

POLICY
CONTINUED

Notes to the policy table

Use of discretion

The Committee will operate the annual incentive, deferred bonus plan, LTIP and, where relevant, the SAYE scheme, according to their respective rules (or relevant documents) and in accordance with the Listing Rules. The Committee retains discretion, consistent with market practice, as to the operation and administration of these plans. This includes, but is not limited to, the following:

- selecting participants;
- reviewing performance measures, their weighting and targets, from year to year;
- determining the timing of an annual incentive payment or share grant;
- deciding the amount of annual incentive or share awards, as well as the proportion of an award vesting or paying out, upwards or downwards, within the individual limits specified on page 57;
- deciding how to treat leavers, depending on their leaving circumstances, as detailed on pages 61 and 62;
- deciding the adjustments required in certain major corporate events such as rights issues, share buybacks, special dividends or corporate restructurings; and
- taking the necessary decisions in the event of a change of control as detailed on page 62.

In exercising judgement and discretion, the Committee will ensure at all times that any adjustment will be made on a neutral basis, ie the intention of any adjustment will be that the event is not to the benefit or detriment of participants. Adjustments due to underlying performance may be made in exceptional circumstances to ensure outcomes are fair both to shareholders and to participants.

Any use of the above discretions would, where relevant, be explained in the annual report on remuneration in the following year's annual report and may, as appropriate, be the subject of consultation with the Company's major institutional shareholders. The use of discretion in relation to the Company's SAYE and share incentive plans will be as permitted under relevant legislation, HMRC guidance and the Listing Rules.

Malus and clawback

The Committee can cancel, reduce or impose further conditions in relation to the payment of annual incentives or the vesting of deferred, discretionary or performance awards. The triggers for these (malus) adjustments include: the financial results or statements of the Company being misstated (other than restatement due to a change in accounting policy or to rectify a minor error); management, shareholders or the market having been deliberately misled about the financial performance of the Company or if an individual's actions amounted to serious misconduct that resulted in the Group suffering a loss or reputational damage.

For the executive directors and any other selected individuals, the Committee can decide at any time within two years of the award payment or vesting date that an amount of value (in cash or shares) should be recovered (clawed back) from the individual or that subsisting awards or other proposed payments should be cancelled, reduced or have further conditions imposed. The clawback triggers are broadly the same as for malus and include any exceptional adverse circumstance that the Committee believes justifies the operation of malus/clawback.

In relation to the deferred bonus plan, awards will be forfeited in accordance with the remuneration policy in the event that a participant voluntarily terminates his employment and breaches restrictive covenants.

Remuneration policy for other employees

The following differences exist between the policy set out above and the approach to the remuneration of employees generally:

- executive directors' annual incentive measures are set at Group level – other incentive plan participants are incentivised using a mix of sector and Group level measures;
- only executive directors are required to defer 25% of their annual incentive into Rexam shares;
- the LTIP, as described above, applies to executive directors, the executive leadership team and senior management. Similar arrangements apply for all other participants although the performance measures and targets may vary;
- from time to time specific incentives may exist that relate to a specific sector or country, the terms of which are similar to other Group incentives; and
- clawback will apply to the executive directors and to any other employees by direction of the Committee.

Performance measure selection and approach to target setting

Measures and weightings for the annual incentive are reviewed and selected annually by the Committee to align with the Company's strategic priorities for the year. Targets are set by reference to both financial and non financial objectives; related profit and cash flow with threshold and maximum for cash determined by reference to profit, and personal performance measures (see pages 64 and 65). The measures used under the share incentive plans are selected annually and reflect the Group's main key performance indicators for the year (see pages 20 and 21).

The performance measures proposed for 2016 are set out below.

Incentive plans	Performance measure	Reasons for selection
Annual incentive plan	Profit before tax (or operating profit at business or sector level)	Key driver of shareholder value. Captures growth as well as Rexam's ability to manage costs.
	Cash flow	Encourages operational cash discipline and responsible and well timed investments. Encourages the ability to link to specific strategic annual objectives.
	Personal objectives	Alignment of behaviours to strategic annual objectives.
Long term incentive plan (if appropriate)	Earnings per share	Captures long term growth and drives shareholder value creation.
	Relative total shareholder return	Captures creation of shareholder value and rewards management for outperformance.
	ROCE underpin for earnings per share measure	Rexam is committed to maintaining strong capital discipline and balance growth and returns.

The Committee believes that EPS, with the ROCE underpin, and TSR provide strong alignment with shareholder interests and our longer term strategy. These measures also strike a good balance between growth and returns, as well as between internal and external perspectives on the Company's performance.

Policy table – non executive directors' fees

Element, purpose and link to strategy	Operation	Opportunity
Non executive directors fees To attract and retain non executive directors of the highest calibre with broad commercial and other experience relevant to the Company.	The fees of the chairman, the senior independent director and the other non executive directors are reviewed annually. Fee levels are benchmarked against FTSE listed companies of similar size and complexity and against sector comparators. The chairman is paid a single, consolidated fee and non executive directors are paid a basic fee. An additional fee is paid to the senior independent director and to the chairs of the board committees. If revised, the effective date of any fee change is 1 January.	An annual fee will be paid monthly to the chairman and non executive directors. Each will be set at a sufficient level to attract, motivate and retain non executive directors while being proportionate to the requirements, time commitment of the role and the contribution that is expected. An additional fee is paid to the senior independent director and to the Committee chairs. The maximum fee that the non executive directors (including the chairman) will be paid by way of remuneration for their services as directors of the Company is set with reference to the relevant comparator group. The aggregate fee that can be paid as stated in the Company's articles of association is £1,000,000 pa.
Benefits To provide benefits in a cost efficient way to assist non executive directors to carry out their duties effectively.	The chairman and the non executive directors may be eligible for benefits to assist them to carry out their duties effectively. The Company reimburses travel, accommodation and meals to the chairman and the non executive directors while on Company business and provides secretarial support to the chairman of the Company. The policy allows us to provide any other benefits that are deemed to be a benefit by the relevant tax authority, or in certain circumstances are considered appropriate and reasonable by the Committee, such as financial advice.	Set at a level which the Committee considers will provide a sufficient level of benefit based on the role and are comparable with benefits offered by companies of similar size and complexity. The non executive directors do not participate in the Company's incentive plans or receive retirement related benefits.

Approach to remuneration upon the appointment of a new executive director

In the cases of hiring or promoting an executive director from within Rexam, the Committee will align the remuneration package with the stated remuneration policy, as described in the table below. In determining the appropriate remuneration, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both Rexam and its shareholders.

Item	Approach	Maximum
Base salary	The base salary will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial base salaries set below market, any shortfall may be managed with phased increases over a period of two to three years.	Set at a level appropriate to attract talent, taking into account market conditions.
Retirement and other related benefits	As outlined under Retirement and other related benefits in the table on page 56. Externally recruited executives can opt for a retirement plan pension contribution or an equivalent cash supplement.	Maximum contributions are as outlined under Retirement and other related benefits in the table on page 56.
Benefits	Eligible to receive benefits outlined under Benefits in the table on page 56 and may include any appropriate relocation expenses.	Benefits should be in line with those offered to other executive directors.
Annual incentives	The structure described in the policy table on page 57 will apply pro rated to reflect the proportion of employment over the year.	The maximum opportunity is 180% of base salary.
Long term incentives	Will be granted awards under the LTIP as described in the policy table on page 57 at the next scheduled grant date.	The maximum award size is 220% of base salary at date of grant.

POLICY
CONTINUED

External recruitment
The Company's policy is that all executive directors serve under contracts terminable by the Company or the executive director on one year's notice. However, in circumstances which the Committee considers exceptional and believes it appropriate to do so, the policy allows for an externally recruited executive director to be offered a contract terminable by the Company on two years' notice if, for reasons other than poor performance, the contract is terminated in the first year of appointment. Thereafter, the contract would become terminable on one year's notice.

If circumstances are such that it is not possible to make awards under the incentive arrangements in the remuneration policy, the Committee may make an award in respect of a new external appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including (i) any performance conditions attaching to those awards; (ii) the likelihood of those conditions being met; and (iii) the proportion of the vesting period remaining. Under exceptional circumstances, the Committee may consider it appropriate to grant a buy out award under a structure not included in the policy, exercising the discretion available in the Listing Rules of the UK Listing Authority. Awards will not be of a materially greater fair value (as assessed by the Committee) than the fair value of awards that the appointee is giving up.

Internal recruitment
In cases of appointing a new executive director by way of an internal promotion, the Committee will follow the approach in the table above. Where an individual has contractual commitments made prior to their promotion to executive director level, the Company may honour these arrangements; however, with the exception of retirement and life assurance benefits, these arrangements would be expected to transition to the arrangements as stated in the table.

Employment contracts for executive directors
Graham Chipchase was appointed to the board on 10 February 2003 and the date of his current employment contract is 30 November 2009. David Robbie was appointed to the board on 3 October 2005 and the date of his current employment contract is 20 October 2010. The executive directors have rolling employment contracts which contain the key terms shown in the table below and which are more fully explained in the policy table on pages 56 to 58 and in the termination of contracts and exit payment policy on pages 61 and 62.

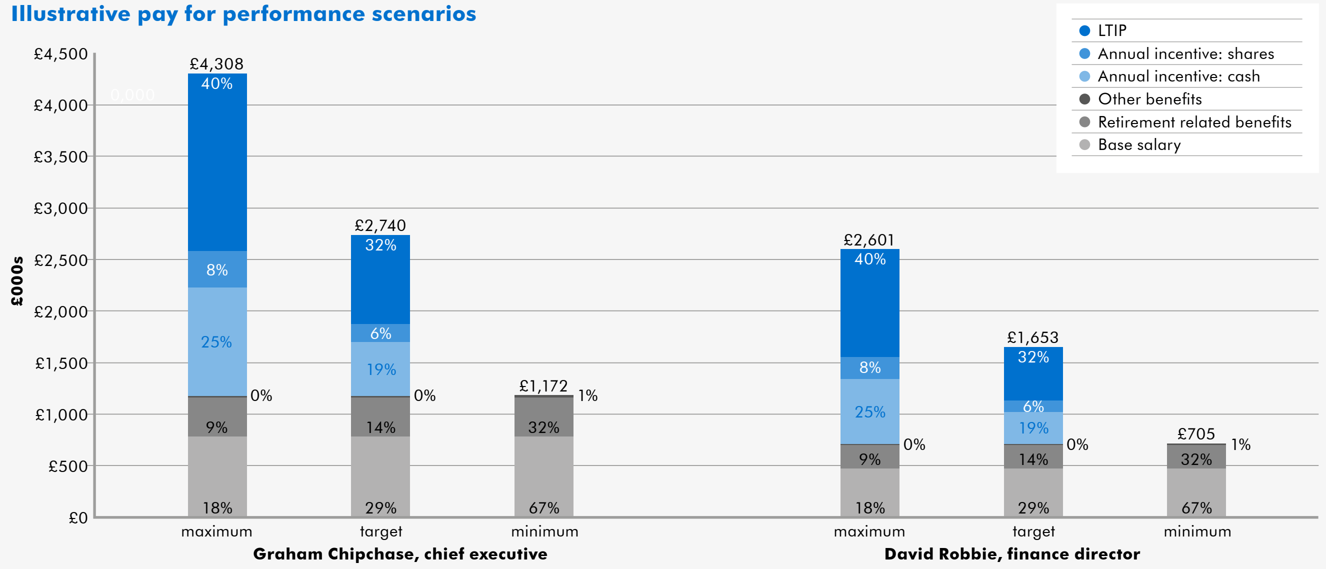
Item	Terms
Remuneration	Base salary, pension and benefits, including long term disability, personal accident and life assurance Private health insurance for director and dependants 30 days' paid annual leave Participation in annual incentive plan and deferred bonus plan, subject to plan rules Participation in LTIP, subject to plan rules Participation in SAYE, subject to plan rules
Notice period	12 months' notice from the Company 12 months' notice from the executive director
Termination payment	Payment in lieu of notice equal to: 12 months' base salary, pension supplement and 5% of base salary in respect of benefits paid in monthly instalments. The executive director has a duty to mitigate his or her loss of office
Takeover/Change of control	No special contractual provisions apply in the event of a takeover or change of control
Restrictive covenants	During employment and for 12 months after leaving

The employment contracts for the executive directors are available for viewing during business hours at the registered office of the Company.

External directorships
The Company's policy is to permit executive directors to have non executive directorships with other companies, subject to the approval of the chairman of the board. Any fees payable will be retained by the executive director unless otherwise agreed.

Graham Chipchase has been a non executive director of AstraZeneca PLC since 26 April 2012. His director fees in 2015, which he retained, were £107,083 (2014: £91,734).

Illustrative pay for performance scenarios



Assumptions based on remuneration package in 2014 when policy was approved

Fixed remuneration			
• base salary	Chief executive £784,380, finance director £473,790 (no change since 1 May 2014)		
• retirement related benefits	48.2% of base salary, including death in service cover and less an offset where applicable		
• other benefits	Value of benefits based on those received in 2013		
Annual incentive	**maximum**	**target**	**minimum**
• annual incentive: cash	135% of salary	67.5% of salary	0% of salary
• annual incentive: shares	45% of salary	22.5% of salary	0% of salary
Long term incentive	**maximum**	**target**	**minimum**
• LTIP	220% of salary (100% vesting)	110% of salary (50% vesting)	0% of salary (0% vesting)

Contracts for services for non executive directors

Non executive directors do not have contracts of employment but serve under contracts for services and are generally appointed for an initial three year term renewable thereafter, at the discretion of the board, for a maximum of two further three year terms, subject to election or re-election by shareholders at the Company's AGM. Appointments of non executive directors are terminable without compensation in the event that the director is not elected or re-elected by shareholders, or by either the Company or the non executive director giving one month's written notice or, in the case of the chairman of the Company and the senior independent director, by either the Company or the chairman or senior independent director giving three months' written notice.

Non executive director	Date of appointment	Date of original letter of appointment	Effective date of current letter of appointment	Expiry of current term
Stuart Chambers	1 February 2012	15 November 2011	1 February 2015	31 January 2018
Carl-Peter Forster	10 June 2014	3 June 2014	10 June 2014	9 June 2017
John Langston	30 October 2008	30 October 2008	30 October 2014	29 October 2017
Leo Oosterveer	1 September 2011	10 August 2011	1 September 2014	31 August 2017
Ros Rivaz	12 June 2013	12 June 2013	12 June 2013	11 June 2016
Johanna Waterous	4 May 2012	3 April 2012	4 May 2015	3 May 2018

Termination of contracts and exit payment policy

The Company has the right to terminate an employment contract immediately, even where termination is without cause. In such circumstances, the contract provides for a payment in lieu of notice to be made and calculated by reference to base salary, prorated annual incentive to the period on which employment terminates, retirement benefits and other benefits, and there is no entitlement under the employment contract to payment of any annual incentive in respect of the termination notice period. When considering termination payments, the Committee reviews all potential incentive outcomes to ensure they are fair both to shareholders and participants. If employment is terminated by the Company, the departing executive director may have a legal entitlement (our policy is to comply with any applicable legal requirements under relevant legislations) to additional amounts, which would need to be met. The Committee retains discretion to settle any other amounts reasonably due to the executive, for example to meet the legal fees incurred by the executive in connection with the termination of employment, or where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice. As part of its policy, the Committee also has discretion to meet reasonable relocation costs if the executive director had relocated to perform their duties. The table below summarises how different elements of remuneration are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion which will take into account the executive director's personal performance.

POLICY
CONTINUED

Item	Approach
Pay in lieu of notice	The Company will make any termination payment in monthly instalments over what would have been the notice period until the earlier of the director commencing in a new position or the notice period expiring. The executive has a duty to mitigate his or her loss of office and actively seek alternative comparable employment at the earliest opportunity, thereby reducing the need for compensation. The Committee may decide to waive the requirement to mitigate in exceptional circumstances, for example compassionate reasons.
Retirement and other related benefits	Retirement and other benefits continue to be provided during the notice period but cease on the termination date. Executive directors who leave in circumstances approved by the Committee, for example, incapacity retirement, may have a favourable actuarial reduction applied to their pension or may receive a pension related enhancement under the rules of the Plan.
Benefits	May be eligible to receive limited benefits, such as untaken holiday pay, relocation and, for a certain period of time, private health insurance, permanent health insurance, and financial and legal advice.
Annual incentives	Annual incentives may be paid on a prorated basis dependent on the circumstances under which the executive is leaving the Company, for example redundancy, retirement, death, injury or ill health, to the extent that financial and individual objectives set at the beginning of the relevant year have been met. Any resulting bonus will be prorated for time served during the year and is subject to malus and clawback.
Long term incentives	Outstanding share based awards will generally vest at the end of their original measurement period (to the extent performance conditions are met) on a time prorated basis, in the event of serious ill health, injury or disability and retirement (with employer consent) and in any other circumstances where the Committee would decide, in its sole discretion, to allow the awards to vest. The Committee has discretion to allow the awards to vest immediately on cessation of employment (eg in the event of death or other compassionate circumstances) and, in very exceptional circumstances, without applying time prorating if it thinks this is appropriate. Any potential or vested awards are subject to malus and clawback. More specific provisions relating to change of control are given below.
SAYE	Participants in the SAYE schemes who leave because of injury, disability, redundancy, retirement or the sale of a business will have the option to buy a reduced number of Rexam shares with their savings within six months from the date of leaving. The option to buy shares lapses at the end of six months. Options held by participants leaving for other reasons will lapse except if the contract has been held for at least three years from the date of grant in which case the option to buy shares continues for six months from the date of leaving employment.
Deferred shares	The proportion of the annual incentive paid in deferred shares will vest on the date of termination of employment (subject to the executive director's restrictive covenants, and the Company's right to initiate malus and clawback) if the participant leaves because of death, ill health, injury, retirement (with employer consent), redundancy, sale of business, voluntary resignation, or for any other reason which the Committee considers appropriate.
Takeover/Change of control	In the event of a takeover or other major corporate event (but excluding an internal corporate reorganisation of the Company), all outstanding awards granted under the LTIP and the deferred bonus plan would vest and in the case of the LTIP, subject to the achievement of any performance conditions as determined by the Committee and taking into account any pro rata reduction to reflect the unexpired part of the performance period. The Committee has discretion to disapply time pro rating if it considers it appropriate to do so. In the event of an internal corporate reorganisation or a takeover, the Committee may determine, with the agreement of the acquiring company, that outstanding awards should be exchanged for equivalent awards in another company. Options granted under the Company's Savings Related Share Option Schemes would become exercisable in accordance with the prescribed legislation.

Consideration of employment conditions elsewhere in the Group

The Company encourages each of its businesses to engage with its employees in the form of team briefings, 'townhall' meetings or through the employee engagement survey to discuss and answer questions, or give feedback, on matters of relevance to them. However, the Company does not formally consult with employees on remuneration policy or framework. When making decisions on executive director remuneration, the Committee considers pay and conditions across the broader employee base. Prior to the annual salary review, the Committee considers the proposed level of increase for overall employee pay. An exception to this may be considered where new appointees have initial base salaries set below market, and where there is an intention for any shortfall to be managed with phased increases over a period of two to three years or where the role of the executive director has increased substantially due to a change in the scope of the position or organisational change.

Consideration of shareholder views

The Committee chairman and the Company Secretary are available to meet with institutional shareholders should such shareholders wish to discuss any of the policy related disclosures or outcomes in this directors' remuneration report.

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Single total figure for executive directors' remuneration (audited information)

The table below sets out a single figure for the total remuneration due, or which will become due, to each executive director for the year ended 31 December 2015 and the prior reported year.

	Base salary £000		Retirement related benefits £000		Other benefits £000		Total fixed remuneration £000		Annual incentive cash £000		Annual incentive deferred share value £000		LTIP value 2013 award (est) £000	LTIP value 2012 award (actual) £000	Total £000	Total £000
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Graham Chipchase	784	779	409	396	7	12	1,200	1,187	1,011	718	337	239	398	1,038	2,946	3,182
David Robbie	474	471	252	242	2	47	728	760	576	339	192	113	240	639	1,736	1,851
Total	1,258	1,250	661	638	9	59	1,928	1,947	1,587	1,057	529	352	638	1,677	4,682	5,033

1 The table does not include the fees that Graham Chipchase received as a non executive director of AstraZeneca PLC.

2 The total emoluments due to the executive directors and the non executive directors in respect of the year ended 31 December 2015 calculated in accordance with Schedule 5 of the Companies Act 2006 is £4,600,000 (2014: £3,914,000).

The figures in the table have been calculated as follows:

- Base salary: the actual salary earned. The annual salary review date is 1 May. The executive directors received the last salary increase on 1 May 2014.
- Retirement related benefits: for 2015, the value of the salary supplement paid equal to 44% of base salary, together with the value of the net increase in pension accrual which represents the incremental value to the director of the benefit accrued up to 31 December and 4.2% of base salary which represents the cost of providing life assurance and incapacity benefits. Both Graham Chipchase and David Robbie chose that none of their base salary would be pensionable in 2015 and made no employee contributions. The accrued retirement benefit at 31 December 2015 which would become payable at age 60 for Graham Chipchase is £118,332 pa (2014: £115,333 pa) and, for David Robbie, £91,242 pa (2014: £88,930 pa). If early retirement takes place between age 55 and 60 (with the consent of both the Company and the Trustee of the Pension Plan) the benefits payable are reduced by 3% for each year of retirement prior to age 60.
- Other benefits: the value of annual benefits received in the year which comprise one or more of healthcare, accommodation, meals and the value of the discount on the shares under option through the SAYE Scheme. As disclosed in the Annual Report 2014, the Company paid a proportion of the medical expenses incurred in 2014 during David Robbie's medical absence resulting in a benefit of £38,807.
- Total fixed remuneration: the total value of base salary, retirement related benefits, and other benefits.
- Annual incentive cash payment: the value on 31 December of the cash incentive payable in the following March for achievement of targets. For 2014, the annual incentive outcome for David Robbie is the reduced payment approved by the Committee.
- Annual incentive deferred share element: the value on 31 December of the deferred share award representing 25% of the total annual incentive usually payable in the following March for achievement of targets. The share awards are subject to the participant being employed by the Company on the date the awards vest, except in the circumstances stated in the termination of contracts and exit payment policy (see pages 61 and 62).
- LTIP: for 2014, the actual value of the 2012 award paid on the date of vesting in 2015 at a market price of £5.63 per share plus the dividend equivalent of 60 pence paid on each share that vested. The LTIP value of the 2012 award disclosed in the remuneration report 2014 was the estimated value as the award had not reached its vesting date which was 19 June 2015. For 2015, the estimated value of the 2013 award at the actual vesting percentage and an average share price of £5.615 for the three months to 31 December 2015, together with the cash value of the dividend equivalent of 51.1 pence that will be paid on each share that vests. The vesting date is not expected to be until 3 April 2016.

ANNUAL REMUNERATION REPORT 2015 CONTINUED

Annual incentive outcome 2015 (audited information)

To incentivise management to achieve profitable growth and sustainable cash flow, the annual cash incentive financial targets in 2015 depended upon the realisation of targets for Group underlying profit before tax and free cash flow as well as personal performance. At target, the annual incentive achievement is 90% of base salary and the maximum incentive opportunity is 180% of base salary if demanding financial targets and exceeding personal performance objectives are achieved. Personal performance was measured against personal objectives and Rexam specific leadership practices. The executive directors receive 25% of any annual incentive as a deferred award over Rexam shares, with no additional performance conditions save that such shares must be held for a period of not less than three years and awards are subject to clawback and malus. The policy relating to clawback and malus is described in the policy section of this report.

The financial targets for 2015 were achieved and resulted in the executive directors being entitled to an annual incentive of 144% of base salary in respect of financial targets. In addition, the Committee assessed the achievement by each executive director of their personal objectives set at the beginning of 2015 and agreed attainment levels as indicated in the table below.

Annual incentive outcomes for Graham Chipchase 2015

			Performance achieved relative to targets[1]				Incentive payout		
Performance measure	Weighting %	Maximum % of salary	Below threshold	Threshold to target	Target to maximum	Above maximum	Actual performance achieved[2]	% of salary achieved	Bonus achieved
Underlying profit before tax	50%	90%				✓	£362m	90.0%	£705,942
Free cash flow	30%	54%				✓	£115m	54.0%	£423,565
Personal objectives	20%	36%			✓		See note 3	27.9%	£218,842
Total		180%						171.9%	£1,348,349

1 The actual targets for 2015 will be disclosed in the Directors' remuneration report for 2016. The actual targets for 2014 are disclosed below.

2 For bonus purposes, underlying profit before tax and cash is adjusted for non performance items such as the translation impact of foreign exchange.

3 Personal objectives are set by the board and reviewed by the Committee. Objectives encompass strategic metrics that aim to deliver sustained targeted growth and drive Company principles and priorities. The Committee has assessed that Graham Chipchase has exceeded these objectives during 2015.

Annual incentive outcomes for David Robbie 2015

			Performance achieved relative to targets[1]				Incentive payout		
Performance measure	Weighting %	Maximum % of salary	Below threshold	Threshold to target	Target to maximum	Above maximum	Actual performance achieved[2]	% of salary achieved	Bonus achieved
Underlying profit before tax	50%	90%				✓	£362m	90.0%	£426,411
Free cash flow	30%	54%				✓	£115m	54.0%	£255,847
Personal objectives	20%	36%			✓		See note 3	18.0%	£85,282
Total		180%						162.0%	£767,540

1 The actual targets for 2015 will be disclosed in the Directors' remuneration report for 2016. The actual targets for 2014 are disclosed below.

2 For bonus purposes, underlying profit before tax and cash is adjusted for non performance items such as the translation impact of foreign exchange.

3 Personal objectives are set by the board and reviewed by the Committee. Objectives encompass strategic metrics that aim to deliver sustained targeted growth and drive Company principles and priorities. The Committee has assessed that David Robbie has met these objectives during 2015. In awarding David Robbie's bonus the Committee has taken account of his medical absence.

Annual incentive outcome against targets in 2014

2014 achievement against target	Performance achieved relative to targets						Incentive payout	
Performance measure	Weighting %	Threshold	Target	Maximum	Actual performance achieved[1]	% of maximum opportunity achieved	Bonus achieved Graham Chipchase	Bonus achieved David Robbie
Underlying profit before tax	50%	£346.4m	£364.6m	£401.1m	£361m	44.7%	40.2%	40.2%
Free cash flow	22.5%	£162.5m	£180.7m	£217.2m	£237m	100%	40.5%	40.5%
Cash conversion	7.5%	75%	80%	85%	101%	100%	13.5%	13.5%
Personal objectives	20%				See notes 2 and 3		27.9%	18.0%
Total % of salary							122.1%	112.2%[3]
Total value of bonus achieved							£957,728	£451,853[3]

1 For bonus purposes, underlying profit before tax and cash is adjusted for non performance items such as the translation impact of foreign exchange.

2 Graham Chipchase's personal objectives in 2014 were measured against strategic objectives including emerging market opportunities and implementation of strategy; and non financial objectives including meeting the Group's safety and environmental targets, developing succession and diversity plans, and leading the executive leadership team. The Committee assessed that Graham Chipchase exceeded these objectives during 2014.

3 David Robbie's personal objectives in 2014 were measured against strategic objectives including executing emerging market opportunities, implementation of strategy and cash generation; and non financial objectives including development of the Group finance function and engagement, and best performance of the Group and sector structure. David Robbie met all his personal objectives in 2014 but, in awarding his bonus, note was taken of his medical absence and thus the overall bonus was reduced from £531,592 to £451,853.

The information in this report relating to long term incentives has been disclosed on the basis that each award will complete its respective measurement period although this will be impacted in the event of the Ball offer completing. Full details of the long term incentive arrangements agreed with Ball have been disclosed in the Rule 2.7 announcement dated 19 February 2015 and, once the regulatory clearances are substantially finalised, the vesting details will be disclosed in the scheme document to be posted to shareholders requesting approval of the scheme of arrangement to give effect to the Ball offer.

Long term incentive outcome 2015 (audited information)

Long term incentive awards granted in 2013 through the LTIP completed their measurement period on 31 December 2015. Vesting of the awards was dependent on three equally weighted measures over a three year performance period; EPS growth, relative TSR compared with the largest 150 companies (excluding investment trusts) by market capitalisation within the FTSE All Share Index, and ROCE. There is no retest provision. The awards were granted with the right to the payment in cash of a dividend equivalent on the number of shares that vest based on the notional value of the dividends paid between the date of grant and the date of transfer of the shares. Further details, including vesting schedules and performance against each of the measures is provided in the table below.

Measure	Weighting	Threshold (vesting 25%)	Maximum (vesting 100%)	Outcome	Vesting
EPS growth	33%	5% pa	12% pa	3.7% pa	0%
Relative TSR	33%	Median	Upper quartile	Below median	0%
ROCE[1]	33%	14%	16%	15%	20.8%
Overall LTIP vesting					20.8%

1 The outcome reflects three year average ROCE achievement.

For each of the three performance measures, the vesting below threshold is nil. Between threshold and maximum, the vesting is calculated on a straight line basis between 25% and 100%, and the vesting is capped at 100% for achievements at or above maximum.

Each executive director's award is expected to vest on 3 April 2016. For the purpose of calculating a single total figure for remuneration, the value of the LTIP vesting in 2016 has been estimated as set out below.

Executive director	Interests held	Vesting	Dividend equivalent per share	Interests vesting	Date vesting	Assumed market price[1]	Dividend equivalent	Estimated total value
Graham Chipchase	312,027	20.8%	51.1p	64,901	03.04.16	£5.615	£33,164	£397,583
David Robbie	188,464	20.8%	51.1p	39,200	03.04.16	£5.615	£20,031	£240,139

1 As the market price on the date of vesting is unknown at the time of reporting, the value is estimated using the average share price of £5.615 for the three months to 31 December 2015. The actual value at vesting will be notified in the directors' remuneration report for 2016.

ANNUAL REMUNERATION REPORT 2015 CONTINUED

LTIP awards to executive directors in 2015 (audited information)

In June 2015, executive directors were granted nil cost options under the LTIP. The three year performance period over which performance will be measured commenced on 1 January 2015 and will end on 31 December 2017. The awards vest on 19 June 2018, the third anniversary of the date of grant and, if performance targets are achieved, the options can be exercised to the extent vested at any time before 19 June 2025.

Executive director	Date of grant	Earliest date of exercise	Award value as a % of salary[1]	Threshold vesting as a % of maximum	Shares over which awards granted[2]	Average share price at date of award[3]	Face value at date awards granted
Graham Chipchase	19.06.15	19.06.18	220%	25%	305,476	£5.649	£1,725,634
David Robbie	19.06.15	19.06.18	220%	25%	184,517	£5.649	£1,042,337

1 Based on annual salary at date of grant.

2 The number of shares over which awards were granted represents the maximum number of shares which would vest if the performance conditions are achieved in full.

3 The awards were granted using the average of the middle market quotations of a share during the five dealing days immediately preceding the date of grant.

For the LTIP awards granted in 2013, 2014 and 2015, executive directors received conditional awards as nil cost options. The LTIP awards vest on the third anniversary from the date of grant, dependent on achievement of performance measures set at the date of grant and measured over a three calendar year performance period. The 2013 award is subject to three equally weighted measures; EPS growth, relative TSR versus the largest 150 companies (excluding investment trusts) by market capitalisation within the FTSE All Share Index, and ROCE. The 2014 and 2015 awards are subject to two measures; 25% of the award is weighted to relative TSR versus the largest 150 companies (excluding investment trusts) by market capitalisation within the FTSE All Share Index, and 75% of the award to EPS growth with a ROCE underpin. There is no retest provision.

The tables below set out the performance ranges for each measure over the past three years. The ROCE performance range and EPS threshold were increased in 2013 reflecting the Group's improving performance.

Performance measures	Weight	Performance ranges[1]	2013 grant
			Target
Compound earnings per share (EPS) growth per annum	33.3%	threshold	5% pa
		maximum	12% pa
Relative total shareholder return (TSR) performance[2]	33.3%	threshold	median
		maximum[3]	25th
Return on capital employed (ROCE)	33.3%	threshold	14%
		maximum	16%

Performance measures	Weight	Performance ranges[1]	2014 grant	2015 grant
			Target	Target
Compound earnings per share (EPS) growth per annum	75%	threshold	5% pa	3% pa
		maximum	12% pa	11% pa
			ROCE underpin applying to EPS at or above 12% and above the three year average cost of capital	ROCE underpin applying to EPS at or above 12% and above the three year average cost of capital
Relative total shareholder return (TSR) performance[2]	25%	threshold	median	median
		maximum[3]	25th	25th

1 Between the threshold and maximum targets, vesting will be calculated on a straight line basis between 25% and 100% of maximum.

2 Rexam three year TSR compared with the three year TSR of the largest 150 companies (excluding investment trusts) by market capitalisation within the FTSE All Share Index.

3 Maximum vesting is at or above the 25th percentile of the comparator group.

Single total figure for non executive directors' fees (audited information)

The table below sets out a single figure for the total fees due, or which will become due, to each non executive director for the year ended 31 December 2015 and the prior reported year.

	2015 Fees	2014 Fees	2015 Benefits[1]	2014 Benefits[1]	2015 Total	2014 Total
	£000	£000	£000	£000	£000	£000
Chairman						
Stuart Chambers	320	320	4	3	324	323
Non executive directors						
Carl-Peter Forster (appointed 10 June 2014)	55	31	3	–	58	31
John Langston	70	70	3	1	73	71
Leo Oosterveer	55	55	7	2	62	57
Ros Rivaz[2]	70	64	6	2	76	66
Jean-Pierre Rodier (retired 2 May 2014)	–	24	–	6	–	30
Johanna Waterous	70	70	3	1	73	71
Total	640	634	26	15	666	649

1 The benefits in kind related to events to which the directors were invited.

2 Ros Rivaz was appointed as chair of the remuneration committee on 2 May 2014 and received an increase in her fee from that date.

Payments made in the year to former directors (audited information)

No former directors have received any payments in 2015. No payments (other than regular pension benefits which commenced in previous years) were made during the year ended 31 December 2015 (2014: nil) to any past director of the Company.

Payments made in the year for loss of office (audited information)

No directors left the Company during the year ended 31 December 2015 and therefore no payments for compensation for loss of office were paid to, or receivable by, any director (2014: nil).

Directors' shareholding, share interests and shareholding requirements (audited information)

In order to forge a closer community of interest with shareholders, executive directors are required to accumulate over time and retain a shareholding in the Company. Shares can be purchased in the market or acquired on the vesting of share incentives. Shares awarded through the deferred bonus plan are included for the purpose of assessing the minimum shareholding requirement.

The share ownership guidelines for the chief executive and the other executive directors are reviewed annually and with effect from 1 January 2015, the minimum shareholding requirement for the chief executive is 350,000 shares and, for the finance director, 210,000 shares.

Graham Chipchase and David Robbie exceeded their minimum shareholding requirement during 2015. The majority of the executive leadership team members (see page 41) met their minimum 50,000 shareholding requirement.

The table below shows the shareholding of each director against their respective shareholding requirement as at 31 December 2015, including those interests of connected persons where applicable.

	Shareholding requirement in 2015		Shares beneficially owned[2]		Deferred bonus shares subject to holding period		LTIP shares subject to performance conditions[3]		SAYE options in savings period which cannot be exercised		
	Shares	Equivalent % of 2015 salary[1]	1 Jan 2015	31 Dec 2015	1 Jan 2015	31 Dec 2015	1 Jan 2015	31 Dec 2015	1 Jan 2015	31 Dec 2015	Shareholding requirement met?
Executive directors											
Graham Chipchase	350,000	251	514,062	631,361	126,309	113,436	1,034,265	964,610	2,222	2,222	Yes
David Robbie	210,000	249	300,370	372,175	76,607	63,313	628,976	582,644	2,222	2,222	Yes
Chairman and non executive directors											
Stuart Chambers			41,777	41,777							–
Carl-Peter Forster			–	–							–
John Langston			3,272	3,272							–
Leo Oosterveer			3,200	3,200							–
Ros Rivaz			3,555	3,555							–
Johanna Waterous			10,222	10,222							–

1 The value of each executive director's shareholding requirement was calculated using the 31 December 2015 mid market price of £5.615 per share.

2 Following the share consolidation on 2 June 2014, Graham Chipchase deferred the payment of 57p per share due on part of his B shareholding until the redemption date in 2015. At 1 January 2015, Graham Chipchase held 285,035 B shares which were redeemed on 24 March 2015. Further details of the share consolidation and the return of cash can be found on page 126.

3 The value of the LTIP awarded in 2012 and which vested in June 2015 is given in the notes to the table on page 68.

The above interests in awards and options over shares at 31 December 2015 remain unchanged at the date of this report.

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Deferred Bonus Plan (DBP)

The number of shares to which the participant is entitled at the beginning and end of the year is reflected in the 'outstanding' columns of the table. Executive directors held the following awards over shares which represents 25% of their annual incentive entitlement in respect of 2011, 2012 and 2013.

	notes	Market value per share on date of grant £	Grant date	Exercise price per holding £	Release date (note 1)	Outstanding 01.01.15 number	Granted during the year number	Exercised during the year number	Outstanding 31.12.15 number
Graham Chipchase	2	4.16	28.02.12	nil	19.06.15	55,257	–	55,257	–
		5.069	28.02.13	nil	28.02.16	52,044	–	–	52,044
		5.057	28.02.14	nil	28.02.17	19,008	–	–	19,008
		5.649	19.06.15	nil	19.06.18	–	42,384	–	42,384
Total						126,309	42,384	55,257	113,436
David Robbie	2	4.16	28.02.12	nil	19.06.15	33,290	–	33,290	–
		5.069	28.02.13	nil	28.02.16	31,836	–	–	31,836
		5.057	28.02.14	nil	28.02.17	11,481	–	–	11,481
		5.649	19.06.15	nil	19.06.18	–	19,996	–	19,996
Total						76,607	19,996	33,290	63,313

1 The release date is generally three years from the respective grant date.

2 The measurement period commenced on 28 February 2012. The award vested on 19 June 2015 and the shares were released on 19 June 2015. The market value of the award on this date was £5.63 per vested share, and including the dividend equivalent of 60 pence per vested share, the resulting gain for Graham Chipchase was £344,251 and £207,397 for David Robbie.

Long Term Incentive Plan 2009 (LTIP)

The maximum number of shares to which the participant is entitled at the beginning and end of the year is reflected in the 'outstanding' columns of the table. Executive directors held the following awards over shares.

	notes	Market value per share on date of grant £	Grant date	Exercise price per holding £	Vesting date (note 1)	Outstanding 01.01.15 number	Granted during the year number	Exercised during the year number	Lapsed during the year number	Outstanding 31.12.15 number
Graham Chipchase	2	4.193	15.03.12	nil	19.06.15	375,131	–	166,558	208,573	–
	3	5.288	03.04.13	nil	03.04.16	312,027	–	–	–	312,027
	3	4.874	02.04.14	nil	02.04.17	347,107	–	–	–	347,107
	3	5.649	19.06.15	nil	19.06.18	–	305,476	–	–	305,476
Total						1,034,265	305,476	166,558	208,573	964,610
David Robbie	2	4.193	15.03.12	nil	19.06.15	230,849	–	102,496	128,353	–
	3	5.288	03.04.13	nil	03.04.16	188,464	–	–	–	188,464
	3	4.874	02.04.14	nil	02.04.17	209,663	–	–	–	209,663
	3	5.649	19.06.15	nil	19.06.18	–	184,517	–	–	184,517
Total						628,976	184,517	102,496	128,353	582,644

1 The vesting date is subject to performance conditions being met at the relevant time.

2 The performance targets were measured over a three year period which commenced on 1 January 2012 and ended on 31 December 2014. The award vested at 44.4% on 19 June 2015 and the shares were released on 19 June 2015. The market value of the award on this date was £5.63 per vested share, and including the dividend equivalent of 60 pence per vested share, the resulting gain for Graham Chipchase was £1.038m and £0.639m for David Robbie.

3 The awards are subject to the performance measures shown on page 66, measured over a three year period which commenced on 1 January in the year of grant. The measurement period for the awards granted in 2013 ended on 31 December 2015.

Savings Related Share Option Scheme (SAYE)

Executive directors held the following options over shares through the SAYE. The number of shares which the participant is entitled to buy when the exercise period commences is shown in the 'outstanding' column of the table.

	Grant date	Exercise price per share £	Vesting date	Expiry date	Outstanding 01.01.15 number	Granted during the year number	Exercised during the year number	Lapsed during the year number	Outstanding 31.12.15 number
Graham Chipchase	09.09.14	4.05	01.12.17	31.05.18	2,222	–	–	–	2,222
David Robbie	09.09.14	4.05	01.12.17	31.05.18	2,222	–	–	–	2,222

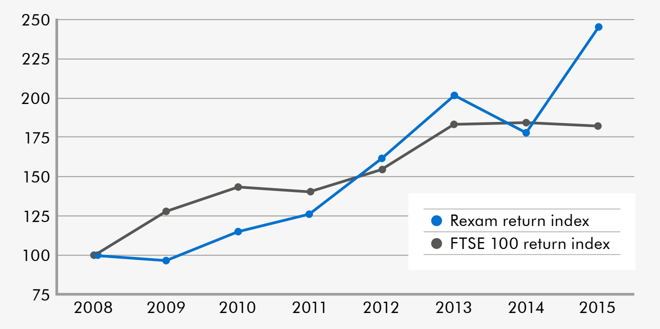
During the year, the Company remained within the issued share capital headroom limits as set out in the rules of its share incentive arrangements for the issue of new shares.

Headroom limits	% of issued share capital as at 31.12.15	% of issued share capital as at 31.12.14
5% in 10 years for executive share schemes	0.3	0.4
10% in 10 years for all of the Company's share schemes	0.7	0.8

Review of performance

As required by regulation, the following graph charts the Total Shareholder Return of the Company and the FTSE 100 Index over the seven year period from 31 December 2008 to 31 December 2015. The FTSE 100 was selected as the Company was a constituent member until September 2014 and it is considered to be the most appropriate broad equity market index against which the Company's performance should be measured. The graph shows the value at each year end to 31 December 2015, assuming that dividends have been reinvested, of £100 invested in Rexam shares on 1 January 2009 compared with the value of £100 invested over the same period in the FTSE 100 share index. The Rexam share price for the period preceding the rights issue in 2009 has been adjusted for the bonus element inherent in that rights issue. Total shareholder return reflected in the graph is not an indication of the likely vesting of awards granted under the LTIP which is based on a different comparator group, as explained on page 66.

Comparison of seven year cumulative total shareholder return



Since the beginning of 2010, when we set out our strategy to focus on managing costs, optimising cash and improving our return on capital employed, the Rexam cumulative total shareholder return has been 153.1%, compared with the FTSE 100 return of 42.9%.

Pay for performance

The Committee believes that the remuneration policy and principles for executive directors and the supporting reward structure provides a clear alignment with the strategic objectives and performance of the Company. Business outcomes are rigorously reviewed by the Committee when determining financial and non financial achievement of performance targets.

Chief executive total remuneration 2009 to 2015

	2009[1]	2010	2011	2012[2]	2013[2]	2014[2]	2015[3]
Chief executive single figure of remuneration (£000)	1,622	1,703	1,911	4,731	3,472	3,182	2,946
Annual variable incentive award received against maximum opportunity %	69	100	71	78	28	68	96
Long term incentive award received against maximum opportunity %	–	–	–	94	86	44	21

1 Leslie Van de Walle retired as chief executive on 31 December 2009 and Graham Chipchase was appointed as chief executive on 1 January 2010.

2 From 2012 to 2014 the value of the LTIP awards that vested in the respective years is reflected in the chief executive's single total figure of remuneration.

3 For 2015 the estimated value of the 2013 LTIP award is reflected in the chief executive's single total figure of remuneration.

ANNUAL REMUNERATION REPORT 2015 CONTINUED

Percentage change in chief executive remuneration

The table below shows the percentage change in the chief executive's remuneration between 2014 and 2015 compared with the average percentage change in remuneration for all other UK salaried employees. As the chief executive is based in the UK, it is considered that the UK salaried employees provide an appropriate comparator group.

	Chief executive	UK salaried employees
	Change %	Change %
Salary	1	(7)[1]
Taxable benefits	(42)	(31)
Annual incentive payable	41	67
Total	22	4

1 The change in base salary for UK salaried employees resulted from a restructuring of the European business, offset against non management average base salary increases in the UK of 2% in 2015. UK management did not receive salary increases in 2015.

Relative importance of spend on pay

The table below shows the total pay for all of Rexam's employees in continuing operations compared to other key financial indicators such as shareholder distributions (ie dividends and share buybacks), sales and profit before tax for continuing operations for the financial years ended 31 December 2015 and 31 December 2014, along with the percentage change between each.

	Year ended 31 December 2015	Year ended 31 December 2014	Change %
Employee remuneration (£m)[1]	503	483	4
Distribution to shareholders:			
Dividends paid (£m)	124	133	
Return of cash (£m)	1	450	
Total shareholder distributions	125	583	(79)
Average number of employees[1,2]	8,600	8,000	8
Sales (£m)[1,2]	3,925	3,832	2
Profit before tax (£m)[1,2]	250	343	(27)

1 Continuing operations.

2 The average number of employees, sales and profit before tax is included for context, the detail of which can be found in the consolidated financial statements in the annual report for the respective years.

COMMITTEE'S USE OF DISCRETION IN 2015

In accordance with the authority given by the approved remuneration policy, the Committee may exercise its discretion in certain circumstances as detailed on page 58. During 2015 and up to the date of this report, the Committee has considered and approved the following.

Subject	Approval
Annual incentive plan	Approval to reduce David Robbie's annual incentive payout for 2015 following a period of medical absence.
Remuneration	Approval to extend David Robbie's sick leave entitlement on full pay until the earlier of the Ball offer closing or his return to work.

IMPLEMENTATION OF REMUNERATION POLICY IN 2016

Base salary

For 2016, the executive directors and the Committee agreed that no change be made to the base salary for the executive directors.

Executive director	Base salary 01.05.16	Base salary 01.05.15	Percentage increase
Graham Chipchase	£784,380	£784,380	0%
David Robbie	£473,790	£473,790	0%

Retirement benefits

Executive directors will continue to receive a cash supplement of 44% on salary not elected to be pensioned which has been actuarially calculated and is the value of providing the benefit accrual to the member through the Rexam Pension Plan.

Annual incentive

For 2016 the Committee approved a maximum annual incentive opportunity for executive directors of 180% of base salary in line with the remuneration policy. Of any annual incentive earned, 25% will be received as a deferred award over Rexam shares with no further performance conditions save that such shares must be held for a period of not less than three years. The 2016 awards will be subject to the malus and clawback policy. The following performance conditions will apply, with focus on growth through personal objectives.

Performance measure	Weighting	Targets
Underlying profit before tax	50%	The actual profit and cash targets are considered commercially sensitive as they are linked to annual projections for 2016. Achievement against targets will be disclosed in the directors' remuneration report for 2016.
Cash: free cash flow	30%	
Growth related personal objectives (eg revenue growth or market share) and other personal objectives	20%	

Long term incentives

In view of the Ball offer, the Committee has agreed that a LTIP award will not be granted in 2016 unless completion of the transaction is delayed or does not proceed. Should a LTIP award need to be made in 2016, the performance conditions will be in line with the approved remuneration policy and will be disclosed in the annual report 2016.

Non executive director fees

The fee basis for 2016 remains the same as in 2015.

Role	Annual fee
Chairman	£320,000
Non executive director base fee	£55,000
Senior independent director fee	£15,000
Chair of board committee fee	£15,000

REMUNERATION COMMITTEE

Remuneration Committee membership 2015

The members of the Committee during 2015 were all independent non executive directors. The board has approved the terms of reference delegating certain responsibilities to the Committee. The terms of reference are reviewed annually and are available on the Company's website.

Committee membership	Attendance[1]
Ros Rivaz (Committee chair)	4/4
Carl-Peter Forster (appointed 2 June 2015)	3/3
John Langston	4/4
Johanna Waterous	4/4

1 Number of scheduled meetings attended/maximum number of meetings that the director could have attended.

The Committee invites the chairman of the Company to attend its meetings and normally also invites Graham Chipchase, the chief executive, Nikki Rolfe, the Group director human resources, and Kate Grant, the Group rewards director. David Gibson, the company secretary, attends in his capacity as secretary to the Committee and as Group general counsel. No invitee attends the part of the meeting where his or her own remuneration is being discussed. Other directors and senior managers are invited to attend meetings where their expertise is requested by the Committee for specific agenda items.

Remuneration Committee areas of focus 2015

Strategy and policy	Directors' remuneration report, policy and governance, Committee evaluation.
Executive directors and ELT	Salary reviews, personal performance objectives and achievement.
Annual incentives	Assess performance, consider achievement against targets for 2014 annual incentive and 2015 payments, agree measures and targets for annual incentive 2015. For deferred bonus plan, review of policy, grant of awards. Review of malus and clawback arrangements. Approval of formal annual incentive plan rules.
Long term incentives	For LTIP, vesting of 2012 LTIP awards, general parameters and measures and targets for 2015 LTIP awards, review of achievement to date against targets for 2013, 2014 and 2015 LTIP awards, amendments to incentive plan rules; grant of awards/options; and early vesting of award on death in service.
Ball offer	Review of timeline, related workstreams and remuneration arrangements for key employees in Rexam.
Other items	Chairman's fees, review minimum shareholding requirements, review of remuneration package for ELT member on country relocation, termination arrangements and other general matters.

ANNUAL REMUNERATION REPORT 2015 CONTINUED

Advisors

Kepler, a brand of Mercer, is the independent remuneration consultant to the Committee and, following a market review, was appointed by the Company in 2010 to provide executive remuneration advice and market data for salaries and incentive programmes. Representatives of Kepler attended Committee meetings when requested to do so and provided advice to the Committee on remuneration policy and implementation, compliance with regulations and remuneration benchmarking during the financial year. Kepler also advised Rexam human resources on a number of below board remuneration subjects, but provided no non remuneration services to the Company. Kepler is a founding member of the Remuneration Consultants Group and is a signatory to the Code of Conduct for consultants to remuneration committees of UK listed companies, details of which can be found at *www.remunerationconsultantsgroup.com*. The Committee considered the relationship with Kepler and is satisfied that Kepler provides independent and objective advice to the Committee. Consultancy fees of £47,515 were paid to Kepler based on time and materials during 2015 in respect of their support to the Committee. Mercer provides unrelated services to the Company in the areas of employee reward and global retirement benefits accounting advice.

Aon Hewitt Limited provided retirement benefits advice to the Committee when requested and, in addition to their services to the Committee, they provide pension consultancy and US retirement benefits accounting advice to the Group. No consultancy fees were paid to Aon Hewitt during 2015 in respect of services to the Committee.

Allen & Overy LLP provides general legal advice on employment, incentives and retirement benefits matters to the Committee, and Brodies LLP provides general legal advice on the operation of cash and share incentive schemes. Freshfields Bruckhaus Deringer LLP has been appointed to provide advice to the Company on the Ball transaction and consequential advice to the Committee and the Company on remuneration and cash and share incentives relating to that transaction.

Summary of shareholders' votes

Results of the advisory vote on the directors' remuneration report 2014 approved at the AGM 2015.

Vote	Number of votes	% of votes cast (excluding withheld votes)	% of votes cast (including withheld votes)
For	416,794,511	99.04	98.22
Against	4,050,052	0.96	0.95
Votes withheld	3,499,293	–	0.83
Total	424,343,856	100.00	100.00

Results of the vote on the remuneration policy approved at the AGM 2014.

Vote	Number of votes	% of votes cast (excluding withheld votes)	% of votes cast (including withheld votes)
For	522,639,701	97.11	95.62
Against	15,548,818	2.89	2.85
Votes withheld	8,369,751	–	1.53
Total	546,558,270	100.00	100.00

On behalf of the board

Ros Rivaz
Remuneration Committee chair

18 February 2016

DIRECTORS' REPORT

The directors present their report for the financial year ended 31 December 2015.

The annual report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This annual report may contain 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 annual report 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 annual report and other unknown future events and circumstances which can cause results and developments to differ materially from those anticipated. Nothing in this annual report should be construed as a profit forecast.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The current directors of the Company are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with FRS 101. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and responsible for the maintenance and integrity of the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

Each of the current directors, whose names are listed on pages 38 and 39 of the annual report, confirms that, to the best of his or her knowledge:

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

DIVIDENDS

The board has approved a 2015 final dividend[1] of 11.9p per ordinary share. The total dividend for the year ended 31 December 2015 is 17.7p per share (2014: 17.7p).

	Dividend per ordinary share (p)	Ex dividend date	Record date	Payment date
2015 interim	5.8	27.08.15	28.08.15	24.09.15
2015 final	11.9	07.04.16	08.04.16	06.05.16

1 The final dividend in respect of the six months to 31 December 2015 has been declared by the board as a second interim dividend in accordance with the Company's articles of association and does not require shareholder approval.

PRINCIPAL ACQUISITIONS AND DISPOSALS

As reported in the annual report 2014, Rexam announced on 13 February 2014 that it has signed an agreement to acquire a 51% controlling interest in United Arab Can Manufacturing Limited, a Saudi Arabian beverage can maker, for US$122m. The transaction completed on 22 January 2015.

On 15 January 2015, Rexam announced that it had jointly, with Envases Universales de Mexico, acquired a 50% interest in Envases Del Istmo SA, a single line beverage can plant in Colón, Panama.

On 19 February 2015, the Board recommended an offer for the entire issued and to be issued share capital of Rexam from Ball UK Acquisitions Limited, a wholly owned subsidiary of Ball Corporation (Ball) of 407p in cash and 0.04568 of a new Ball share per ordinary Rexam share (the Ball offer). Based on Ball's closing share price of US$74.39 and the exchange rate of US$1.54:£1 on 17 February 2015, this represented an aggregate value of 628p per Rexam ordinary share at that date. The transaction continues to be subject to regulatory and shareholders approvals and as at the date of this report such approvals are still to be obtained.

DIRECTORS' REPORT
CONTINUED

DIRECTORS AND DIRECTORS' INTERESTS

The board of directors during the year ended 31 December 2015 and at the date of this annual report is set out on pages 38 and 39. There were no changes to the board during 2015 and up until the date of this annual report.

None of the directors had any interest during or at the end of the year in any contract of significance in relation to the business of the Company or its subsidiary undertakings.

Full details of the interests in the ordinary share capital of the Company of those directors holding office on 31 December 2015, including any interest of a connected person, are set out in the directors' remuneration report.

Each of the directors holding personal shareholdings in Rexam has provided Ball with an irrevocable undertaking in relation to the offer from Ball to acquire the entire issued and to be issued share capital of Rexam. The undertakings represent 876,458 ordinary shares (approximately 0.12% of the ordinary share capital of Rexam in issue on 17 February 2015). The irrevocable undertaking includes undertakings from the directors: (a) to vote, or procure the vote, in favour (or to submit, or procure the submission of, forms of proxy voting in favour) of the Scheme of Arrangement at the Court meeting and the special resolution at the general meeting of Rexam; and (b) if Ball exercises its right to structure the offer as a takeover offer, to accept, or procure the acceptance of, such takeover offer.

POWERS GIVEN TO DIRECTORS

The powers given to the directors are contained in the articles of association (the Articles) and are subject to relevant legislation and, in certain circumstances (including in relation to the issuing or buying back by the Company of its ordinary shares), subject to authority being given to the directors by shareholders in general meeting. The Articles also govern the appointment and replacement of directors. The Articles, which may only be amended with shareholders' approval in accordance with relevant legislation, can be found on our website.

SHARE CAPITAL

At 31 December 2015, the Company had 705,403,488 ordinary shares of 80⁵⁄₁₄p each in issue as shown in note 27 to the consolidated financial statements.

There are no restrictions on the transfer of the Company's ordinary shares other than certain restrictions which may be imposed by law, for example, insider trading law and the Company's share dealing code.

RESEARCH AND DEVELOPMENT

The Group's expenditure on research and development during the year amounted to £5m (2014: £5m continuing and £2m discontinued). The research commissioned by the innovation board into three broad areas of activity; our pack of the future programme, core process initiatives from new technologies and our plant of the future programme continues to progress. Further details can be found on pages 5 and 8.

PURCHASE OF OWN ORDINARY SHARES

At the AGM 2015, shareholders passed a special resolution in accordance with the Companies Act 2006 and relevant institutional guidelines, to authorise the Company to purchase, should it wish to do so, a maximum of 70.495m ordinary shares in the market.

No ordinary shares were purchased in the market using this authority, nor has any contract been made to purchase ordinary shares under the previous or existing authorities from 1 January 2015 to the date of this report.

SUBSTANTIAL SHAREHOLDINGS

In accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority, the Company was advised of the following significant direct and indirect interests in the issued ordinary share capital of the Company as at 31 December 2015 and up to the date of this report.

Name of shareholder	Number of shares disclosed	% interest in issued share capital
UBS Investment Bank	49,644,195	7.04
Morgan Stanley & Co International plc	46,844,767	6.64
BlackRock Inc	36,514,653	5.17
Deutsche Bank AG	35,292,250	5.00
Lazard Asset Management LLC	33,779,386	4.79
The Capital Group Companies Inc	21,456,172	3.04

Information provided to the Company pursuant to the DTR is publicly available via the regulatory information services and on the Company's website.

GREENHOUSE GAS EMISSIONS

Rexam's total greenhouse gas (GHG) emissions were 720,269 tonnes of carbon dioxide equivalent (CO2e) as shown in the table below. This includes material emissions from natural gas and electricity used to convert metal sheet into cans which comprises approximately 98% of our total emissions. The remaining emissions (propane and diesel for forklift trucks and emissions from our offices) have been excluded from our calculation. The reporting period for the GHG emissions is the full year 2015. Rexam reports and tracks over time its carbon intensity ratio as a business KPI, as shown on page 21.

Rexam greenhouse gas emissions (tonnes CO_2e)

GHG emissions by	Scope	Tonnes CO_2e 2015	Tonnes CO_2e 2014
Combustion of fuel and operation of facilities	1	215,543	215,067
Electricity, heat, steam and cooling purchased for own use	2 (location based)	504,725	477,355

1 Emissions are calculated using UK government guidelines for conversion of grid electricity based on DEFRA guidelines and conversion factors.

2 The data reported here has been third party assured.

3 We report our emissions using an operational control approach to define our organisational boundary which meets the requirement of the regulations in respect of those emissions for which we are responsible.

4 Our scope 2 emissions are gross location based and are not discounted by any non renewable energy purchases during the year.

INDEMNITIES

The Company granted indemnities to Stuart Chambers, Carl-Peter Forster, Leo Oosterveer, Ros Rivaz and Johanna Waterous, on their appointments to the board. The indemnities relate to certain losses and liabilities which they may incur in the course of their duties and are in force as at the date of this report. Similar indemnities will be offered to any new directors joining the board. Insurance cover also remains in place to protect all directors and senior management in the event of a claim being brought against them in their capacity as directors or officers of the Company and its subsidiaries.

The Company has granted a qualifying pension scheme indemnity in the form permitted by the Companies Act 2006, to the directors of Rexam Pension Trustees Limited, the Trustee to the Rexam Pension Plan. The indemnity remains in force at the date of this report.

BRANCH OFFICE

The Company, through one of its UK subsidiary companies, has a branch office in Dubai for its Beverage Can Africa, Middle East & Asia sector. Further details relating to this sector can be found on page 9 of the annual report.

SIGNIFICANT AGREEMENTS

The Company is required to disclose any significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid. Some commercial agreements allow the counterparties to alter or terminate the arrangements in these circumstances. The Company also has committed debt facilities all of which are directly or indirectly subject to change of control provisions, albeit the facilities do not necessarily require mandatory prepayment on a change of control.

At 31 December 2015 the debt facilities subject to these provisions were:

Debt facilities[1]	Amount	Maturity
Subordinated bond	€750m	June 2067
US private placement	US$175m	December 2024
US private placement	US$395m	December 2022
US private placement	US$150m	December 2022
US private placement	€25m	December 2022
Revolving credit facility[2]	£602m	December 2019
Bilateral credit facility[2]	£45m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[2]	£20m	December 2019
Bilateral credit facility[3]	£10m	January 2016

1 All of the bilateral credit facilities and the revolving credit facility are multi currency.

2 The facilities have an option to further extend the final maturity date to 22 December 2021, subject to the agreement of the bank(s).

3 This facility expires on 24 January 2016 and as at the publication date of this report has matured.

The service contracts of the executive directors do not contain a change of control provision.

The trustee of the Rexam Employee Share Trust (the Trust) holds ordinary shares in order to satisfy awards under the Rexam employee share incentive plans. If an offer is made to acquire the Company's shares, the trustee is not obliged to accept or reject any such offer in respect of any shares which are intended to satisfy awards which are outstanding. However, the trustee shall have regard to the interests of the beneficiaries and shall have the power to consult them to obtain their views on such offer and, subject to the foregoing, may consider any recommendations made to it by the Company but shall not be obliged to comply with such recommendations.

FINANCIAL INSTRUMENTS

The information relating to the Group's financial assets and its financial risk management can be found in note 24 to the consolidated financial statements.

CORPORATE GOVERNANCE STATEMENT

The information that fulfils the requirements of the corporate governance statement in accordance with rule 7.2 of the DTR can be found in this directors' report and in the corporate governance information on pages 37 to 72 all of which is incorporated into this directors' report by reference.

DISCLOSURE OF INFORMATION UNDER LR 9.8.4R

The information that fulfils the reporting requirements can be found in this directors' report, the directors' remuneration report and on the pages identified below.

Subject matter	Page reference
Interest capitalised during 2015 and treatment of related tax relief	107
Allotment of ordinary shares for cash pursuant to the Rexam employee share incentive arrangements	126

INFORMATION INCLUDED IN STRATEGIC REPORT

The information that fulfils the reporting requirements relating to the following matters can be found on the pages identified.

Subject matter	Page reference
Likely future developments	9
Employment of disabled persons	19
Employee engagement	19

AUDITORS

Disclosure of information to the auditors

Each person who is a director of the Company at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director individually has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

As disclosed on page 50, the audit and risk committee has considered the role and performance of PricewaterhouseCoopers LLP as the Company's auditors. The audit and risk committee recommends that PricewaterhouseCoopers LLP be proposed for reappointment.

ANNUAL GENERAL MEETING 2016

The AGM of the company, details of which can be found in the notice of AGM 2016, will be held at 11.30am on 22 June 2016 in the Auditorium of Freshfields Bruckhaus Deringer LLP, Northcliffe House, 26-28 Tudor Street, London, EC4Y 0BQ. The notice of AGM 2016 is available on the Company's website *www.rexam.com*. The directors consider that each of the resolutions to be proposed at the AGM 2016 is in the best interests of the Company and the shareholders as a whole and recommended that shareholders vote in favour of all of the resolutions. Shareholders may vote in person at the AGM 2016 or by proxy (the deadline for proxy votes to be received is 11.30am on 20 June 2016.)

In respect of the AGM 2016 which has been convened for 22 June 2016, it is possible that the Ball offer will complete before 22 June 2016, in which case you will no longer be a shareholder of Rexam and will not need to attend the AGM.

On behalf of the board

David Gibson
Company secretary

18 February 2016

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REXAM PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Rexam PLC's consolidated financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the annual report, comprise:

- the consolidated balance sheet as at 31 December 2015;
- the consolidated income statement and statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

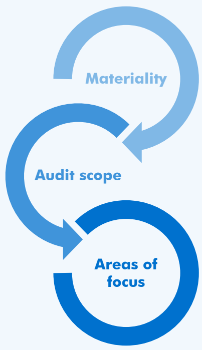
The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

OUR AUDIT APPROACH

Context

As announced on 19 February 2015, the boards of Rexam PLC and Ball Corporation have reached agreement on the terms of a recommended offer for Rexam PLC. Notwithstanding this offer, we determined there was no additional risk or impact to our planned audit approach for Rexam as a standalone Group in the current year.

Overview



- Overall Group materiality: £18 million which represents 5% of profit before tax, adjusted for exceptional items, amortisation of acquired intangible assets, and the fair value changes on derivatives.

- We conducted audit work over the complete financial information of all four sectors, Beverage Cans Europe, Beverage Cans North America, Beverage Cans South America, Beverage Cans Africa Middle East & Asia and the Group head office.
- In addition we carried out specific audit procedures at the Group's service center in Charlotte.

We focused on the following areas:

- Significant contracts entered into by the Group.
- Goodwill impairment assessment.
- Provision for tax exposures.

The scope of our audit and our areas of focus

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REXAM PLC CONTINUED

Area of focus	How our audit addressed the area of focus
Significant contracts entered into by the Group	
Refer to page 47 (Audit & Risk Committee Report) and page 90 (Principal Accounting Policies). The Group's business model contains an increasingly consolidated customer and supplier base. The Group enters into long term contracts with both customers and suppliers, sometimes on a global basis. We focused on these contracts as they underpin a significant portion of the Group's revenues and costs. The nature of contracts entered into includes a number of characteristics that require judgement to be applied in determining the appropriate accounting based on the contractual terms. Our audit procedures focused, in particular, on the following contractual judgements: • the accounting for up front payments including the nature of the payment (new contract or extension of an existing contract) and the appropriate amortisation period over which the payment is recognised; • the calculation of any annual customer rebates including whether contractual volume targets and other criteria for payment/receipt have been met; • the application of contractual take or pay obligations in supplier contracts, in particular assumptions over whether contractual commitments have given rise to any onerous supply contracts based on agreed contract minimums; • contracts, in particular assumptions over whether contractual commitments have given rise to any revenue due from customers based on agreed contract minimums; and • the contracts based on pricing terms and expected contract cash flows, and whether such derivatives have been accounted for separately in accordance with applicable accounting requirements. We undertake these procedures to ensure that revenue and costs arising from these contracts are recognised in the correct period.	We tested the Group's process for approving significant contracts including reviewing board papers approving significant new customer and supplier contracts. We examined significant new contracts, in particular those whose terms became effective in 2015, thereby triggering accounting in the financial statements for the year, and discussed the terms of the contracts with the directors. We performed procedures to test whether up front payments received from suppliers or made to customers were recognised in the income statement in accordance with the nature of the payment and in the proper period, based on: • evaluating the contract terms and when those terms become effective; • the nature of the payment and the prevailing accounting guidance. We tested the calculation of customer rebates by confirming the rebate payable with the customer or checking volumes used in the calculation of the rebate to actual volumes and against any other obligations set out in the relevant contract terms. We determined amounts were accurately based on actual volumes. With respect to take or pay obligations present in both supplier and customer contracts, we agreed the volumes purchased from vendors and sold to customers to contract minimums, or examined communications from the supplier waiving Rexam's obligations. Based on the work performed, we determined that no onerous supply obligations existed and revenue from customers based on contract minimums was appropriately earned. To evaluate whether the pricing terms in supplier and customer contracts modify the cash flows such that an embedded derivative should be accounted for separately from the contract, we discussed the terms of the contracts with the Rexam treasury team and based on our own assessment of the terms and the expected contract cash flows we are satisfied that, where required, embedded derivatives within the contracts were accounted for correctly.

Area of focus	How our audit addressed the area of focus
Goodwill impairment assessment	
Refer to page 47 (Audit & Risk Committee Report), page 89 (Principal Accounting Policies) and page 104 (notes). The carrying value of goodwill at 31 December 2015 is £1,235 million. In determining whether there was a risk of impairment we focused on the estimated values in use in the following territories (each representing a cash generating unit); Turkey (£40 million goodwill), Egypt (£26 million goodwill), Russia (£19 million goodwill), Saudi Arabia (£16 million goodwill) and Brazil (£205 million goodwill) as these territories are considered to be those where there is a heightened risk of political or economic volatility and hence the calculation of the value in use for these businesses requires management to apply an increased level of judgement. In particular we focused on the impact of key assumptions around: • the cash flow forecasts derived from internal forecasts and the assumptions around performance of new contracts and major customers; • the discount rate and the long term growth rate including the assessment of risk factors and growth expectations of the relevant territory. The key assumptions for these businesses are set out in note 12.	We evaluated the directors' future cash flow forecasts used to assess the carrying value of cash generating units with particular focus on Turkey, Egypt, Russia, Saudi Arabia, and Brazil. This included updating our understanding the process by which they were drawn up and comparing them to the latest Board approved three year plans, which we found to be consistent. We also tested the mechanics of the underlying value in use calculations. We tested management's budgeting accuracy in respect of budgeted profit for the 2015 year end for evidence of the reliability of the Group's budgeting process. For differences identified we understood the drivers and included this within our sensitivity analysis. We evaluated the directors' key assumptions – long term growth rates and the discount rates – in the cash flow forecasts, comparing against our own independently determined acceptable ranges and in respect of differences identified these did not change the conclusion for any of the territories. We performed sensitivity analysis over the forecast cash flows by considering the status of global bids, commercial performance of major customers, and comparing growth targets against historic performance and market data. Given the risk of volatility we ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill in these businesses to be impaired. We considered the likelihood of such a movement in those assumptions arising, noting no such reasonably likely scenario. We also evaluated the adequacy of the disclosures made regarding the assumptions and consider the disclosures appropriate.
Provision for tax exposures	
Refer to page 47 (Audit & Risk Committee Report) and page 90 (Principal Accounting Policies). The Group operates in a number of territories and recognises tax provisions based on interpretation of local laws and regulations which are sometimes uncertain. The Group has established provisions against uncertain tax positions, particularly in Brazil, Russia, the US and the UK. These provisions require director judgement in estimating the potential outcome, including magnitude.	We involved our teams in the relevant jurisdictions who have knowledge of the local tax law, including updating our understanding of any updates to, and developments in, the application of those laws, to understand the extent of the exposure arising from the Group's arrangements and the rationale for existing provisions held. We also considered the history of past experience of the accuracy of the directors' estimates of potential exposures, where relevant, by comparing to actual settlements and found the current provisioning to be consistent with that experience. We obtained the latest correspondence between the Group and the relevant tax authorities and considered the views of the Group's external advisers on these matters where appropriate. We met with senior management and evaluated the judgements specific to each exposure and jurisdiction and evaluated the appropriateness of the provisions made and found the directors' estimates to be reasonable based on the correspondence and other information obtained.

How we tailored the audit scope

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

The Group's accounting process is structured around a local finance function in each of the 56 beverage can plants, (including one associate and two joint ventures) which report into a centralised finance function for each of the four geographical sectors in which the Group operates. The service centre in Charlotte carries out transaction processing for Beverage Cans North America and reports to the Group finance team. The sectors and the service centre maintain their own accounting records and controls and report to the Group finance team through an integrated consolidation system.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REXAM PLC CONTINUED

In establishing the overall approach to the Group audit, we determined that we needed to conduct audit work over the complete financial information of each of the sectors. The sectors that are part of our audit scope account for 100% of Group revenues and 100% of Group profit before tax, exceptional items, amortisation of intangible assets, and the fair value adjustment on derivatives. In each geographical sector we used PwC component auditors to audit and report on the aggregated financial information of that sector. Those teams, with our involvement, determined the individual beverage can plants within that sector to be audited based on their individual financial significance to the sector and Group. This resulted in audit procedures being conducted on can plants that represent over 90% of the Group revenues and 91% of Group profit before tax, exceptional items, amortisation of intangible assets, and the fair value adjustment on derivatives. In relation to the Charlotte shared service centre we instructed specified audit procedures to be performed over the balances and transactions processed in that location that were material to the Group.

In the current year members of the Group engagement team visited all four sector finance functions to update our understanding of the local environment and any audit risks arising and attend the sector clearance meetings.

The Group consolidation, financial statement disclosures and financial statement items accounted for centrally, including derivative financial instruments, hedge accounting, goodwill impairment, and share based payments were also audited by the Group engagement team at the head office.

Materiality

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

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

Overall group materiality	£18 million (2014: £18 million).
How we determined it	5% of profit before tax, adjusted for exceptional items, amortisation of acquired intangible assets, and the fair value change on derivatives
Rationale for benchmark applied	We believe that profit before tax is the key measure used by the shareholders as a body in assessing the Group's performance. We consider that excluding exceptional items, amortisation of intangible assets, and the fair value adjustment on derivatives is appropriate as this provides us with a consistent year on year basis for determining materiality by eliminating the non recurring impact of these items.
Component materiality	For each component in our audit scope, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £4 million and £11 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million (2014: £1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

Under the Listing Rules we are required to review the directors' statement, set out on page 51, in relation to going concern. We have nothing to report having performed our review.

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

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

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinions
In our opinion, based on the work undertaken in the course of the audit:

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

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

ISAs (UK & Ireland) reporting	
Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• Information in the annual report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 73, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), that they consider the annual report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the annual report on pages 46 to 51, as required by provision C.3.8 of the Code, describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.	We have no exceptions to report.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything to add or draw attention to in relation to:	
• the directors' confirmation on page 48 of the annual report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors' explanation on page 51 of the annual report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

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

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Corporate governance statement

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REXAM PLC
CONTINUED

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 73, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

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

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

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

OTHER MATTER

We have reported separately on the parent company financial statements of Rexam PLC for the year ended 31 December 2015 and on the information in the Directors' Remuneration Report that is described as having been audited.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 February 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	notes	2015 £m	2014 £m
Continuing operations			
Sales	2	3,925	3,832
Operating expenses	3	(3,634)	(3,430)
Underlying operating profit	2	404	418
Exceptional items	6	(95)	(20)
Amortisation of certain acquired intangible assets		(5)	(1)
Fair value changes on certain operating derivatives		(13)	5
Operating profit		291	402
Share of post tax profits of associates and joint ventures	16	13	10
Retirement benefit obligations net interest cost	25	(12)	(16)
Underlying interest expense	7	(51)	(59)
Fair value changes on financing derivatives	7	1	(1)
Interest expense	7	(50)	(60)
Interest income	7	8	7
Underlying profit before tax		362	360
Exceptional items		(95)	(20)
Amortisation of certain acquired intangible assets		(5)	(1)
Fair value changes on derivatives		(12)	4
Profit before tax		250	343
Tax on underlying profit	8	(82)	(86)
Tax on exceptional items	6/8	14	11
Tax on amortisation of certain intangible assets	8	1	–
Tax on fair value changes on derivatives	8	2	(1)
Tax		(65)	(76)
Profit for the financial year from continuing operations		185	267
Discontinued operations			
Profit for the financial year from discontinued operations	10	–	90
Total profit for the financial year		185	357
Attributable to:			
Shareholders of Rexam PLC		182	357
Non controlling interests		3	–
Total		185	357
Underlying earnings per share (pence)	9		
Continuing operations		39.1	37.2
Discontinued operations		–	2.0
Total		39.1	39.2
Basic earnings per share (pence)	9		
Continuing operations		25.9	36.2
Discontinued operations		–	12.2
Total		25.9	48.4
Diluted earnings per share (pence)	9		
Continuing operations		25.7	35.9
Discontinued operations		–	12.1
Total		25.7	48.0

For details of equity dividends paid and approved see note 11 to the consolidated financial statements.

The notes on pages 89 to 131 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	notes	2015 £m	2014 £m
Profit for the financial year		185	357
Other comprehensive (loss)/income for the year:			
Items that will not be reclassified to profit or loss:			
Retirement benefits: actuarial (losses)/gains	17/25	(17)	30
Retirement benefits: tax on actuarial (losses)/gains	8	11	4
Total items that will not be reclassified to profit or loss		(6)	34
Items that may be reclassified to profit or loss:			
Exchange differences before recognition of net investment hedges		(24)	(99)
Net investment hedges recognised	28	3	(5)
Exchange differences recognised in the income statement on the disposal of businesses	28	–	(152)
Cash flow hedges recognised	28	(77)	(27)
Cash flow hedges transferred to inventory	28	1	12
Cash flow hedges transferred to the income statement	28	36	7
Tax on cash flow hedges	8/28	(2)	(2)
Total items that may be reclassified to profit or loss		(63)	(266)
Total other comprehensive loss for the year		(69)	(232)
Total comprehensive income for the financial year		116	125
Continuing operations		116	203
Discontinued operations		–	(78)
Total		116	125
Attributable to:			
Shareholders of Rexam PLC		111	125
Non controlling interests		5	–
Total		116	125

CONSOLIDATED BALANCE SHEET

As at 31 December	notes	2015 £m	2014 £m
Assets			
Non current assets			
Goodwill	12	1,235	1,218
Other intangible assets	13	99	26
Property, plant and equipment	14	1,436	1,275
Investments in associates and joint ventures	16	88	80
Pension assets	25	101	89
Insurance backed assets	17	23	23
Deferred tax assets	8	243	210
Trade and other receivables	19	192	177
Derivative financial instruments	23/24	122	167
		3,539	3,265
Current assets			
Inventories	18	538	504
Insurance backed assets	17	2	2
Trade and other receivables	19	500	490
Derivative financial instruments	23/24	37	38
Cash and cash equivalents	20	237	288
		1,314	1,322
Total assets		4,853	4,587
Liabilities			
Current liabilities			
Borrowings	22	(376)	(292)
Derivative financial instruments	23/24	(55)	(42)
Current tax		(16)	(10)
Trade and other payables	21	(865)	(806)
Provisions	26	(35)	(18)
		(1,347)	(1,168)
Non current liabilities			
Borrowings	22	(1,108)	(1,124)
Derivative financial instruments	23/24	(191)	(161)
Retirement benefit obligations	25	(515)	(482)
Deferred tax liabilities	8	(60)	(40)
Non current tax		(52)	(55)
Other payables	21	(48)	(64)
Provisions	26	(66)	(79)
		(2,040)	(2,005)
Total liabilities		(3,387)	(3,173)
Net assets		1,466	1,414
Equity			
Ordinary share capital	27	567	567
Non equity B shares	27	–	1
Share premium account		425	424
Capital redemption reserve		926	925
Retained loss		(237)	(292)
Other reserves	28	(276)	(211)
Shareholders' equity		1,405	1,414
Non controlling interests		61	–
Total equity		1,466	1,414

The consolidated financial statements on pages 83 to 131 were authorised for issue by the board of directors on 18 February 2016.

Graham Chipchase, chief executive

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December	notes	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	30	433	476
Interest paid		(56)	(52)
Tax paid		(60)	(63)
Net cash flows from operating activities		317	361
Cash flows from investing activities			
Capital expenditure		(243)	(211)
Proceeds from sale of property, plant and equipment		1	7
Acquisition of businesses	31	(71)	–
Disposal of businesses		7	457
Pension escrow investment payment	25	(15)	(15)
Loans (to)/from joint ventures		(2)	7
Dividends received from associates and joint ventures		9	–
Interest received		8	8
Other investing activities		–	(4)
Net cash flows from investing activities		(306)	249
Cash flows from financing activities			
Proceeds from borrowings	23	16	68
Repayment of borrowings	23	(8)	(12)
Settlement of financing derivatives		39	5
Purchase of non controlling interests		(1)	–
Dividends paid to equity shareholders	11	(124)	(133)
Return of cash to shareholders		(1)	(450)
Proceeds from issue of share capital on exercise of share options		1	3
Purchase of Rexam PLC shares by Employee Share Trust		–	(7)
Net cash flows from financing activities		(78)	(526)
Net (decrease)/increase in cash and cash equivalents		(67)	84
Cash and cash equivalents at the beginning of the year		271	191
Exchange differences and other non cash items		(14)	(4)
Net (decrease)/increase in cash and cash equivalents		(67)	84
Cash and cash equivalents at the end of the year		190	271
Cash and cash equivalents comprise:			
Cash at bank and in hand	20	75	116
Short term bank and money market deposits	20	162	172
Bank overdrafts	22	(47)	(17)
		190	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 earnings £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 financial year	–	–	–	–	182	–	182	3	185
Retirement benefits: actuarial losses	–	–	–	–	(17)	–	(17)	–	(17)
Retirement benefits: tax on actuarial losses	–	–	–	–	11	–	11	–	11
Exchange differences before recognition of net investment hedges	–	–	–	–	–	(26)	(26)	2	(24)
Net investment hedges recognised	–	–	–	–	–	3	3	–	3
Cash flow hedges recognised	–	–	–	–	–	(77)	(77)	–	(77)
Cash flow hedges transferred to inventory	–	–	–	–	–	1	1	–	1
Cash flow hedges transferred to the income statement	–	–	–	–	–	36	36	–	36
Tax on cash flow hedges	–	–	–	–	–	(2)	(2)	–	(2)
Total other comprehensive (loss)/income for the year	–	–	–	–	(6)	(65)	(71)	2	(69)
Total comprehensive income/(loss) for the year	–	–	–	–	176	(65)	111	5	116
Share options: proceeds from shares issued	–	–	1	–	–	–	1	–	1
Share options: value of services provided	–	–	–	–	3	–	3	–	3
Share options: tax directly in reserves	–	–	–	–	1	–	1	–	1
Acquisition of businesses (note 31)	–	–	–	–	(1)	–	(1)	56	55
Return of cash to shareholders (note 27)	–	(1)	–	1	–	–	–	–	–
Dividends paid (note 11)	–	–	–	–	(124)	–	(124)	–	(124)
Total transactions with owners recognised directly in equity	–	(1)	1	1	(121)	–	(120)	56	(64)
At 31 December 2015	567	–	425	926	(237)	(276)	1,405	61	1,466

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

	Ordinary share capital £m	Non equity B shares £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Other reserves £m	Shareholders' equity £m
At 1 January 2014	566	–	602	746	(100)	55	1,869
Profit for the financial year	–	–	–	–	357	–	357
Retirement benefits: actuarial gains	–	–	–	–	30	–	30
Retirement benefits: 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 to inventory	–	–	–	–	–	12	12
Cash flow hedges transferred to the income statement	–	–	–	–	–	7	7
Tax on cash flow hedges	–	–	–	–	–	(2)	(2)
Total other comprehensive (loss)/income for the year	–	–	–	–	34	(266)	(232)
Total comprehensive income/(loss) for the year	–	–	–	–	391	(266)	125
Share options: proceeds from shares issued	1	–	2	–	–	–	3
Share options: value of services provided	–	–	–	–	7	–	7
Share options: dividend equivalent	–	–	–	–	(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 (note 11)	–	–	–	–	(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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee interpretations as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments, share based payment and retirement benefit obligations.

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 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 2018 and earlier adoption is permitted subject to EU endorsement. The Group has yet to assess the impact of IFRS15.

(iii) IFRS16 'Leases'. The standard addresses the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for accounting periods beginning on or after 1 January 2019 and earlier adoption is permitted subject to EU endorsement and only for entities that apply IFRS15 'Revenue from Contracts with Customers' at or before the date of initial application of this standard. The Group has yet to assess the impact of IFRS16.

There are no other IFRS's or IFRS Interpretation Committee interpretations not yet effective that would be expected to have an impact on the Group.

The consolidated cash flow statement for 2014 includes a revision relating to the classification of a settlement of a government incentive in Brazil for indirect taxes. A £22m outflow has been reclassified to 'Cash generated from operations' from 'Repayment of borrowings'. The Group believes that this revision is not material to the consolidated financial statements taken as a whole.

Going concern

For information on going concern see page 51 of the accountability section of the annual report.

Key estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The key estimates and assumptions used in these consolidated financial statements are set out below.

Goodwill impairment testing

Goodwill is tested at least annually for impairment in accordance with the accounting policy for goodwill. The recoverable amounts of cash generating units are determined based on value in use calculations. These calculations require the use of estimates which include cash flow projections for each cash generating unit and discount rates based on the Group's weighted average cost of capital, adjusted for specific risks associated with particular cash generating units. For details of impairment testing see note 12 to the consolidated financial statements. The accounting policies for goodwill and impairment testing are set out below.

Retirement benefits

The consolidated financial statements include costs in relation to, and provision for, retirement benefit obligations. There are two principal funded defined benefit pension plans, in the UK and US, and an unfunded retiree medical plan in the US. The costs and present value of any related pension assets and liabilities depend on factors such as life expectancy of the members, the salary progression of current employees, the returns that plan assets generate and the discount rate used to calculate the present value of the liabilities. The Group uses estimates based on previous experience and external actuarial advice in determining these future cash flows and the discount rate. The accounting policy for retirement benefit obligations is set out below. Details of the assumptions used for the two principal defined benefit pension plans and the retiree medical plan and sensitivities are set out in note 25 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Income taxes
Judgement is required in determining the provision for income taxes. There are many transactions and calculations whose ultimate tax treatment is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. The Group recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known. We do not currently anticipate a significant risk of material adjustment to the outcomes referred to above over the next financial year. The accounting policy for income taxes is set out below.

Revenue recognition
Revenue from the sale of goods is measured at the fair value of the consideration, net of rebates and trade discounts. Revenue from the sale of goods is recognised when the Group has transferred the significant risks and rewards of ownership of the goods to the buyer, when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group, typically on delivery of goods. The Group enters into long term contracts with both customers and suppliers. In certain cases the Group makes up front payments in relation to these contracts which are charged against sales in respect of customers, and operating expenses in respect of suppliers, over their useful economic lives, typically being the related contract term. In addition, the Group recognises any rebates receivable or payable in accordance with the terms of these long term contracts, which are typically volume based. There is judgement in respect of some of the more complex long term contracts relating to the timing of revenue recognition, any related rebates and the period over which up front payments are recognised in the consolidated income statement.

Basis of consolidation
The consolidated financial statements comprise Rexam PLC and all its subsidiaries, together with the Group's share of the results of its associates and joint ventures. The financial statements of subsidiaries, associates and joint ventures are prepared at the same reporting date using consistent accounting policies. Intercompany balances and transactions, including any unrealised profits arising from intercompany transactions, are eliminated in full.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are included until the date on which the Group ceases to control them. Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control, whereby the strategic, financial and operating decisions relating to the venture require the unanimous consent of the parties sharing control and are generally accompanied by an equal 50% share of voting rights. Investments in associates and joint ventures are accounted for using the equity method. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

All acquisitions are accounted for by applying the purchase method. The cost of an acquisition is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any non controlling interests. The excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Any element of an acquisition attributable to non controlling interests is valued at the proportionate share of the fair value of the identifiable net assets acquired. Transactions with non controlling interests that do not result in a loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the subsidiary is recorded in equity.

Foreign currencies
The financial statements for each of the Group's subsidiaries, associates and joint ventures are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in currencies other than the functional currency are recognised directly in the consolidated income statement. Exceptions to this are where the monetary items form part of the net investment in a foreign operation, designated as hedges of a net investment, or designated as cash flow hedges. Such exchange differences are initially recognised in equity.

The presentation currency of the Group is sterling. The balance sheets of foreign operations are translated into sterling using the exchange rate at the balance sheet date and the income statements are translated into sterling using the average exchange rate for the year. Where this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction date, the exchange rate on the transaction date is used. Exchange differences on translation into sterling arising since 1 January 2004 are recognised as a separate component of equity. On disposal of a subsidiary, any cumulative exchange differences held in equity are transferred to the consolidated income statement.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

On the repayment of a quasi equity loan, the proportionate share of the cumulative amount of the exchange differences on the loan recognised in other comprehensive income is not reclassified to the consolidated income statement unless the Group loses control over the entity to which the quasi equity loan related.

The principal exchange rates against sterling used in these consolidated financial statements are as follows:

	Average 2015	Closing 2015	Average 2014	Closing 2014
Euro	1.38	1.36	1.24	1.28
US dollar	1.53	1.48	1.65	1.56
Russian rouble	93.72	109.06	63.29	90.79

Exceptional items
Items which are exceptional, being material in terms of size and/or nature, are presented separately from underlying business performance in the consolidated income statement. The principal events which may give rise to 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 and employee incentive related costs relating to the proposed acquisition of Rexam by Ball, transaction costs relating to business combinations and significant litigation and tax claims.

Retirement benefit obligations
The Group operates defined benefit and defined contribution pension plans.

A defined benefit pension plan typically specifies the amount of pension benefit that an employee will receive on retirement, usually dependent upon one or more factors such as age, years of service and compensation. The Group operates both funded defined benefit pension plans, where actuarially determined payments are made to trustee administered funds, and unfunded defined benefit pension plans, where no such payments are made. The asset or liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation less, for funded schemes, the fair value of plan assets at the balance sheet date. The defined benefit obligation is calculated, at least triennially, by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The current service cost and plan administration expenses are recognised as an operating expense in the consolidated income statement. Past service costs and credits are recognised immediately as an operating expense in the consolidated income statement. The retirement benefits net interest cost is the change during the year in the net defined benefit liability due to the passage of time and is recognised as an interest expense in the consolidated income statement. The interest rate is based on the yield on high quality corporate bonds. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in the consolidated statement of comprehensive income in the year in which they arise.

A defined contribution plan is one under which fixed contributions are paid to a third party. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in the consolidated income statement when they are due. Prepaid contributions are recognised in the consolidated balance sheet as an asset to the extent that a cash refund or a reduction in future payments is likely.

The Group provides post retirement healthcare benefits (retiree medical) to certain of its current and former employees. The entitlement to these benefits is usually conditional on an employee remaining in service up to retirement age and the completion of a minimum service period. The consolidated income statement and consolidated balance sheet accounting treatment with respect to retiree medical is similar to that for defined benefit pension plans. These obligations are valued by independent actuaries, usually on an annual basis.

The Group provides other long term employee benefits, comprising principally early retirement, severance and long service obligations. The consolidated income statement and consolidated balance sheet accounting treatment with respect to other long term employee benefits is similar to that for defined benefit pension plans.

Share based payment
The Group operates equity and cash settled share option schemes. For equity settled share options, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the consolidated income statement, together with a corresponding increase in equity, on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Vesting conditions, which comprise service conditions and non market performance conditions, are not taken into account when estimating the fair value. All market and non vesting conditions are included in the fair value. For cash settled share options, the services received from employees are measured at the fair value of the liability and recognised in the consolidated income statement on a straight line basis over the vesting period. The fair value of the liability is measured at each balance sheet date and at the date of settlement with changes in fair value recognised in the consolidated income statement. The Rexam Employee Share Trust holds ordinary shares in Rexam PLC to satisfy future share option exercises, which are presented in the consolidated balance sheet as a deduction from shareholders' equity.

Interest
Interest on cash and cash equivalents and borrowings held at amortised cost is recognised in the consolidated income statement using the effective interest method. Interest includes exchange differences arising on cash and cash equivalents and borrowings, where such exchange differences are recognised in the consolidated income statement. Interest includes all fair value gains and losses on derivative financial instruments, and corresponding adjustments to hedged items under designated fair value hedging relationships, where they relate to financing activities and are recognised in the consolidated income statement. Interest relating to payments made over an extended period of development of large capital projects is added to the capital cost and amortised over the expected lives of those projects.

Non hedge accounted financing derivative financial instruments fair value changes and hedge ineffectiveness on financing derivative financial instruments are disclosed separately, within interest, in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive leadership team, which comprises the executive directors and certain senior executives. The executive leadership team is responsible for assessing the performance of the operating segments for the purpose of making decisions about resources to be allocated. Operating segments may be combined for external reporting purposes where they have similar economic characteristics, and the nature of products and production processes, the type and class of customers and the methods to distribute products are all similar.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill is tested for impairment at 31 December each year and at any time where there is any indication that goodwill may be impaired. Goodwill is carried at cost less accumulated impairment losses. At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold. Goodwill arising on the acquisition of subsidiaries is presented in goodwill and goodwill arising on the acquisition of associates and joint ventures is presented in investments in associates and joint ventures. Internally generated goodwill is not recognised as an asset.

Other intangible assets

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

Computer software acquired	2 to 3 years
Computer software developed	Up to 7 years
Customer contracts and relationships acquired	5 to 20 years
Technology and patents acquired	5 to 20 years
Other development projects	Up to 5 years

The cost of intangible assets acquired in an acquisition is the fair value at acquisition date. The cost of separately acquired intangible assets, including computer software, comprises the purchase price and any directly attributable costs of preparing the asset for use. Computer software development costs that are directly associated with the implementation of major business systems are capitalised as intangible assets. Expenditure on research is recognised as an expense in the consolidated income statement as incurred. Expenditure incurred on other development projects is capitalised as an intangible asset if it is probable that the expenditure will generate future economic benefits and can be measured reliably.

The amortisation of certain acquired intangible assets, comprising acquired customer contracts and relationships, and technology and patents, is disclosed separately within operating profit on the face of the consolidated income statement.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs. Freehold land and assets under construction are not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows:

Freehold buildings	Up to 50 years
Leasehold buildings	Shorter of 50 years or lease term
Manufacturing machinery	7 to 20 years
Computer hardware	Up to 8 years
Fixtures, fittings and vehicles	4 to 10 years

Following an evaluation of the estimated useful lives of manufacturing machinery, the Group increased the useful lives to a maximum of 20 years from 17 years. The impact of this change was to reduce the 2015 depreciation charge by £10m and increase the tax charge by £3m. The evaluation was carried out by a third party appraiser.

Residual values and useful lives are reviewed at least at each financial year end.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Impairment of assets

This policy applies to all assets except inventories, insurance backed assets, deferred tax assets, financial assets and assets classified as held for sale. At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset (see also accounting policy for assets and liabilities classified as held for sale and discontinued operations below). If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation. When an asset is written down to its recoverable amount the impairment loss is recognised in the consolidated income statement in the year in which it is incurred. Impairment losses incurred in a cash generating unit or group of cash generating units are applied against the carrying amount of any goodwill allocated to the units. Where no goodwill exists, the impairment losses reduce the other non current assets of the cash generating units. Should circumstances change which result in a reversal of a previous impairment, the value of the asset is increased and the reversal is recognised in the consolidated income statement in the year in which it occurs. The increase in the carrying amount of the asset is limited to the amount which would have been recorded had no impairment been recognised in prior years. Impairment losses applied to goodwill are not reversed.

Discontinued operations

Operations are classified as discontinued when they are either disposed of or are part of a single coordinated plan to dispose, and represent a major line of business or geographical area of operation.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a first in first out or weighted average cost basis. Cost comprises directly attributable purchase and conversion costs and an allocation of production overheads based on normal operating capacity. Net realisable value is the estimated selling price less estimated costs to completion and selling costs. Provisions against the value of inventories are made for slow moving or obsolete inventory.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated cash flow statement comprise cash at bank and in hand, bank and money market deposits and other short term highly liquid investments generally with original maturities of three months or less and bank overdrafts. Bank overdrafts are presented in borrowings within current liabilities in the consolidated balance sheet.

Leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the Group. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the liability and finance charge to produce a constant rate of interest on the finance lease balance outstanding. Assets capitalised under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. Leases other than finance leases are classified as operating leases. Payments made under operating leases are recognised as an expense in the consolidated income statement on a straight line basis over the lease term. Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight line basis.

Income taxes

The tax expense represents the sum of current tax, non current tax and deferred tax.

Current tax and non current tax are based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current and non current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in countries where the Group operates and generates taxable income. Provisions are established on the basis of amount expected to be paid to tax authorities, using management's assessment of tax risks and judgement of anticipated outcomes taking into account any history of enquiries from tax authorities, any uncertainties in interpretation of tax law and any other relevant facts and circumstances.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than an acquisition, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Tax is recognised in the consolidated income statement, unless the tax relates to items recognised directly in equity, in which case the tax is recognised directly in equity through the consolidated statement of comprehensive income.

Provisions

Provisions are recognised when a present obligation exists in respect of a past event and where the amount can be reliably estimated. Provisions for restructuring are recognised for direct expenditure on business reorganisations where plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken on or before the balance sheet date. Provisions are discounted where the time value of money is considered to be material.

Dividends

Final equity dividends to the shareholders of Rexam PLC are recognised in the period they are approved by the shareholders. Interim equity dividends are recognised in the period they are paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Non GAAP measures

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 the Group for internal performance analysis and as a basis for incentive compensation arrangements for employees. The terms underlying and exceptional items are not defined terms under IFRS and may, therefore, not be comparable to similarly titled measures reported by other companies. They are not intended to be a substitute for, or be superior to, GAAP measurements of performance.

Financial instruments

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Derivative financial instruments are measured at fair value. Derivative financial instruments utilised by the Group include interest rate swaps, cross currency swaps, forward foreign exchange contracts and aluminium, iron ore, diesel and gas commodity contracts.

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

(i) Fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability.

(ii) Cash flow hedges where they hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

(iii) Net investment hedges where they hedge exposure to changes in the value of the Group's interests in the net assets of foreign operations.

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

For cash flow hedges and net investment hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity, with any ineffective portion recognised in the consolidated income statement. When hedged cash flows result in the recognition of a non financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the consolidated income statement in the same period in which the hedged cash flows affect the consolidated income statement.

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

Gains and losses on derivative financial instruments related to operating activities are included in operating profit when recognised in the consolidated income statement. Gains and losses on derivative financial instruments related to financing activities are included in interest when recognised in the consolidated income statement.

Borrowings are measured at amortised cost except where they are hedged by an effective fair value hedge, in which case the carrying value is adjusted to reflect the fair value movements associated with the hedged risk. Where borrowings are used to hedge the Group's interests in the net assets of foreign operations, the portion of the exchange gain or loss on the borrowings that is determined to be an effective hedge is recognised in equity.

Upfront fees paid on the establishment of loan facilities and bonds are initially capitalised as transaction costs of the loan and bond and amortised in interest over the expected term of the loan and bond. Ongoing commitment fees are expensed in interest as incurred.

Available for sale financial assets are measured at fair value. Unrealised gains and losses are recognised in equity except for impairment losses, interest and dividends arising from those assets which are recognised in the consolidated income statement.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. They are discounted when the time value of money is considered material. Trade and other payables are measured at cost.

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 & 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
2015						
Continuing operations						
Americas	2,209	220	10.0	29.5	(29)	191
Europe & Rest of World	1,716	184	10.7	23.0	(84)	100
Total reportable segments	3,925	404	10.3	26.1	(113)	291
Share of post tax profits of associates and joint ventures						13
Retirement benefit obligations net interest cost						(12)
Net interest expense						(42)
Profit before tax						250
Tax						(65)
Total profit for the year						185
Profit attributable to non controlling interests						(3)
Profit attributable to shareholders of Rexam PLC						182
2014						
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
Profit attributable to shareholders of Rexam PLC						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 post tax profits of associates and joint ventures divided by the average of opening and closing net assets after adding back pension assets and retirement benefit obligations (net of tax) and net borrowings and excluding goodwill, certain acquired intangible assets and non controlling interests.

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

Share of post tax profits of associates are attributable to Europe & Rest of World. Share of post tax profits of joint ventures are attributable to Americas.

Americas sales are disclosed after deducting £12m of sales to Europe & Rest of World (2014: £10m). Sales by Europe & Rest of World to Americas were not material in either year.

Non specific central costs are allocated to reportable segments on the basis of average net operating assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 SEGMENT ANALYSIS CONTINUED

(ii) Assets and liabilities

	2015 Assets £m	2015 Liabilities £m	2014 Assets £m	2014 Liabilities £m
Continuing operations				
Americas	1,807	(495)	1,740	(463)
Europe & Rest of World	2,138	(519)	1,910	(504)
Total reportable segments	3,945	(1,014)	3,650	(967)
Associates and joint ventures	88	–	80	–
Unallocated assets and liabilities[1]	820	(2,373)	857	(2,206)
	4,853	(3,387)	4,587	(3,173)

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

(iii) Significant other items

	2015 Capital expenditure £m	2015 Depreciation and amortisation £m	2014 Capital expenditure £m	2014 Depreciation and amortisation £m
Continuing operations				
Americas	57	64	63	64
Europe & Rest of World	201	91	140	78
Total reportable segments	258	155	203	142
Discontinued operations	–	–	14	–
	258	155	217	142

2 SEGMENT ANALYSIS CONTINUED

(iv) Geographic and other information

	2015 Sales £m	2015 Non current assets £m	2014 Sales £m	2014 Non current assets £m
Continuing operations				
US	1,202	683	1,148	642
Brazil	692	507	701	490
Austria	312	72	333	82
Spain	185	80	200	76
Russia	173	78	193	93
UK	163	216	161	223
Other countries	1,198	1,359	1,096	1,130
	3,925	2,995	3,832	2,736
Unallocated non current assets[1]	–	544	–	529
Total continuing operations	3,925	3,539	3,832	3,265
Discontinued operations	–	–	164	–
	3,925	3,539	3,996	3,265

1 Unallocated non current assets comprise derivative assets, deferred tax assets, pension assets, pension escrow investment and insurance backed assets.

Sales are stated by external customer location. One customer contributed sales of £1,056m (2014: £1,058m), and another customer contributed sales of £664m (2014: £606m).

3 OPERATING EXPENSES

	2015 Continuing operations underlying £m	2015 Continuing operations exceptional and other items[1] £m	2015 Continuing operations total £m	2014 Continuing operations underlying £m	2014 Continuing operations exceptional and other items[1] £m	2014 Continuing operations total £m	2014 Discontinued operations total £m
Raw materials used	(2,227)	–	(2,227)	(2,150)	–	(2,150)	(60)
Changes in inventories of WIP and finished goods	(20)	–	(20)	16	–	16	–
Employee benefit expense	(464)	(39)	(503)	(477)	(6)	(483)	(53)
Depreciation of property, plant and equipment	(128)	(17)	(145)	(136)	–	(136)	–
Amortisation of intangible assets	(5)	(5)	(10)	(5)	(1)	(6)	–
Impairment of property, plant and equipment	–	(5)	(5)	–	–	–	–
Freight costs	(214)	–	(214)	(213)	–	(213)	(5)
Operating lease rental expense	(24)	–	(24)	(21)	–	(21)	(2)
Operating lease rental income	2	–	2	2	–	2	–
Fair value changes on certain operating derivatives	–	(13)	(13)	–	5	5	–
Other operating expenses	(442)	(37)	(479)	(436)	(15)	(451)	(19)
Other operating income	1	3	4	6	1	7	2
	(3,521)	(113)	(3,634)	(3,414)	(16)	(3,430)	(137)

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

Operating expenses include research and development expenditure of £5m from continuing operations (2014: £5m from continuing operations and £2m from discontinued operations); fair value changes and hedge ineffectiveness net losses on forward commodity contracts of £13m from continuing operations (2014: gain of £2m) and fair value gains on forward foreign exchange contracts not hedge accounted of £nil from continuing operations (2014: £3m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 EMPLOYEE COSTS AND NUMBERS

(i) Employee benefit expense

	2015 £m	2014 £m
Continuing operations		
Wages and salaries	(419)	(396)
Social security	(48)	(48)
Share based payment (note 29)	(6)	(11)
Retirement benefit obligations (note 25)	(30)	(28)
Total continuing operations	(503)	(483)
Discontinued operations	–	(53)
	(503)	(536)

Included as part of employee benefit expense is key management compensation as set out below.

(ii) Key management compensation (including directors of Rexam PLC)

	2015 £m	2014 £m
Salaries and short term employee benefits	(10)	(9)
Post employment benefits	(1)	(1)
Share based payment	(2)	(4)
	(13)	(14)

Key management comprises all directors of Rexam PLC, the Executive Leadership Team and band 1 executives. For details of directors' remuneration see the remuneration report.

(iii) Average number of employees

	2015 Number	2014 Number
Continuing operations		
Americas	3,900	3,900
Europe & Rest of World	4,700	4,100
Total reportable segments	8,600	8,000
Discontinued operations	–	1,100
	8,600	9,100

4 EMPLOYEE COSTS AND NUMBERS CONTINUED

(iii) Average number of employees

	2015 Number	2014 Number
Continuing operations		
US	1,800	1,800
Brazil	1,600	1,600
Germany	700	700
Russia	600	600
UK	600	600
Spain	400	400
Saudi Arabia	400	–
Other countries	2,500	2,300
Total continuing operations	8,600	8,000
Discontinued operations	–	1,100
	8,600	9,100

5 AUDITORS' REMUNERATION

	2015 £m	2014 £m
Fees payable to PricewaterhouseCoopers LLP for the audit of the Rexam PLC and consolidated financial statements	0.8	0.8
Fees payable to PricewaterhouseCoopers LLP and its associates for the audit of subsidiaries of Rexam PLC	1.7	1.6
Audit related assurance services	0.2	0.2
Other assurance services	3.4	0.5
Tax advisory services	0.1	0.3
Tax compliance services	0.2	0.2
All other non audit services	0.5	0.5
	6.9	4.1

Other assurance services comprise assurance reporting on historic and other financial information incurred as a consequence of the proposed acquisition of Rexam by Ball. Other assurance services are included within exceptional items. In 2014, other assurance services comprised assurance reporting on historic financial information required for the disposal of the Healthcare business, which was recovered from the purchaser.

6 EXCEPTIONAL ITEMS

	2015 £m	2014 £m
Restructuring	(44)	(15)
Transaction related costs	(29)	–
Employee incentive related costs	(20)	–
Other exceptional items	(2)	(5)
Exceptional items before tax	(95)	(20)
Tax on exceptional items	14	4
Exceptional tax	–	7
Total exceptional items after tax	(81)	(9)

Restructuring relates to reorganisation costs for the European beverage can business, including closure of the plant in Berlin, 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. Employee incentive related costs that will be incurred as a consequence of the proposed acquisition of Rexam by Ball. Other exceptional items comprise an increase in a legal provision relating to a historic dispute in a business that originated prior to Rexam ownership and transaction fees relating to the acquisition of UAC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 INTEREST

	2015 £m	2014 £m
Interest expense		
Bank overdrafts	(8)	(7)
Bank loans	(6)	(6)
US private placements	(21)	(20)
Subordinated bond	(35)	(40)
Interest on financing derivatives	15	19
Foreign exchange gains/(losses)	4	(5)
Underlying interest expense	(51)	(59)
Fair value gains/(losses) on financing derivatives	1	(1)
Total interest expense	(50)	(60)
Interest income		
Cash and cash equivalents	8	7

An analysis of fair value gains/(losses) on financing derivatives is set out below.

	2015 £m	2014 £m
Fair value hedges		
Cross currency swaps	(21)	(14)
Fair value adjustment to borrowings	25	18
	4	4
Not hedge accounted		
Interest rate swaps	2	2
Cross currency swaps	(5)	(7)
	(3)	(5)
Fair value gains/(losses) on financing derivatives	1	(1)

The net gain on fair value hedges of £4m (2014: £4m) represents the total hedge ineffectiveness on financing derivatives for the year.

8 TAX

(i) Tax included in the consolidated income statement

	2015 Underlying profit £m	2015 Exceptional and other items[1] £m	2015 Total £m	2014 Underlying profit £m	2014 Exceptional and other items[1] £m	2014 Total £m
Continuing operations						
Current and non current tax	(75)	12	(63)	(65)	2	(63)
Adjustment in respect of prior years	–	–	–	5	7	12
Current and non current tax	(75)	12	(63)	(60)	9	(51)
Origination and reversal of temporary differences	(7)	5	(2)	(26)	1	(25)
Deferred tax	(7)	5	(2)	(26)	1	(25)
Total continuing operations	(82)	17	(65)	(86)	10	(76)
Discontinued operations	–	–	–	(10)	(36)	(46)
	(82)	17	(65)	(96)	(26)	(122)

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

(ii) Tax reconciliation

A reconciliation of the tax charge applicable to the Group's profit/(loss) before tax on continuing operations at the UK statutory rate of 20.25% (2014: 21.5%) with the tax charge on continuing operations based on the Group's effective rate is set out below.

	2015 Underlying profit/tax £m	2015 Exceptional and other items £m	2015 Total £m	2014 Underlying profit/tax £m	2014 Exceptional and other items £m	2014 Total £m
Profit/(loss) before tax on continuing operations	362	(112)	250	360	(17)	343
Tax on continuing operations at the UK statutory rate	(73)	22	(51)	(77)	3	(74)
Non deductible and non taxable items	15	(12)	3	15	(1)	14
Deferred tax assets previously unrecognised	15	–	15	–	–	–
Local to functional currency differences	(18)	–	(18)	(14)	–	(14)
(Higher)/lower domestic tax rates on overseas earnings	(21)	7	(14)	(15)	1	(14)
Adjustment in respect of prior years	–	–	–	5	7	12
Tax in the consolidated income statement	(82)	17	(65)	(86)	10	(76)
Effective rate of tax on continuing operations	23%		26%	24%		22%

(iii) Tax credited/(charged) in equity

	2015 £m	2014 £m
Retirement benefits	11	4
Cash flow hedges	(2)	(2)
Share based payment	1	–
Tax included in equity	10	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8 TAX CONTINUED

(iv) Analysis of deferred tax

	2015 £m	2014 £m
Deferred tax assets	243	210
Deferred tax liabilities	(60)	(40)
Net deferred tax assets	183	170

	Retirement benefit obligations £m	Tax losses £m	Accelerated tax depreciation £m	Goodwill and other intangible assets £m	Other temporary differences £m	Total £m
At 1 January 2015	135	66	(87)	(2)	58	170
Exchange differences	7	2	5	–	–	14
Acquisition of businesses (note 31)	–	–	–	(9)	–	(9)
(Charge)/credit for the year	(7)	21	(15)	1	(2)	(2)
Credit/(charge) to equity	11	–	–	–	(1)	10
At 31 December 2015	146	89	(97)	(10)	55	183
At 1 January 2014	129	57	(95)	55	70	216
Exchange differences	9	2	2	2	–	15
(Charge)/credit for the year	(7)	7	6	(59)	(10)	(63)
Credit/(charge) to equity	4	–	–	–	(2)	2
At 31 December 2014	135	66	(87)	(2)	58	170

Deferred tax assets and liabilities are presented as non current in the consolidated balance sheet. Of the total deferred tax assets, £6m (2014: £7m) are recoverable within one year. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balance net.

Deferred tax assets have been recognised where it is probable that they will be recovered. In recognising deferred tax assets, the Group has considered if it is more likely than not that sufficient future profits will be available to absorb tax losses and other temporary differences. Previously unrecognised deferred tax assets of £15m (2014: £nil) have been recognised in respect of tax losses and other temporary differences whose recoverability is now considered to meet the criteria above as a result of forecast taxable profits in India and an intended reorganisation of operating assets in Brazil. Deferred tax assets of £105m (2014: £105m) have not been recognised in respect of losses and other temporary differences due to the uncertainty of the availability of suitable profits in the foreseeable future. The principal items on which no deferred tax assets have been recognised are tax losses, including capital losses, of £363m (2014: £370m) of which £7m (2014: £13m) expire within five years.

No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries except where it is probable that the temporary difference will reverse in the foreseeable future. If the earnings were remitted in full, additional tax of £26m (2014: £24m) would be payable.

9 EARNINGS PER SHARE

	2015 Underlying Pence	2015 Basic Pence	2015 Diluted Pence	2014 Underlying Pence	2014 Basic Pence	2014 Diluted Pence
Continuing operations	39.1	25.9	25.7	37.2	36.2	35.9
Discontinued operations	–	–	–	2.0	12.2	12.1
Total	39.1	25.9	25.7	39.2	48.4	48.0

	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
2015					
Underlying profit before tax	357	–	357	5	362
Tax on underlying profit	(82)	–	(82)	–	(82)
Underlying profit for the financial year	275	–	275	5	280
Total exceptional and other items after tax	(93)	–	(93)	(2)	(95)
Total profit for the financial year	182	–	182	3	185
2014					
Underlying profit before tax	360	25	385	–	385
Tax on underlying profit	(86)	(10)	(96)	–	(96)
Underlying profit for the financial year	274	15	289	–	289
Total exceptional and other items after tax	(7)	75	68	–	68
Total profit for the financial year	267	90	357	–	357

	2015 Millions	2014 Millions
Weighted average number of shares in issue	702.9	737.1
Dilution on conversion of outstanding share options	6.6	7.1
Weighted average number of shares in issue on a diluted basis	709.5	744.2

Underlying earnings per share from continuing operations is based upon underlying profit for the financial year attributable to Rexam PLC divided by the weighted average number of shares in issue. Basic earnings per share from continuing operations is based on total profit for the financial year from continuing operations attributable to Rexam PLC divided by the weighted average number of shares in issue. Diluted earnings per share from continuing operations is based on total profit for the financial year from continuing operations attributable to Rexam PLC divided by the weighted average number of shares in issue on a diluted basis. Underlying profit for the financial year is profit before exceptional items, the amortisation of certain acquired intangible assets and fair value changes on certain derivatives.

10 DISCONTINUED OPERATIONS

There were no discontinued operations in 2015. In 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.

	£m
Sales	164
Operating expenses	(137)
Profit before tax	27
Tax	(10)
Profit after tax	17
Profit on disposal	73
Total discontinued profit for the year	90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11 EQUITY DIVIDENDS

	2015 £m	2014 £m
Interim dividend for 2015 of 5.8p paid on 24 September 2015	40	–
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
	124	133

The board has declared a final dividend[1] of 11.9p per share consistent with the terms of the Ball offer requiring that future dividends would not exceed the corresponding interim or final dividend paid in respect of 2014. The dividend will be paid on 6 May 2016 to holders of shares registered on 8 April 2016. This dividend will be paid whether or not the Ball offer completes. The cost of this dividend will be £84m and has not been accrued in these consolidated financial statements.

1 The final dividend in respect of the six months to 31 December 2015 has been declared by the board as a second interim dividend in accordance with the Company's articles of association and does not require shareholder approval.

12 GOODWILL

(i) Summary

	2015 £m	2014 £m
Cost		
At 1 January	1,221	1,235
Exchange differences	2	(14)
Acquisition of businesses (note 31)	15	–
At 31 December	1,238	1,221
Accumulated impairment		
At 1 January and 31 December	(3)	(3)
Carrying value at 31 December	1,235	1,218

The carrying value of goodwill at 31 December is allocated to cash generating units or groups of cash generating units (CGUs) as set out below.

	2015 £m	2014 £m
Europe	541	566
US	381	362
Brazil	205	194
Turkey	40	38
Egypt	26	28
Russia	19	23
Saudi Arabia	15	–
Mexico	8	7
Total carrying value at 31 December	1,235	1,218

12 GOODWILL CONTINUED
(ii) Impairment testing

The recoverable amounts of CGUs or groups of CGUs were determined based on value in use calculations at 31 December 2015. The cash flow projections used in these calculations are based on the Group's financial budget for 2016, as approved by the board in December 2015, and the Group's financial plans in respect of 2017 and 2018. As highlighted in the principal accounting policies, the calculation of value in use requires the use of estimates which, although based on management's best knowledge, may ultimately differ from actual results.

Key assumptions
The key assumptions for the value in use calculations are:

(a) Discount rates. The pre tax discount rates used in the value in use calculations are set out in the table below. These discount rates are derived from the Group's pre tax weighted average cost of capital (WACC), as adjusted for the specific risks relating to each region in which the CGUs operate. Pre tax discount rates increased significantly in 2015 to reflect higher risks relating to increased volatility and uncertainty in a number of the markets in which the Group operates, particularly Brazil, Turkey, Egypt, Russia and Mexico. The discount rates are set out in the table below.

	2015 %	2014 %
Europe	11	10
US	11	10
Brazil	23	15
Turkey	22	15
Egypt	29	23
Russia	23	19
Saudi Arabia	15	N/A
Mexico	17	13

(b) Growth rates. Cash flows beyond the three year planning horizon have been extrapolated using growth rates of 1.2% for Europe (2014: 1.6%), 1.6% for the US (2014: 2.1%), 5.7% for Brazil (2014: 5.0%) and at rates ranging between 2.8% and 8.1% for all other operations' CGUs (2014: 3.3% and 6.8%). The growth rates used do not exceed the long term GDP growth rates relating to each region in which the CGUs operate.

(c) Sales and costs. Forecasts for sales and margins are based on analyses of sales, markets, costs and competitors. Consideration is given to past experience and knowledge of future contracts. Forecasts for aluminium costs are based on forward prices and time projections after taking into account pass through of costs and hedging. Forecasts for other raw materials and energy costs are based on inflation forecasts and supply and demand factors.

Sensitivities
With respect to all CGUs or groups of CGUs, management considers that no reasonably possible change in any of the key assumptions would cause the recoverable amount of goodwill to fall below carrying value at 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13 OTHER INTANGIBLE ASSETS

	Computer software acquired £m	Computer software developed £m	Customer contracts and relationships acquired £m	Trade names acquired £m	Other development projects £m	Total £m
Cost						
At 1 January 2015	73	4	17	–	6	100
Acquisition of businesses (note 31)	–	–	67	8	–	75
Additions	6	–	–	–	–	6
Disposals	(15)	–	–	–	(1)	(16)
Transfer from property, plant and equipment	2	–	–	–	–	2
At 31 December 2015	66	4	84	8	5	167
Accumulated amortisation and impairment						
At 1 January 2015	(61)	(4)	(6)	–	(3)	(74)
Exchange differences	–	–	1	–	(1)	–
Amortisation for the year	(5)	–	(4)	(1)	–	(10)
Disposals	15	–	–	–	1	16
At 31 December 2015	(51)	(4)	(9)	(1)	(3)	(68)
Carrying value at 31 December 2015	15	–	75	7	2	99
Cost						
At 1 January 2014	82	9	42	–	6	139
Exchange differences	–	–	(12)	–	–	(12)
Additions	6	–	–	–	–	6
Disposals	(15)	(5)	(13)	–	–	(33)
At 31 December 2014	73	4	17	–	6	100
Accumulated amortisation and impairment						
At 1 January 2014	(71)	(9)	(22)	–	(3)	(105)
Exchange differences	–	–	4	–	–	4
Amortisation for the year	(5)	–	(1)	–	–	(6)
Disposals	15	5	13	–	–	33
At 31 December 2014	(61)	(4)	(6)	–	(3)	(74)
Carrying value at 31 December 2014	12	–	11	–	3	26

14 PROPERTY, PLANT AND EQUIPMENT

	Property £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost				
At 1 January 2015	422	2,039	156	2,617
Exchange differences	–	(5)	(3)	(8)
Acquisition of businesses (note 31)	10	22	35	67
Additions	18	73	161	252
Disposals	(1)	(46)	–	(47)
Reclassifications	31	114	(145)	–
Capitalised interest	2	–	–	2
Transfer to other intangible assets	–	–	(2)	(2)
Transfer from inventory	–	1	–	1
At 31 December 2015	482	2,198	202	2,882
Accumulated depreciation and impairment				
At 1 January 2015	(144)	(1,198)	–	(1,342)
Exchange differences	–	2	–	2
Depreciation for the year	(17)	(128)	–	(145)
Impairment for the year	(3)	(2)	–	(5)
Disposals	–	44	–	44
At 31 December 2015	(164)	(1,282)	–	(1,446)
Carrying value at 31 December 2015	318	916	202	1,436
Cost				
At 1 January 2014	425	1,979	118	2,522
Exchange differences	(15)	(49)	(3)	(67)
Additions	2	22	173	197
Disposals	(2)	(33)	–	(35)
Reclassifications	12	120	(132)	–
At 31 December 2014	422	2,039	156	2,617
Accumulated depreciation and impairment				
At 1 January 2014	(137)	(1,128)	–	(1,265)
Exchange differences	5	26	–	31
Depreciation for the year	(14)	(122)	–	(136)
Disposals	2	26	–	28
At 31 December 2014	(144)	(1,198)	–	(1,342)
Carrying value at 31 December 2014	278	841	156	1,275

The rate of interest used to calculate the capitalised interest in 2015 was 3%.

The impairment for the year relates to the closure of the plant in Berlin.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15 INVESTMENTS IN SUBSIDIARIES

Rexam is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is set out on page 153. The principal subsidiaries, all of which are wholly owned, are shown below. An asterisk indicates that the capital is directly owned by Rexam PLC. Subsidiaries incorporated in the UK are registered in England and Wales. All subsidiaries are included in the consolidated financial statements. A full list of subsidiaries, associates and joint ventures at 31 December 2015 is set out on pages 154 to 156.

	Country of incorporation	Principal area of operation	Identity of capital held	Nature of business activities
Rexam Beverage Can Company	US	US	Common stock	Beverage cans
Rexam Beverage Can Naro Fominsk LLC	Russia	Russia	Capital stock	Beverage cans
Rexam Beverage Can South America SA	Brazil	South America	Common stock	Beverage cans
Rexam do Brazil Ltda	Brazil	South America	Quotas	Beverage cans
Rexam European Holdings Limited	UK	UK	Ordinary shares	Holding company
Rexam Group Holdings Limited*	UK	UK	Ordinary shares	Holding company
Rexam Holdings AB	Sweden	Continental Europe	Ordinary shares	Holding company
Rexam Inc	US	US	Common stock	Holding company
Rexam Overseas Holdings Limited	UK	UK	Ordinary shares	Holding company

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The principal associate and joint ventures are set out below.

Name	Country of incorporation and area of operation	Issued capital	Group share
Hanil Can Company Limited – associate	South Korea	1.7m shares of 5,000 won each	40%
Envases Universales Rexam de Centroamerica SA – joint venture	Guatemala	378.1m shares of 0.32 quetzal each	50%
Envases del Istmo SA – joint venture	Panama	40,000 shares of $260 each	50%

	Associates £m	Joint ventures £m	Total £m
At 1 January 2015	55	25	80
Exchange differences	(1)	–	(1)
Acquisition of businesses (note 31)	–	5	5
Share of post tax profits	8	5	13
Dividends paid	(1)	(8)	(9)
At 31 December 2015	61	27	88
At 1 January 2014	48	28	76
Exchange differences	2	2	4
Share of post tax profits	5	5	10
Capital reduction	–	(10)	(10)
At 31 December 2014	55	25	80

There is £3m and £2m of goodwill allocated to the joint ventures in Guatemala and Panama, respectively, (2014: £3m and £nil).

A capital reduction in Guatemala in 2014 resulted in the discharge of a loan of £10m.

16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

The following table sets out summary information on associates and joint ventures on a 100% basis.

	2015 Associates £m	2015 Joint ventures £m	2014 Associates £m	2014 Joint ventures £m
Sales	298	113	201	89
Profit after tax	20	10	13	10
Non current assets	73	44	70	25
Current assets	142	51	137	39
Current liabilities	(47)	(41)	(58)	(15)
Non current liabilities	(16)	–	(12)	–

17 INSURANCE BACKED ASSETS

	2015 £m	2014 £m
At 1 January	25	22
Exchange differences	1	1
Payments in respect of pension obligations	(2)	(2)
Actuarial gains	1	4
	25	25
Non current assets	23	23
Current assets	2	2
At 31 December	25	25

The Group, through its subsidiary Rexam Inc, has a number of non qualified defined benefit pension plans in the US. It also has a number of non qualifying insurance policies (insurance backed assets), whereby those policies pay the benefits to the Group as they fall due, and the Group in turn makes the payments to the eligible beneficiaries of the non qualified defined benefit pension plans. Although eligible beneficiaries have no vested rights in the insurance policies, the policies cannot be used by the Group, and would revert to the benefit of general creditors in the event of Rexam Inc's bankruptcy. The insurance backed assets are recognised in the consolidated balance sheet at the present value of the matching defined benefit pension obligations and are accounted for in accordance with the Group's accounting policy for retirement benefit obligations.

18 INVENTORIES

	2015 £m	2014 £m
Raw materials, stores and consumables	205	179
Work in progress	–	2
Finished goods	333	323
	538	504

An analysis of provisions against inventories is set out below.

	2015 £m	2014 £m
At 1 January	(19)	(18)
Exchange differences	–	1
Charge for the year	(7)	(3)
Utilised	2	1
At 31 December	(24)	(19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 TRADE AND OTHER RECEIVABLES

	2015 £m	2014 £m
Non current assets		
Trade receivables	2	4
Provision for impairment	(2)	(2)
Net trade receivables	–	2
Prepayments	116	103
Taxes	5	6
Pension escrow investment	55	40
Available for sale financial assets	1	1
Other receivables	15	25
	192	177
Current assets		
Trade receivables	377	393
Provision for impairment	(1)	(2)
Net trade receivables	376	391
Prepayments	49	34
Taxes	58	45
Loan to joint venture	2	–
Other receivables	15	20
	500	490
Total trade and other receivables	692	667

There is an unsecured loan to the joint venture in Panama from Rexam PLC of £2m. The loan bears interest at 5% per annum and is due for repayment on 25 March 2016, but this may be extended by one year with the agreement of both parties.

An analysis of provisions for impairment of trade and other receivables is set out below.

	2015 £m	2014 £m
At 1 January	(4)	(4)
Exchange differences	1	–
Impairment in the year	(4)	(1)
Released in the year	2	1
Utilised	2	–
At 31 December	(3)	(4)

19 TRADE AND OTHER RECEIVABLES CONTINUED

An analysis of total trade and other receivables including those which are past due but not impaired is set out below.

	2015 £m	2014 £m
Not yet due	664	642
Past due less than 3 months	26	23
Between 3 and 6 months	2	–
More than 12 months	–	2
	692	667

The maximum amount of credit risk with respect to customers is represented by the carrying amount on the balance sheet. Customer credit facilities for new customers must be approved by designated managers at business level or by senior sector management. Credit limits are set with reference to trading history and reports from credit rating agencies. Customer credit facilities are reviewed at the sales order entry stage and at the time of shipment so as not to exceed customer limits. Overdue accounts are regularly reviewed and impairment provisions are created where necessary. As a matter of policy, all outstanding trade balances greater than three months are fully provided except as approved by senior sector management and with due regard to the historical risk profile of the customer. The Group has extremely low historical levels of customer credit defaults, due in part to the large multinational nature of many of its customers and the long term relationships it has with them. There were no major new customers in 2015 where the Group considered there was a risk of significant credit default. There are no trade and other receivables that would otherwise be past due or impaired whose terms have been renegotiated.

The carrying amounts of total trade and other receivables are denominated in the following currencies.

	2015 £m	2014 £m
Brazilian real	191	197
Euro	155	189
US dollar	179	160
Other	167	121
	692	667

Available for sale financial assets comprise investments of £1m (2014: £1m) and are denominated in euros.

20 CASH AND CASH EQUIVALENTS

	2015 £m	2014 £m
Cash at bank and in hand	75	116
Short term bank and money market deposits	162	172
	237	288

The carrying amounts of cash and cash equivalents are denominated in the following currencies.

	2015 £m	2014 £m
Brazilian real	98	69
Egyptian pound	91	45
US dollar	15	120
Saudi riyal	9	–
Sterling	3	18
Euro	2	17
Other	19	19
	237	288

Cash and cash equivalents held in Egypt of £91m reflects the difficulty of obtaining hard currency in Egypt and the need to place Egyptian pounds on deposit until hard currency can be acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Current liabilities		
Trade payables	(608)	(564)
Social security and other taxes	(38)	(50)
Accrued expenses	(158)	(149)
Other payables	(61)	(43)
	(865)	(806)
Non current liabilities		
Social security	(1)	–
Accrued expenses	(32)	(36)
Other payables	(15)	(28)
	(48)	(64)
Total trade and other payables	(913)	(870)

The carrying amounts of total trade and other payables are denominated in the following currencies.

	2015 £m	2014 £m
US dollar	(438)	(432)
Euro	(209)	(207)
Brazilian real	(162)	(147)
Other	(104)	(84)
	(913)	(870)

22 BORROWINGS

	2015 £m	2014 £m
Current liabilities		
Bank overdrafts	(47)	(17)
Bank loans	(310)	(255)
US private placements	(1)	(1)
Subordinated bond	(18)	(19)
	(376)	(292)
Non current liabilities		
Bank loans	(17)	2
US private placements	(504)	(480)
Subordinated bond	(587)	(646)
	(1,108)	(1,124)
Total borrowings	(1,484)	(1,416)

The Group has a range of bank facilities maturing from 2016 to 2019. These facilities may generally be drawn in a range of freely available currencies and are at floating rates of interest. In addition, the Group has a subordinated bond and US private placements in issue. The subordinated bond is denominated in euros with a maturity in 2067. It was issued at a fixed rate of interest and has been partially swapped into US dollar floating rates of interest until 2017 through the use of cross currency interest rate derivatives. The US private placements total $720m and €25m. They are at fixed rates of interest with $545m and €25m maturing in 2022 and $175m maturing in 2024.

22 BORROWINGS CONTINUED

The carrying amounts of total borrowings are denominated in the following currencies.

	2015 £m	2014 £m
Euro	(889)	(681)
US dollar	(538)	(485)
Saudi riyal	(48)	–
Sterling	(5)	(246)
Other	(4)	(4)
	(1,484)	(1,416)

23 NET BORROWINGS

	2015 £m	2014 £m
Cash and cash equivalents	237	288
Bank overdrafts	(47)	(17)
Bank loans	(327)	(253)
US private placements	(505)	(481)
Subordinated bond	(605)	(665)
Financing derivatives	(49)	30
	(1,296)	(1,098)

	2015 £m	2014 £m
At 1 January	(1,098)	(1,171)
Exchange differences	(32)	(47)
Acquisition of businesses (note 31)	(53)	–
Disposal of businesses	–	80
Change in cash and cash equivalents	(67)	84
Proceeds from borrowings	(16)	(68)
Repayment of borrowings	8	12
Fair value and other changes	(38)	12
At 31 December	(1,296)	(1,098)

Proceeds from borrowings in 2015 comprise a drawdown of multi currency revolving credit and bilateral credit facilities and the repayment of borrowings comprises the repayment of bank loans. Proceeds from borrowings in 2014 comprised settlement of inter company debt on the disposal of Healthcare and the repayment of borrowings comprised the repayment of bank loans.

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

	2015 £m	2014 £m
Total derivative financial instruments (net)	(87)	2
Derivatives not included in net borrowings	38	28
Financing derivatives included in net borrowings	(49)	30
Cash and cash equivalents	237	288
Borrowings included in current liabilities	(376)	(292)
Borrowings included in non current liabilities	(1,108)	(1,124)
	(1,296)	(1,098)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL INSTRUMENTS

(i) Carrying amount and fair value of financial assets and liabilities

	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
At 31 December 2015							
Financial assets							
Cash and cash equivalents	–	–	237	–	–	237	237
Trade and other receivables[1]	–	–	463	–	–	463	463
Available for sale financial assets	–	–	–	1	–	1	1
Derivatives	94	65	–	–	–	159	159
Financial liabilities							
Trade and other payables[2]	–	–	–	–	(874)	(874)	(874)
Bank overdrafts	–	–	–	–	(47)	(47)	(47)
Bank loans	–	–	–	–	(327)	(327)	(327)
US private placements	–	–	–	–	(505)	(505)	(522)
Subordinated bond	–	–	–	–	(605)	(605)	(576)
Derivatives	(37)	(209)	–	–	–	(246)	(246)
	57	(144)	700	1	(2,358)	(1,744)	(1,732)
At 31 December 2014							
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 31 December. 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.

24 FINANCIAL INSTRUMENTS CONTINUED

(ii) Financial risk management

The Group bases its financial risk management on sound economic objectives and good corporate practice. Group treasury operations are carried out under policies and parameters approved by the Rexam board.

(a) Market risk: currencies

Currency risks arise from the multi currency cash flows within the Group. These risks arise from exchange rate fluctuations relating to the translation of balance sheet items of foreign subsidiaries (translation risk) and from currency flows from sales and purchases (transaction risk).

Although the Group does not directly hedge translation risk it does mitigate the impact by borrowing a proportion of debt, either directly or through the use of cross currency swaps and forward foreign exchange contracts, in currencies which match or are correlated to the currencies of the overseas businesses. This approach also provides some protection against the foreign exchange translation of overseas earnings as it matches the currency of earnings to the currency of the interest expense. These amounts are included in the consolidated financial statements by translation into sterling at the balance sheet date and, where hedge accounted, offset in equity against the translation movement in net assets. Some cross currency swaps used to manage the Group's currency exposures, whilst economically effective, are ineligible for hedge accounting treatment.

The policy regarding transaction risk is to hedge the reported net transaction exposure in full less an allowance for variability in forecasting. This is generally achieved through the use of forward foreign exchange contracts with amounts hedged being based on the reporting from individual Group businesses. None of the foreign exchange derivative instruments at 31 December 2015 related to derivative trading activity, although some fair value gains and losses were taken to the consolidated income statement because IAS39 hedge accounting treatment was not applied. Foreign exchange derivative instruments are used for hedging general business exposures in foreign currencies such as the purchase and sale of goods, capital expenditure and dividend flows.

Transactional foreign exchange risks are hedged by Group treasury unless it is a legal requirement in the country where the foreign exchange risk arises that hedging is carried out locally. In the latter case, hedging is carried out by the individual responsible for treasury within the local business, but still operating within the overall Group policy on foreign exchange management.

The currency denomination of borrowings at 31 December 2015 was 56% in US dollars and 44% in euros (2014: 58% US dollars, 42% euros).

In response to the instabilities in certain currency markets, Rexam uses its Treasury Risk Committee comprising members from Group treasury, Group enterprise risk management and relevant businesses to identify key exposures, discuss and monitor developments and develop appropriate mitigation actions.

(b) Market risk: interest rates

Changes in interest rates on interest bearing receivables and floating rate debt in different currencies create interest rate risk. The objective of the Group's interest rate risk management is to manage its exposure to the impact of changes in interest rates in the currencies in which debt is borrowed. Group policy is normally to keep between 35% and 85% of interest on borrowings at fixed rates although approval may be sought for higher percentages of fixed rate debt. Interest rate risk is managed through the issue of fixed rate debt and through the use of interest rate derivatives that are used to manage the overall fixed to floating mix of debt, which was 71% fixed and 29% floating at 31 December 2015 (2014: 90% and 10%). Group treasury operates within a broad framework in respect of the mix of fixed and floating rate debt, as the optimum blend will vary depending on the mix of currencies and the Group's view of the debt markets at any point in time.

Cash at bank earns interest at floating rates based on bank deposit rates in the relevant currency. Short term deposits are usually made for periods varying between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates. Other floating rate financial instruments are at the appropriate LIBOR interest rates as adjusted by variable margins. Interest on floating rate financial instruments is repriced at intervals of less than one year. Interest on fixed rate financial instruments is fixed until maturity of the instrument.

Some interest rate swaps used to manage the Group's fixed to floating debt mix, whilst economically effective, are ineligible for hedge accounting treatment. Fair value gains and losses on these hedges are recognised in the consolidated income statement.

In 2015, there was a gain of £1m (2014: loss of £1m) on fair value changes on financing derivatives, disclosed separately within interest expense in the consolidated income statement.

(c) Market risk: commodity prices

Changes in the market price of commodities used by the Group create commodity risk. Group policy is to manage these risks through both its supply chain management and through use of financial derivatives. Where financial derivatives are used, the Group uses mainly over the counter instruments transacted with banks, which are themselves priced through a recognised commodity exchange, such as the London Metal Exchange. The Group manages the purchase of certain raw materials, including aluminium, iron ore, gas and diesel through physical supply contracts which, in the main, relate directly to commodity price indices. With regard to aluminium, which represents the Group's largest commodity exposure, the policy is to eliminate as far as possible any market price variability through hedging in tandem with contractual commitments to customers. Where Rexam assumes the aluminium price risk on customer contracts, it has defined a risk appetite with a predetermined aggregate consolidated income statement limit arising from any related aluminium hedging activities. Its position against this limit is monitored and reported on a monthly basis. For other commodities, the policy is to follow an incremental hedge approach over a period of up to three years in order to manage the price year on year and limit uncertainty. None of the commodity derivative financial instruments at 31 December 2015 related to derivative trading activity, although fair value gains and losses were taken to the consolidated income statement because hedge accounting was not applied or hedges were ineffective. The commodity hedges mainly relate to contracted and expected future purchases of aluminium, but also include iron ore, gas and diesel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL INSTRUMENTS CONTINUED

(d) Market risk: sensitivities

A sensitivity analysis for financial assets and liabilities affected by market risk is set out below. Each risk is analysed separately and shows the sensitivity of financial assets and liabilities when a certain risk is changed. The sensitivity analysis has been performed on balances at 31 December each year. The rates used are based on historical trends and, where relevant, projected forecasts.

Key methods and assumptions made when performing the sensitivity analysis (net of hedging):

(a) For the floating rate element of interest rate swaps and borrowings, the sensitivity calculation is performed based on the floating rates at 31 December each year.

(b) The translation impact of overseas subsidiaries into sterling is not included in the sensitivity analysis.

(c) The sensitivity analysis ignores any tax implications.

Currencies

The foreign exchange rate sensitivity analysis set out in the table below is based on foreign currency positions, other than each Group entity's own functional currency, on the balance sheet at 31 December. The analysis includes only risks arising from financial instruments and gives the estimated impact on profit before tax and equity of a 10% increase and decrease in exchange rates between currency pairs with significant currency positions.

	Increase %	Impact on profit before tax £m	Impact on equity £m	Decrease %	Impact on profit before tax £m	Impact on equity £m
At 31 December 2015						
Sterling/US dollar	10	18	43	(10)	(23)	(52)
Sterling/euro	10	(14)	39	(10)	20	(48)
Euro/US dollar	10	(27)	(21)	(10)	27	21
Rouble/US dollar	10	2	3	(10)	(2)	(3)
At 31 December 2014						
Sterling/US dollar	10	2	34	(10)	(3)	(42)
Sterling/euro	10	(1)	37	(10)	13	(46)
Euro/US dollar	10	(4)	(19)	(10)	4	17
Rouble/US dollar	10	(3)	(6)	(10)	3	6

The impact of currency risk on net investment hedges is offset by the translation of overseas subsidiaries on consolidation.

The net impact of currency translation resulted in sales and underlying profit from continuing operations (reducing)/increasing as set out below.

	2015 Sales £m	2015 Underlying operating profit £m	2014 Sales £m	2014 Underlying operating profit £m
US dollar	172	21	(123)	(15)
Euro	(84)	(12)	(42)	(5)
Russian rouble	(68)	(20)	(54)	(16)
Other currencies	(33)	(3)	(35)	(3)
	(13)	(14)	(254)	(39)

Interest rates

At 31 December 2015, a 1% increase or reduction in either US dollar or euro interest rates would not have a significant effect on profit before tax. There was no significant interest rate risk relating to equity in either year.

24 FINANCIAL INSTRUMENTS CONTINUED

Commodity prices

At 31 December 2015 and at 31 December 2014 the Group had aluminium commodity contracts that were ineffective from an accounting perspective resulting in fair value movements from the date of the last effective test being recognised in the consolidated income statement. With respect to ineffective aluminium commodity contracts, if the aluminium price was increased or decreased by 10% with all other variables held constant, profit before tax would increase or decrease by £5m (2014: £20m). With respect to cash flow hedged aluminium commodity contracts, if the aluminium price was increased or decreased by 10% with all other variables held constant, equity would increase or decrease by £23m (2014: £2m).

Equity prices

The Group is not subject to any significant equity price risk.

(e) Liquidity risk

An analysis of undiscounted contractual maturities for non derivative financial liabilities, derivative financial instruments and undrawn committed debt facilities is set out below.

	Within 1 year £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m	Total contractual amount £m
At 31 December 2015					
Non derivative financial liabilities					
Trade and other payables	(827)	(12)	(27)	(8)	(874)
Bank overdrafts	(47)	–	–	–	(47)
Bank loans	(310)	(4)	(13)	–	(327)
US private placements	(21)	(21)	(64)	(558)	(664)
Subordinated bond	(37)	(27)	(52)	(1,698)	(1,814)
Derivative financial instruments					
Derivative contracts – settled gross payments	(723)	(1,447)	(37)	–	(2,207)
Derivative contracts – settled gross receipts	742	1,377	37	–	2,156
Derivative contracts – net settlements	(3)	(1)	–	–	(4)
Commodity contracts	(36)	(6)	(2)	–	(44)
Undrawn committed debt facilities	10	–	544	–	554
At 31 December 2014					
Non derivative financial liabilities					
Trade and other payables	(756)	(14)	(32)	(18)	(820)
Bank overdrafts	(17)	–	–	–	(17)
Bank loans	(255)	–	2	–	(253)
US private placements	(20)	(20)	(61)	(552)	(653)
Subordinated bond	(40)	(40)	(87)	(1,774)	(1,941)
Derivative financial instruments					
Derivative contracts – settled gross payments	(422)	(62)	(1,360)	–	(1,844)
Derivative contracts – settled gross receipts	744	119	1,345	–	2,208
Derivative contracts – net settlements	(5)	(2)	–	–	(7)
Commodity contracts	(13)	(3)	–	–	(16)
Undrawn committed debt facilities	–	10	807	–	817

The subordinated bond matures in 2067 and Rexam has an option to redeem it at par in 2017. The above table assumes that the bond will be redeemed at maturity.

The Group monitors its liquidity to maintain a sufficient level of undrawn committed debt facilities, thereby ensuring financial flexibility.

The Group mitigates refinancing risk by raising its debt requirements from a range of different sources. At 31 December, the range of maturity dates arising on committed debt facilities is set out below.

Maturity date	2015 £m	2014 £m
2015	–	250
2016	10	10
2018	–	807
2019	807	–
2022	387	369
2024	118	112
2067	648	634
	1,970	2,182

There is an option for the Group to extend the £807m of facilities maturing in 2019 up to 22 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL INSTRUMENTS CONTINUED

(f) Credit risk

The maximum credit risk exposure of the Group's financial assets at 31 December is represented by the amounts reported under the corresponding balance sheet headings. There are no significant concentrations of credit risk associated with financial instruments of the Group. Credit risk arises from exposures to external counterparties. In order to manage this risk, the Group has strict credit control quality measures that are applied to counterparty institutions and also limits on maximum exposure levels to any one counterparty.

To manage credit risk, the maximum limits for bank exposures held under Group policy are set out in the table below by individual counterparty credit rating category. These limits are used when making investments and for the use of derivative instruments. The table also sets out the Group's financial asset exposure at 31 December for each counterparty credit rating category.

Credit rating	2015 Individual counterparty limit £m	2015 Cash and cash equivalents £m	2015 Derivatives £m	2015 Total £m	2014 Individual counterparty limit £m	2014 Cash and cash equivalents £m	2014 Derivatives £m	2014 Total £m
AA–	35 to 175	5	–	5	35 to 175	8	–	8
A+	28 to 140	–	39	39	28 to 140	71	81	152
A	28 to 140	40	32	72	28 to 140	76	34	110
A–	28 to 140	2	18	20	28 to 140	79	90	169
BBB+	21 to 105	21	38	59	21 to 105	41	–	41
BBB and below	10 to 52	169	32	201	10 to 52	13	–	13
		237	159	396		288	205	493

Given the increasing volatility in certain markets in which the Group operates, the 2015 financial asset exposures are based on the local territory credit ratings applicable to each counterparty. This is a change from 2014 when the financial asset exposures were based on the counterparty parent's credit risk.

See note 19 for information on credit risk with respect to customers.

(g) Capital risk management

The Group's objective is to minimise its cost of capital by optimising the efficiency of its capital structure, being the balance between equity and debt. The Group views its ordinary share capital as equity. This objective is always subject to an overriding principle that capital must be managed to ensure the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group is able to adjust its capital structure through the issue or redemption of either debt or equity and by adjustment to the dividend paid to equity holders. The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including its weighted average cost of capital and net debt to EBITDA and ensures that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost.

At 31 December 2015, the Group's net debt to EBITDA for financial covenant purposes was 2.1 times (2014: 1.4 times). The Group aims to keep this ratio below 2.5 times. For this purpose, net debt is broadly net borrowings adjusted to exclude interest accruals, certain derivative financial instruments and an equity portion of the subordinated bond and reflects non sterling amounts at average exchange rates. EBITDA is underlying operating profit after adding back depreciation and amortisation of computer software and adjusted where appropriate to include acquisitions on a pro forma basis and exclude disposed businesses.

24 FINANCIAL INSTRUMENTS CONTINUED

(iii) Derivative financial instruments

The net fair values of the Group's derivative financial instruments designated as fair value or cash flow hedges and those not designated as hedging instruments are set out below.

	2015 Assets £m	2015 Liabilities £m	2015 Total £m	2014 Assets £m	2014 Liabilities £m	2014 Total £m
Fair value hedges						
Cross currency swaps	76	–	76	121	–	121
Cash flow hedges						
Aluminium commodity contracts	1	(22)	(21)	1	(4)	(3)
Gas commodity contracts	–	(1)	(1)	–	(1)	(1)
Forward foreign exchange contracts	17	(14)	3	14	(26)	(12)
	18	(37)	(19)	15	(31)	(16)
Total hedge accounted	94	(37)	57	136	(31)	105
Not hedge accounted						
Aluminium commodity contracts	2	(21)	(19)	3	(12)	(9)
Diesel commodity contracts	–	(2)	(2)	–	(1)	(1)
Cross currency swaps	61	(181)	(120)	59	(149)	(90)
Interest rate swaps	–	(4)	(4)	–	(6)	(6)
Forward foreign exchange contracts	2	(1)	1	7	(4)	3
Total not hedge accounted	65	(209)	(144)	69	(172)	(103)
Total net fair value of derivative financial instruments	159	(246)	(87)	205	(203)	2

For derivatives subject to enforceable master netting arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant derivatives when both elect to settle on a net basis. In the absence of such an election, derivatives will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all such amounts on an offset basis in the event of default of the other party.

Fair value hedges
At 31 December 2015 and 31 December 2014, the Group has designated cross currency swaps as fair value hedges whereby interest is receivable at fixed interest rates of 6.75% and payable at floating rates. These swaps, which mature in 2017, hedge changes in the fair value of the euro subordinated bond which matures in 2067. Net ineffectiveness gains of £4m were included in interest in 2015 (2014: £4m).

Cash flow hedges
At 31 December 2015, the Group has designated forward foreign exchange contracts, some aluminium commodity contracts and gas commodity contracts as cash flow hedges. The forward foreign exchange contracts hedge foreign currency transaction risk and mature between 2016 and 2018. The aluminium and gas commodity contracts hedge future anticipated purchases of aluminium and gas, respectively, and mature between 2016 and 2018.

Not hedge accounted
The Group also has aluminium commodity contracts which were ineffective from an accounting perspective and all fair value movements are recognised in the consolidated income statement. These hedges mature between 2016 and 2017. In addition other derivatives may not qualify for hedge accounting, or are specifically not designated as a hedge where natural offset is more appropriate.

Net investment hedges
An analysis of the Group's financial instruments designated as net investment hedges with respect to its subsidiaries, principally in the eurozone and the US, is set out below.

	Euro revolving credit facility £m	Private placements £m	Subordinated bond £m	Financing derivatives £m	Total £m
At 1 January 2015	–	(394)	(180)	(246)	(820)
(Increase)/decrease in designations	(233)	(55)	–	224	(64)
Exchange differences recognised in equity	(9)	(21)	11	22	3
At 31 December 2015	(242)	(470)	(169)	–	(881)
At 1 January 2014	–	(154)	(194)	(9)	(357)
Increase in designations	–	(216)	–	(244)	(460)
Exchange differences recognised in equity	–	(24)	12	7	(5)
Disposal of Healthcare	–	–	2	–	2
At 31 December 2014	–	(394)	(180)	(246)	(820)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL INSTRUMENTS CONTINUED

An analysis of the notional amounts and maturity dates for derivative financial instruments is set out below.

	Currency	Maturity date	2015 Notional amounts £m	2014 Notional amounts £m
Fair value hedges				
Cross currency swaps	Euro	2017	386	410
Cross currency swaps	Sterling	2017	(354)	(354)
Cash flow hedges				
Forward foreign exchange contracts	US dollar	2016 to 2018	179	142
Forward foreign exchange contracts	Euro	2016	1	16
Forward foreign exchange contracts	Sterling	2016	17	(36)
Aluminium commodity contracts	US dollar	2016 to 2018	260	62
Gas commodity contracts	US dollar	2016 to 2017	5	5
Not hedge accounted				
Cross currency swaps	Sterling	2017	354	354
Cross currency swaps	US dollar	2017	(476)	(452)
Cross currency swaps	Euro	2017	(6)	(7)
Interest rate swaps	US dollar	2017	338	753
Interest rate swaps	Euro	2017	74	234
Forward foreign exchange contracts	US dollar	2016 to 2018	283	271
Forward foreign exchange contracts	Euro	2016	11	(137)
Forward foreign exchange contracts	Sterling	2016	15	8
Aluminium commodity contracts	US dollar	2016 to 2017	118	197
Aluminium premium contracts	US dollar	2016 to 2017	14	9
Diesel commodity contracts	US dollar	2016	5	10
Iron ore commodity contracts	US dollar	2015	–	2
Net investment hedges				
Forward foreign exchange contracts	Euro	2015	–	(246)

25 RETIREMENT BENEFIT OBLIGATIONS

(i) Summary

	UK defined benefit pensions £m	US defined benefit pensions £m	Other defined benefit pensions £m	Total principal defined benefit pensions (note ii) £m	Defined contribution pensions £m	Other long term employee benefits £m	Retiree medical (note iii) £m	Gross retirement benefit obligations £m
At 1 January 2015	89	(306)	(60)	(277)	–	(10)	(106)	(393)
Exchange differences	–	(17)	1	(16)	–	–	(5)	(21)
Acquisition of businesses (note 31)	–	–	–	–	–	(3)	–	(3)
Current service cost	(11)	(13)	(2)	(26)	(4)	(1)	(2)	(33)
Past service credits and settlements	–	–	3	3	–	–	–	3
Net interest cost	3	(11)	–	(8)	–	–	(4)	(12)
Actuarial (losses)/gains	13	(44)	7	(24)	–	–	6	(18)
Cash contributions and benefits paid	7	35	3	45	4	1	9	59
Other movements	–	2	2	4	–	–	–	4
At 31 December 2015	101	(354)	(46)	(299)	–	(13)	(102)	(414)
At 1 January 2014	(10)	(251)	(46)	(307)	–	(12)	(98)	(417)
Exchange differences	–	(17)	5	(12)	–	1	(6)	(17)
Current service cost – continuing operations	(11)	(10)	(1)	(22)	(3)	(1)	(2)	(28)
Current service cost – discontinued operations	–	–	–	–	(1)	–	–	(1)
Net interest cost	–	(10)	(2)	(12)	–	–	(4)	(16)
Actuarial gains/(losses)	103	(53)	(19)	31	–	–	(5)	26
Cash contributions and benefits paid	7	33	3	43	4	2	9	58
Other movements	–	2	–	2	–	–	–	2
At 31 December 2014	89	(306)	(60)	(277)	–	(10)	(106)	(393)

	2015 £m	2014 £m
Gross retirement benefit obligations	(414)	(393)
Tax	146	135
Net retirement benefit obligations	(268)	(258)

(ii) Principal defined benefit pensions

The Group sponsors various defined benefit pension plans, the largest being the funded plans in the UK and the US. There are also unfunded defined benefit plans in the US, Sweden and Germany and a funded defined benefit plan in Ireland.

UK defined benefit pension plan

The UK defined benefit plan is based on revalued career average earnings for members. It is governed by a board of trustees which is responsible for the management, administration, funding and investment strategy. The plan was closed to new entrants in 2011. The duration of the plan's liabilities is approximately 20 years (2014: 20 years).

The trustees are drawn partly from nominees of Rexam PLC and partly from the plan's membership, as member nominated trustees. It is Rexam's expectation that the composition of the trustees will remain at 50% member nominated, excluding the independent chairman.

The plan is subject to a statutory funding objective, as set out in UK pensions legislation. The trustees must obtain regular actuarial valuations to check whether the statutory funding objective is met, and whether a recovery plan is needed to restore funding to the level of the technical provisions. A full actuarial valuation by a qualified actuary was carried out as at 31 March 2014. The results of that valuation have been used to calculate the liabilities on an accounting basis as at 31 December 2015. The next full actuarial valuation will be carried out no later than 31 March 2017. The escrow account has now been extended to run to 31 December 2020. Under this agreement, £130m will be paid by Rexam into this account by that date, at a rate of £15m per year. As at 31 December 2015, £55m had been paid in (2014: £40m). At each subsequent valuation date, the assets in escrow will either be allocated to the plan, to Rexam PLC or remain in escrow depending on the funding position of the plan. If there is a change of control with a subsequent material decline in Rexam's credit rating or a material deterioration in Rexam's financial covenant, the entire £130m escrow would be paid into the plan. On an accounting basis at 31 December 2015 the plan was 105% funded (2014: 104%).

In 2009, Rexam PLC entered into a security agreement with the trustees, granting the plan a charge over the UK beverage can facilities and machinery at Milton Keynes and Wakefield which is enforceable up to 31 December 2020 in the event of a contribution default or a material decline in Rexam's financial covenant.

Investment strategy is the responsibility of the trustees, with implementation powers delegated to an investment committee. This investment committee includes employer representatives. A strategy is in place to reduce the mismatch between the assets and liabilities, with planned regular switches from growth assets into bonds. The switches may be accelerated if the funding level is ahead of target. Hedging covering 80% (2014: 80%) of interest rate risk and 79% (2014: 80%) of inflation risk is currently in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The plan has been gender equalised following the European 'Barber' equalisation regulations in 1990, although Guaranteed Minimum Pensions (GMPs) held in the plan in respect of members contracted out of the State Earnings Related Pension Scheme between 1978 and 1997 have not themselves been equalised, as the UK government is yet to confirm how GMP equalisation is to be achieved.

US defined benefit pension plan

The US defined benefit plan is based on final average pay or flat dollar benefits to union and non union hourly members. Benefits were frozen for salaried members in 2006. The duration of the plan's liabilities is approximately 11 years (2014: 10 years).

Plan oversight is provided by the US pension and benefits committee and the US investment committee, which are responsible for its management, administration, funding and investment strategy. Both committees consist entirely of employees of the Group, nominated by Rexam Inc, a subsidiary of Rexam PLC.

A full actuarial valuation by a qualified actuary is carried out annually, the latest being as at 1 January 2015. This valuation determines the plan's funding ratio and calculates the minimum required contributions for the year ahead based on US government requirements. The minimum contributions reflect the normal cost for benefits expected to be earned in the upcoming year, expected plan expenses including premiums to the Pension Benefit Guaranty Corporation, and additional contributions required to bring plan funding to 100%, typically over a seven year period. The calculations reflect the fair value of plan assets and actuarial liabilities based on government prescribed discount rates and mortality assumptions. At 1 January 2015, the ratio of plan assets to actuarial liabilities on the government funding basis equalled 109% (2014: 103%). The minimum required contributions for the 2015 plan year were $19m (2014: $14.5m). In 2015, $50m was paid into the plan (2014: $50m) and it is expected that this level of funding will continue in the medium term. On an accounting basis at 31 December 2015 the plan was 78% funded (2014: 81%).

The US investment committee has been designated by Rexam Inc as a named fiduciary of the trust assets. It adopted a strategy to minimise funded status volatility by matching at least 90% of the movement in the plan liabilities due to interest rate and credit spread fluctuations while generating returns consistent with the liability growth rate. As part of the strategy, in 2015 the plan achieved a 15% equity exposure (2014: 15%), mainly through derivatives. The multiple fixed income managers employed by the investment committee invest predominantly in corporate and government bonds as their primary objective is to avoid securities that will be downgraded or will default, with a secondary objective of outperforming their mutually agreed benchmarks.

Other defined benefit pension plans

The Group also operates unfunded plans in the US, Sweden and Germany and a funded plan in Ireland. Their legal status and control varies depending on the conditions and practices in the countries concerned. At 31 December 2015, the net liability of all these plans on an accounting basis was £95m (2014: £111m).

In 2015 there were past service credits and settlements of £3m relating to part of the unfunded German plan. This £3m credit resulted from various factors. Firstly, there was an increase in the retirement age from 65 to 67, effective 1 January 2015. Secondly some active members were given the option to settle their vested benefits. Thirdly, the plan was closed to future accrual, effective 31 December 2015. The £3m credit has been treated as an exceptional item in the consolidated financial statements.

Risk management

The Group's retirement benefit risk management for defined benefit pension plans is overseen by the Rexam retirement benefits committee. This committee manages pension deficit volatility on the balance sheet and general risks within the plans, including equity, interest rate and inflation risk. In general, trustees or similar bodies manage the defined benefit plans and set the required contribution rates based on independent actuarial advice in accordance with local regulations. The Group seeks to actively mitigate the risks associated with its plans. The Group seeks a good working relationship with the trustees through regular meetings and pension matters are regularly reported to the Rexam board. The trustees cannot unilaterally wind up the plans nor do they have unilateral power to demand contributions or set contribution rates without employer consent. There are no significant risks of immediate debt payments to the plans and there is no self investment.

There is a risk that changes in discount rates, price inflation, asset returns or mortality assumptions could lead to a material deficit. Given the long term time horizon of the pension plan cash flows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions. A higher pension deficit could directly impact the Group's equity valuation, credit rating and may lead to additional funding requirements in future years. Any deficit relative to the actuarial liability for funding purposes, which may differ from the funding position on an accounting basis, will generally be financed over a period that ensures the contributions are reasonably affordable to Rexam PLC and in line with local regulations. Contingent contribution payment commitments from the escrow account may also become more likely.

25 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

	UK 2015 £m	US 2015 £m	Other 2015 £m	Total 2015 £m	UK 2014 £m	US 2014 £m	Other 2014 £m	Total 2014 £m
Amounts recognised in the consolidated balance sheet								
Fair value of plan assets	2,097	1,067	22	3,186	2,154	1,108	21	3,283
Present value of funded obligations	(1,996)	(1,372)	(29)	(3,397)	(2,065)	(1,363)	(33)	(3,461)
Funded defined benefit pension plans	101	(305)	(7)	(211)	89	(255)	(12)	(178)
Present value of unfunded obligations	–	(49)	(39)	(88)	–	(51)	(48)	(99)
Net (liability)/asset	101	(354)	(46)	(299)	89	(306)	(60)	(277)
Changes in the fair value of plan assets								
At 1 January	2,154	1,108	21	3,283	1,893	987	19	2,899
Exchange differences	–	57	(2)	55	–	60	(1)	59
Plan administration expenses	(3)	(7)	–	(10)	(3)	(5)	–	(8)
Interest on plan assets	78	39	1	118	84	41	–	125
Actuarial changes arising on plan assets	(45)	(69)	1	(113)	245	83	2	330
Employer contributions	7	33	1	41	7	30	1	38
Plan participant contributions	2	–	–	2	2	–	–	2
Benefits paid	(96)	(94)	–	(190)	(74)	(88)	–	(162)
At 31 December	2,097	1,067	22	3,186	2,154	1,108	21	3,283
Changes in the present value of defined benefit pension obligations								
At 1 January	(2,065)	(1,414)	(81)	(3,560)	(1,903)	(1,238)	(65)	(3,206)
Exchange differences	–	(74)	3	(71)	–	(77)	6	(71)
Current service cost	(8)	(6)	(2)	(16)	(8)	(5)	(1)	(14)
Past service credits and settlements	–	–	3	3	–	–	–	–
Interest on plan liabilities	(75)	(50)	(1)	(126)	(84)	(51)	(2)	(137)
Actuarial changes arising from financial assumptions	65	29	5	99	(222)	(86)	(21)	(329)
Actuarial changes arising from demographic assumptions	(7)	(1)	–	(8)	–	(39)	–	(39)
Actuarial changes arising from experience assumptions	–	(3)	1	(2)	80	(11)	–	69
Plan participant contributions	(2)	–	–	(2)	(2)	–	–	(2)
Benefits paid	96	96	2	194	74	91	2	167
Other movements	–	2	2	4	–	2	–	2
At 31 December	(1,996)	(1,421)	(68)	(3,485)	(2,065)	(1,414)	(81)	(3,560)
Major categories of plan assets								
Quoted equities	–	–	–	–	222	–	–	222
Government bonds	872	51	–	923	952	7	–	959
Corporate bonds	–	636	–	636	–	662	–	662
Other bonds	–	36	–	36	–	36	–	36
Total bonds	872	723	–	1,595	952	705	–	1,657
Equities	555	37	11	603	384	54	14	452
Corporate and government bonds	154	249	9	412	310	295	7	612
Property	141	–	–	141	131	–	–	131
Targeted and diversified growth funds	361	–	–	361	99	–	–	99
Other	–	41	2	43	–	37	–	37
Total held in managed funds	1,211	327	22	1,560	924	386	21	1,331
Derivatives	(18)	–	–	(18)	39	–	–	39
Cash and cash equivalents	32	17	–	49	17	17	–	34
	2,097	1,067	22	3,186	2,154	1,108	21	3,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Principal actuarial assumptions

	UK 2015 %	US 2015 %	Other 2015 %	UK 2014 %	US 2014 %	Other 2014 %
Discount rate	3.90	3.80	2.75	3.70	3.60	2.34
Future pension increases	3.20	–	1.13	3.20	–	1.19
Future salary increases	4.70	4.00	2.83	4.70	4.00	2.81
Inflation rate	3.20	2.50	2.00	3.20	2.50	2.00

The mortality assumptions used in valuing the liabilities of the UK pension plan are based on the standard tables S2NA (2014: S1NA) as published by the Institute and Faculty of Actuaries, projected using the CMI 2013 (2014: CMI 2009) model with a 1.25% per annum long term rate of improvement. These tables are adjusted to reflect the circumstances of the plan membership. The life expectancy assumed for a 65 year old pensioner is 88.0 years (2014: 87.2 years) for a male and 88.9 years (2014: 89.4 years) for a female. The life expectancy for a non pensioner currently aged 45 is 89.8 years (2014: 89.0 years) for a male and 90.7 years (2014: 91.2 years) for a female.

The mortality assumptions used in valuing the liabilities of the US pension plans for 2015 are as follows. Pre retirement mortality is based on MRP-2007 tables with generational projection using scale MSS-2007. Post retirement mortality is based on the Mercer Industry Longevity Experience Study (MILES-2010) combined collar tables for Auto, Industrial Goods and Transportation (AIGT) companies, with one year set forward for females and with generational projection using scale MSS-2007 applied from 2010. The life expectancy assumed for a 65 year old pensioner is 85.6 years (2014: 85.5 years) for a male and 87.2 years (2014: 87.1 years) for a female. The life expectancy for a non pensioner currently aged 40 is 87.0 years (2014: 87.0 years) for a male and 88.6 years (2014: 88.5 years) for a female.

The Group expects to contribute £48m in cash to its defined benefit pension plans in 2016, excluding any amounts paid into escrow.

IFRIC 14 'IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' had no impact on the Group in 2015 or 2014.

(iii) Retiree medical

The Group operates a defined benefit retiree medical and life insurance plan in the US for certain segments of the retiree population. Plan oversight is provided by the US pension and benefits committee. Before reaching Medicare eligibility (generally age 65), the plan provides benefits similar to medical coverage as for active employees, but generally with a higher level of participant contributions. After Medicare eligibility is reached, most retirees receive a flat dollar allowance to help with the cost of privately purchased benefits or with government Medicare contributions.

There is a risk that changes in discount rates and life expectancy assumptions could lead to a material increase in liabilities for plan benefits. These unfunded benefits are assessed with the advice of a qualified actuary.

	2015 £m	2014 £m
Changes in the present value of the retiree medical obligation		
At 1 January	(106)	(98)
Exchange differences	(5)	(6)
Current service cost (including administration costs of £1m (2014: £1m)	(2)	(2)
Interest cost	(4)	(4)
Actuarial changes arising from financial assumptions	2	(5)
Actuarial changes arising from demographic assumptions	2	(2)
Actuarial changes arising from experience assumptions	2	2
Benefits paid	9	9
At 31 December	(102)	(106)

25 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Principal actuarial assumptions

	2015 %	2014 %
Discount rate	3.80	3.60

The mortality assumptions used in valuing the liabilities for retiree medical in 2015 are the same as those for the US pension plans set out in section (ii) above.

Healthcare cost trend rates do not have a significant impact on the Group with respect to retiree medical.

(iv) Sensitivities

The following sensitivity analysis sets out the impact on plan assets and plan liabilities of changes in the principal assumptions for principal defined benefit pension plans and retiree medical combined.

	2015 £m	2014 £m
Reduction in plan assets		
Equity values fall by 10%	(70)	(70)
Increase in plan liabilities		
Discount rates fall by 0.5%	(70)	(50)
Life expectancy increases by one year	(115)	(120)

26 PROVISIONS

	Environmental compliance £m	Restructuring of businesses £m	Onerous leases £m	Indirect tax exposures £m	Share based payment £m	Other £m	Total £m
At 1 January 2015	(19)	(6)	(18)	(31)	(13)	(10)	(97)
Exchange differences	–	–	(1)	9	–	–	8
Acquisition of businesses (note 31)	–	–	–	–	–	(1)	(1)
Charge for the year	–	(26)	(2)	–	(3)	(4)	(35)
Release for the year	–	2	1	–	–	1	4
Utilised	3	7	2	–	10	–	22
Other movements	–	(1)	–	–	–	(1)	(2)
At 31 December 2015	(16)	(24)	(18)	(22)	(6)	(15)	(101)
Current liabilities	(2)	(21)	(2)	–	(4)	(6)	(35)
Non current liabilities	(14)	(3)	(16)	(22)	(2)	(9)	(66)
At 31 December 2015	(16)	(24)	(18)	(22)	(6)	(15)	(101)
Current liabilities	(3)	(4)	(2)	–	(9)	–	(18)
Non current liabilities	(16)	(2)	(16)	(31)	(4)	(10)	(79)
At 31 December 2014	(19)	(6)	(18)	(31)	(13)	(10)	(97)

Environmental compliance relates to the US and France and is long term in nature with the timing of utilisation unknown due to the need to complete remedial investigations, to negotiate remedial plans with relevant authorities and to implement agreed plans. The provision for restructuring of businesses relates to the reorganisation of the European beverage cans business of £19m, the conversion of steel beverage can lines to aluminium of £3m and prior year business disposals of £2m. The timing of the payments is mostly in 2016. Onerous leases relate to leases retained following prior year disposals. The timing of payments is dependent on lease payment schedules together with related carrying costs and sublease income, if any. Indirect tax exposures relate to Brazil and are long term in nature, with the timing of payment, if any, dependent upon the outcome of tax cases and exposures. Share based payment relates to cash settled share option schemes which, dependent upon various performance criteria being met, will be paid over the period up to August 2025. Other provisions relate to various legal and other legacy claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27 SHARE CAPITAL

Number of issued and fully paid shares (000's)	Ordinary shares of $80^{5}/_{14}$p	B shares of 57p
At 1 January 2015	704,807	2,066
Final redemption of B shares	–	(2,066)
Shares issued under share option schemes	596	–
At 31 December 2015	705,403	–

The remaining B shares relating to the return of cash to shareholders were redeemed on 8 April 2015 at a cost of £1m.

Number of issued and fully paid shares (000's)	Ordinary shares of $71^{3}/_{7}$p	C shares of 0.0001p	Deferred shares of 0.0001p	Ordinary shares of $80^{5}/_{14}$p	B shares of 57p
At 1 January 2014	791,961	–	–	–	–
Shares issued from share premium account	–	475,874	–	–	316,109
Eight for nine share consolidation	(791,983)	–	–	703,985	–
Reclassification of C shares to deferred shares	–	(475,874)	475,874	–	–
Initial redemption of B shares	–	–	–	–	(314,043)
Redemption of deferred shares	–	–	(475,874)	–	–
Shares issued under share option schemes	22	–	–	822	–
At 31 December 2014	–	–	–	704,807	2,066

The rights and restrictions attaching to the shares and the provisions relating to the transfer of shares are as governed by law and in accordance with the Company's articles of association. Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights, either in person or by proxy, on resolutions proposed at general meetings and to participate in any distribution of income or capital. The directors may refuse to register a transfer of shares where such transfer documents are not lodged by acceptable means or proof of title is required. Shares are held by the Rexam Employee Share Trust for the satisfaction of certain share options (note 29). The independent trustee of the Rexam Employee Share Trust has the same rights as any other shareholder. Participants in option schemes do not hold any voting rights on the shares until the date of exercise. There are no restrictions on the voting rights of holders of shares nor any known agreements between holders of shares under which financial rights are held by any person other than the registered holder, or voting rights or the transfer of shares are restricted.

28 OTHER RESERVES

	Translation reserve £m	Net investment hedge reserve £m	Cash flow hedge reserve £m	Total £m
At 1 January 2015	(129)	(65)	(17)	(211)
Exchange differences before recognition of net investment hedges	(27)	–	1	(26)
Net investment hedges recognised	–	3	–	3
Cash flow hedges recognised	–	–	(77)	(77)
Cash flow hedges transferred to inventory	–	–	1	1
Cash flow hedges transferred to the income statement	–	–	36	36
Tax on cash flow hedges	–	–	(2)	(2)
At 31 December 2015	(156)	(62)	(58)	(276)
At 1 January 2014	110	(62)	7	55
Exchange differences before recognition of net investment hedges	(85)	–	(14)	(99)
Net investment hedges recognised	–	(5)	–	(5)
Exchange differences recognised in the income statement on disposal of Healthcare	(154)	2	–	(152)
Cash flow hedges recognised	–	–	(27)	(27)
Cash flow hedges transferred to inventory	–	–	12	12
Cash flow hedges transferred to the income statement	–	–	7	7
Tax on cash flow hedges	–	–	(2)	(2)
At 31 December 2014	(129)	(65)	(17)	(211)

29 SHARE BASED PAYMENT

(i) Summary of share based payment schemes

Scheme name	Abbreviation	Scheme status	Settlement basis
Long Term Incentive Plan 2009	LTIP	Open	Equity and cash
Savings Related Share Option Schemes	SAYE	Open	Equity
Deferred Bonus Scheme	Deferred Bonus	Open	Equity
Executive Share Option Scheme	ESOS	Closed	Equity
Phantom Stock Plan	Phantoms	Closed	Cash

LTIP

The LTIP is the primary long term incentive plan for Rexam's executive directors, band 1 and 2 executives and other senior management. The LTIP measures performance targets over a three year period. Options will normally vest, subject to performance targets being achieved, on the third anniversary of the date of grant at a nominal cost to the employee. Employees who leave with a right to exercise options must normally wait until the end of the measurement period. If the option vests, the employee will receive an entitlement which normally will be time apportioned for the period from the start of the measurement period to the date on which employment ended.

Options granted in 2015 to executive directors and band 1 and 2 executives are subject to two performance conditions, compound annual growth in underlying earnings per share (EPS) and relative Total Shareholder Return (TSR), in the proportion 75% and 25%, respectively. The EPS element has a return on capital employed underpin. These options are equity settled. Options granted in 2015 to other senior management are subject to 100% EPS. These options are cash settled.

Options include a dividend equivalent element whereby employees will be entitled to receive, in cash, the notional dividends paid during the measurement period on any options that vest.

For further details of the LTIP refer to the directors' remuneration report.

SAYE

All employee SAYE schemes are open to eligible employees resident in the UK and Ireland. Grants of options over shares are made at an exercise price of 80% of the market value of Rexam shares at the invitation date. Options vest three, five or seven years after the commencement of the savings contract, depending on the term selected by the employee at grant and expire six months after vesting. No options were granted in 2015.

Deferred Bonus

Rexam executive directors receive 25% of any annual bonus as a deferred award over Rexam ordinary shares. These shares must be held for a period of not less than three years. There are no further vesting conditions. For further details of the deferred bonus plan refer to the directors' remuneration report.

ESOS

Prior to 2009, annual grants of options over ordinary shares were made to certain senior management. For grants up to and including 2006, shares vested if a performance target (growth in economic profit) was met over the three year measurement period. No performance targets were set for the 2007 and 2008 grants. Options are exercisable three years after grant date and expire ten years after grant date. The exercise price was set at market value using the market price of a Rexam share at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29 SHARE BASED PAYMENT CONTINUED

Phantoms

This cash settled scheme operates in the same way as the ESOS scheme and relates to certain senior management located outside the UK and Europe.

(ii) Employee benefit expense

	2015 £m	2014 £m
Continuing operations		
Equity settled	3	7
Cash settled	3	4
Total continuing operations	6	11
Discontinued operations		
Cash settled	–	1
Total operations	6	12

(iii) Key assumptions used in valuing options granted during the year

	LTIP
Valuation models	TSR – Monte Carlo
	EPS/ROCE – Black Scholes
Expected dividend growth (%)	–
Expected historical volatility (%)	TSR – 23
Risk free interest rate (%)	TSR – 0.6 to 0.8
Expected life (years)	3
Weighted average share price (£)	5.35 to 5.84
Weighted average fair value (£)	3.71 to 6.22

The assumptions made to incorporate the effects of expected early exercise have been included by assuming an expected option life based on historical exercise patterns for each option scheme. Historical volatilities are arrived at using a period comparable with the expected life of the option. The correlation coefficient is calculated using the correlation matrix for the TSR simulation using three year daily historical stock price series for each company in the comparator group, including Rexam, from the beginning of the measurement period.

(iv) Number of options and weighted average exercise prices of all option schemes

	2015 Number of options Thousands	2015 Weighted average exercise price £	2014 Number of options Thousands	2014 Weighted average exercise price £
Outstanding at 1 January	18,842	0.39	23,464	0.42
Granted	5,255	–	6,143	0.21
Exercised	(3,644)	0.77	(7,592)	0.42
Lapsed	(3,917)	0.06	(3,173)	0.10
Outstanding at 31 December	16,536	0.26	18,842	0.39
Exercisable at 31 December	489	4.04	961	3.98

29 SHARE BASED PAYMENT CONTINUED

(v) Exercise prices and average remaining contractual lives of options by scheme

	2015 Number of options Thousands	2015 Range of exercise prices £	2015 Weighted average remaining contractual life Years	2014 Number of options Thousands	2014 Range of exercise prices £	2014 Weighted average remaining contractual life Years
LTIP	15,206	–	6.5	16,651	–	4.3
SAYE	714	2.12 to 4.11	2.0	1,107	2.12 to 4.11	2.3
Deferred bonus	177	–	1.1	203	–	1.0
ESOS	289	3.84 to 4.57	1.8	530	3.84 to 4.58	2.8
Phantoms	150	3.60 to 4.38	2.0	351	3.60 to 4.57	2.9

(vi) Rexam Employee Share Trust

The Group operates an employee share trust, the Rexam Employee Share Trust, that owns 1,653,891 ordinary shares of 80 5/14p in Rexam PLC at 31 December 2015 (2014: 3,259,722) acquired at an average cost per share of £4.89 (2014: £4.89) and included in the consolidated balance sheet within retained loss at a cost of £8m (2014: £16m). These shares will be used to satisfy future LTIP exercises. The purchases are funded by cash contributions from participating companies. Dividends receivable during the year have been waived. The administration expenses of the Trust are borne by the Trust. Shares are allocated by the Trust when related LTIP options are exercised. The market value of the shares at 31 December 2015 was £10m (2014: £15m).

30 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED/(OUTFLOW) FROM OPERATIONS

	2015 Continuing operations £m	2014 Continuing operations £m	2014 Discontinued operations £m	2014 Total operations £m
Profit before tax	250	343	27	370
Adjustments for:				
Share of post tax profits of associates and joint ventures	(13)	(10)	–	(10)
Net interest expense	42	53	–	53
Depreciation of property, plant and equipment	145	136	–	136
Amortisation of intangible assets	10	6	–	6
Impairment of property, plant and equipment	5	–	–	–
Movement in working capital	(11)	10	(43)	(33)
Movement in advance payments to customers	(16)	(19)	–	(19)
Movement in provisions	8	(13)	(4)	(17)
Movement in retirement benefit obligations	(17)	(13)	–	(13)
Fair value changes on operating derivatives	12	(2)	–	(2)
Movement in cash flow hedges	17	–	–	–
Loss/(gain) on disposal of fixed assets	2	5	(2)	3
Other adjustments	(1)	2	–	2
Cash generated/(outflow) from operations	433	498	(22)	476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 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. The Group concluded that 51% was a controlling interest on the basis that it owns in excess of 50% of the voting rights and therefore has power over the business. Details of the acquisition are set out below.

	£m
Cash consideration	69
Completion adjustment payable	1
Total consideration	70
Fair value of net assets acquired	(55)
Goodwill	15

The carrying value of net assets acquired, fair value adjustments made and the resulting fair value of net assets acquired are set out below. The fair values were determined by an independent valuer.

	Carrying value of net assets acquired £m	Fair value adjustments £m	Fair value of net assets acquired £m
Intangible assets	–	75	75
Property, plant and equipment	55	12	67
Net working capital	41	(5)	36
Cash and cash equivalents	3	–	3
Bank loans	(53)	–	(53)
Retirement benefit obligations	(3)	–	(3)
Provisions	–	(1)	(1)
Tax	–	(13)	(13)
Net assets before non controlling interests	43	68	111
Non controlling interests	(21)	(35)	(56)
Net assets	22	33	55

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 £67m 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 £5m, onerous contracts of £1m and tax of £13m, of which £9m is deferred in relation to intangible assets and other fair value adjustments and £4m is in relation to income taxes. The fair value of non controlling interests of £56m, represents a 49% share of net assets before non controlling interests and tax of £61m, less a share of tax of £5m, reflecting the non controlling interests lower share of local tax liabilities.

31 ACQUISITION OF BUSINESSES CONTINUED

The income statements for UAC for the period from acquisition to 31 December 2015 and for 2015 are set out below.

	Period from 21.1.15 to 31.12.15 £m	Year ended 31.12.15 £m
Sales	86	91
Underlying expenses	(74)	(79)
Underlying operating profit	12	12
Net interest expense	(1)	(1)
Underlying profit before tax	11	11
Amortisation of acquired intangible assets	(4)	(4)
Profit before tax	7	7
Tax	(1)	(1)
Retained profit	6	6

The summary balance sheet for UAC at 31 December 2015 is set out below.

	£m
Non current assets	144
Current assets	66
Current liabilities	(56)
Non current liabilities	(34)
	120

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.

Consideration for acquisitions is reconciled to the consolidated cash flow statement as set out below.

	£m
Cash consideration paid for UAC	69
Less: cash and cash equivalents acquired with UAC	(3)
Cash consideration paid for Endelis	5
Net cash outflow included in the consolidated cash flow statement	71

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

32 CONTINGENT LIABILITIES

In an international group a variety of claims arise from time to time; some have little or no foundation in law or in fact and others cannot be quantified. The claims include litigation against Group companies, investigations by regulatory and fiscal authorities and obligations arising under environmental legislation. Provision has been made in these consolidated financial statements against those claims which the directors consider are likely to result in significant liabilities. There are no contingent liabilities at 31 December 2015 or 31 December 2014 that require disclosure.

33 COMMITMENTS

(i) Operating lease commitments

The Group leases offices, warehouses and plant and equipment under non cancellable operating leases. The leases have varying terms, purchase options, escalation clauses and renewal rights. The Group also leases plant and equipment under cancellable operating leases.

An analysis of the total future minimum lease payments under non cancellable operating leases for total operations is set out below.

	2015 Property £m	2015 Plant and equipment £m	2014 Property £m	2014 Plant and equipment £m
Less than 1 year	16	3	14	3
Between 1 and 5 years	29	3	29	4
Over 5 years	36	–	36	–
Total	81	6	79	7

Total future minimum sublease receipts under non cancellable operating leases are £10m (2014: £12m).

(ii) Capital commitments

	2015 £m	2014 £m
Contracts placed for future capital expenditure not provided in the consolidated financial statements:		
Property, plant and equipment	86	69

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 December	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Consolidated income statement					
Continuing operations					
Sales	3,925	3,832	3,943	3,885	3,786
Underlying operating expenses	(3,521)	(3,414)	(3,494)	(3,437)	(3,359)
Underlying operating profit	404	418	449	448	427
Share of post tax profits of associates and joint ventures	13	10	9	9	9
Retirement benefit obligations net interest cost	(12)	(16)	(16)	(19)	(21)
Underlying net interest expense	(43)	(52)	(70)	(80)	(90)
Underlying profit before tax	362	360	372	358	325
Exceptional and other items[1]	(112)	(17)	(33)	(39)	16
Profit before tax	250	343	339	319	341
Tax	(65)	(76)	(86)	(77)	(91)
Profit for the financial year from continuing operations	185	267	253	242	250
Discontinued operations					
Profit/(loss) for the financial year from discontinued operations	–	90	(158)	(36)	117
Total profit for the financial year	185	357	95	206	367

As at 31 December	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Consolidated balance sheet					
Goodwill and other intangible assets	1,334	1,244	1,266	1,813	2,177
Property, plant and equipment	1,436	1,275	1,257	1,459	1,590
Retirement benefit obligations (net of tax)	(268)	(258)	(288)	(355)	(371)
Other net assets	260	251	805	151	235
Underlying net assets	2,762	2,512	3,040	3,068	3,631
Shareholders' equity	1,405	1,414	1,869	2,287	2,319
Non controlling interests	61	–	–	–	–
Total equity	1,466	1,414	1,869	2,287	2,319
Net borrowings	1,296	1,098	1,171	781	1,312
Capital employed	2,762	2,512	3,040	3,068	3,631

Statistics						
Underlying return on sales[2]	%	10.3	10.9	11.4	11.5	11.3
Underlying earnings per share[2]	Pence	39.1	37.2	35.3	31.2	27.4
Basic earnings per share[3]	Pence	25.9	36.2	32.0	27.8	28.7
Dividends per ordinary share[4]	Pence	17.7	17.7	17.4	15.2	14.4
Interest cover[5]	Times	9.4	8.0	6.4	5.6	4.7
Free cash flow[3]	£m	115	203	180	207	276
Capital expenditure (gross)[6]	£m	243	211	232	291	240
Return on net assets[7]	%	26.1	27.1	30.4	30.8	29.1
Return on capital employed[8]	%	14.5	14.9	15.5	14.5	13.5
Gearing	%	88	78	63	34	57
Average number of employees[3]	Number	8,600	8,000	8,000	7,800	7,700

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

2 Based on continuing operations before exceptional and other items.

3 Based on continuing operations.

4 Includes proposed final dividends and for 2015 the declared second interim dividend payable on 6 May 2016.

5 Based on underlying operating profit from continuing operations and underlying net interest expense from continuing operations.

6 Based on total operations.

7 Underlying operating profit from total operations plus share of post tax profits of associates and joint ventures divided by the average of opening and closing net assets after adding back pension assets and retirement benefit obligations (net of tax) and net borrowings and excluding goodwill, certain acquired intangible assets and non controlling interests.

8 Underlying operating profit from total operations plus share of post tax profits of associates and joint ventures divided by the average of opening and closing shareholders' equity after adding back pension assets, retirement benefit obligations (net of tax) and net borrowings.

REXAM PLC FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REXAM PLC

REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, Rexam PLC's Parent Company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the annual report, comprise:

- the balance sheet as at 31 December 2015
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 'Reduced Disclosure Framework'.

OTHER REQURIED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)') we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Parent Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 73, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

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

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

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

In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OTHER MATTER

We have reported separately on the Group financial statements of Rexam PLC for the year ended 31 December 2015.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 February 2016

REXAM PLC BALANCE SHEET

As at 31 December	notes	2015 £m	2014 £m
Assets			
Non current assets			
Intangible assets	5	9	7
Property, plant and equipment	6	–	1
Investments in subsidiaries	7	5,428	5,295
Pension assets	13	101	89
Pension escrow investment	13	55	40
Deferred tax assets	15	2	4
Derivative financial instruments	12	127	161
		5,722	5,597
Current assets			
Trade and other receivables	8	13	9
Derivative financial instruments	12	24	29
Cash and cash equivalents	9	1	121
		38	159
Total assets		5,760	5,756
Liabilities			
Current liabilities			
Borrowings	11	(303)	(270)
Derivative financial instruments	12	(14)	(10)
Trade and other payables	10	(1,153)	(1,194)
Provisions	14	(1)	(2)
		(1,471)	(1,476)
Non current liabilities			
Borrowings	11	(1,089)	(1,124)
Derivative financial instruments	12	(184)	(151)
Deferred tax liabilities	15	(18)	(18)
Provisions	14	(1)	(1)
		(1,292)	(1,294)
Total liabilities		(2,763)	(2,770)
Net assets		2,997	2,986
Equity			
Ordinary share capital	16	567	567
Non equity B shares	16	–	1
Share premium account		425	424
Capital redemption reserve		926	925
Retained profit		924	914
Other reserves	18	155	155
Total shareholders' equity		2,997	2,986

The financial statements on pages 136 to 151 were authorised for issue by the board of directors on 18 February 2016.

Graham Chipchase, chief executive

REXAM PLC STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Non equity B shares £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Other reserves (note 18) £m	Total shareholders' equity £m
At 1 January 2015	567	1	424	925	914	155	2,986
Profit for the financial year	–	–	–	–	124	–	124
Retirement benefits: actuarial gains	–	–	–	–	13	–	13
Retirement benefits: tax on actuarial gains	–	–	–	–	(1)	–	(1)
Total comprehensive income for the year	–	–	–	–	136	–	136
Share options: proceeds from shares issued	–	–	1	–	–	–	1
Share options: value of services provided	–	–	–	–	2	–	2
Share options: cost of investment	–	–	–	–	(4)	–	(4)
Return of cash to shareholders	–	(1)	–	1	–	–	–
Dividends paid (note 4)	–	–	–	–	(124)	–	(124)
Total transactions with owners recognised directly in equity	–	(1)	1	1	(126)	–	(125)
At 31 December 2015	567	–	425	926	924	155	2,997
At 1 January 2014	566	–	602	746	857	155	2,926
Profit for the financial year	–	–	–	–	570	–	570
Retirement benefits: actuarial gains	–	–	–	–	103	–	103
Retirement benefits: tax on actuarial gains	–	–	–	–	(21)	–	(21)
Total other comprehensive income for the year	–	–	–	–	82	–	82
Total comprehensive income for the year	–	–	–	–	652	–	652
Share options: proceeds from shares issued	1	–	2	–	–	–	3
Share options: value of services provided	–	–	–	–	2	–	2
Share options: cost of investment	–	–	–	–	(8)	–	(8)
Purchase of Rexam PLC shares by Employee Share Trust	–	–	–	–	(7)	–	(7)
Return of cash to shareholders	–	1	(180)	179	(449)	–	(449)
Dividends paid (note 4)	–	–	–	–	(133)	–	(133)
Total transactions with owners recognised directly in equity	1	1	(178)	179	(595)	–	(592)
At 31 December 2014	567	1	424	925	914	155	2,986

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments, share based payment and retirement benefit obligations and in accordance with applicable accounting standards. No income statement is presented by Rexam PLC as permitted by Section 408 of the Companies Act 2006.

Rexam PLC has transitioned to FRS101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. Transition tables showing all material adjustments are disclosed in note 22. The accounting policies which follow set out those policies which apply in preparing the financial statements for 2015.

Rexam PLC has taken advantage of the following disclosure exemptions under FRS101.

(a) IFRS2 'Share based Payment' paragraphs 45(b) and 46-52.

(b) IFRS7 'Financial Instruments Disclosures'.

(c) IFRS13 'Fair Value Measurement' paragraphs 91 to 99.

(d) The requirement in IAS1 'Presentation of Financial Statements' to present information on management of capital.

(e) The requirement of IAS7 'Statement of Cash Flows' to present a cash flow statement

(f) IAS8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31.

(g) The requirement of IAS24 'Related Party Disclosures' to present disclosure of key management personnel compensation, and for related party transactions entered into between two or more members of a group.

Rexam PLC has taken advantage of the amendments to FRS101 issued in July 2015 and has presented the Rexam PLC balance sheet in accordance with IAS1 'Presentation of Financial Statements'.

The 1 January 2014 and 31 December 2014 balance sheets include a reclassification to present certain inter company loans as current rather than non current to better reflect the terms of the loan agreements. The adjustments are reflected in the transition tables on pages 149 and 150. Rexam PLC believes that this reclassification is not material to the financial statements taken as a whole.

Going concern

For details of going concern see note 1 to the consolidated financial statements.

Key estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Retirement benefits

The financial statements include costs in relation to, and provision for, retirement benefit obligations. Rexam PLC has one defined benefit pension plan in the UK. The costs and present value of any related pension assets and liabilities depend on factors such as life expectancy of the members, the salary progression of current employees, the returns that plan assets generate and the discount rate used to calculate the present value of the liabilities. Rexam PLC uses estimates based on previous experience and external actuarial advice in determining these future cash flows and the discount rate. The accounting policy for retirement benefit obligations is set out below.

Income taxes

Judgement is required in determining the provision for income taxes. There are many transactions and calculations whose ultimate tax treatment is uncertain. Rexam PLC recognises liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. Rexam PLC recognises deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known. We do not currently anticipate a significant risk of material adjustment to the outcomes referred to above over the next financial year. The accounting policy for income taxes is set out below.

Foreign currencies

All exchange differences arising on foreign currencies are taken to the income statement.

Retirement benefit obligations

Rexam PLC operates a funded defined benefit plan and a defined contribution plan.

A funded defined benefit plan typically specifies the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The asset or liability recognised in the balance sheet in respect of a funded defined benefit plan is the present value of the defined benefit obligation less the fair value of plan assets at the balance sheet date. The defined benefit obligation is calculated, at least triennially, by independent actuaries using the projected unit credit method and is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are determined in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The current service cost and administration expenses are recognised as an operating expense in the income statement. Past service costs and credits are recognised immediately as an operating expense in the income statement. The net interest cost is the change during the year in the pension asset or liability due to the passage of time and is recognised as an interest expense in the income statement. The interest rate is based on the yield on high quality corporate bonds. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in other comprehensive income for the year.

A defined contribution plan is one under which fixed contributions are made to a third party. The contributions are recognised when they are due as an operating expense in the income statement.

Share based payment

Rexam PLC operates equity and cash settled share option schemes. For equity settled share options, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the income statement, together with a corresponding increase in equity, on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Equity settled share options granted directly to subsidiary company employees are treated as a capital contribution to the subsidiary. The capital contribution is measured by reference to the fair value of the share options and recognised as an increase in the cost of the investment with a corresponding increase in shareholders' equity. Vesting conditions, which comprise service conditions and non-market performance conditions, are not taken into account when estimating the fair value. All market and non-vesting conditions are included in the fair value. For cash settled share options, the services received from employees are measured at the fair value of the liability and recognised as an operating expense in the income statement on a straight line basis over the vesting period. The fair value of the liability is measured at each balance sheet date and at the date of settlement with changes in fair value recognised as an operating expense in the income statement. The Rexam Employee Share Trust holds ordinary shares in Rexam PLC to satisfy future share option exercises, which are presented in the balance sheet as a deduction from shareholders' equity.

Interest

Interest on cash and cash equivalents and borrowings held at amortised cost is recognised in the income statement using the effective interest method. Interest includes exchange differences arising on cash and cash equivalents and borrowings and all fair value gains and losses on derivative financial instruments.

Intangible assets

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

Computer software	2 to 7 years

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Cost comprises purchase price and directly attributable costs. Depreciation is calculated on a straight line basis to allocate cost, less residual value of the assets, over their estimated useful lives as follows:

Computer hardware	2 to 5 years
Fixtures and fittings	4 to 10 years

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank and money market deposits and other short term highly liquid investments generally with original maturities of three months or less.

Operating leases

Payments made under operating leases are recognised as an operating expense in the income statement on a straight line basis over the lease term. Any incentives to enter into operating leases are recognised as a reduction of rental expense over the lease term on a straight line basis.

Income taxes

The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date. Provisions are established on the basis of amount expected to be paid to tax authorities.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Tax is recognised in the income statement, unless the tax relates to items recognised directly in equity, in which case the tax is recognised directly in shareholders' equity through other comprehensive income.

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS CONTINUED

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Provisions
Provisions are recognised when a present obligation exists in respect of a past event and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered material.

Dividends
Final equity dividends to the shareholders of Rexam PLC are recognised in the period they are approved by the shareholders. Interim equity dividends are recognised in the period they are paid. Dividends receivable are recognised when the right to receive payment is established.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less provisions for impairment where appropriate.

Impairment of assets
At each balance sheet date, Rexam PLC assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Rexam PLC makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation. When an asset is written down to its recoverable amount the impairment loss is recognised in the income statement in the year in which it is incurred. Should circumstances change which result in a reversal of a previous impairment, the value of the asset is increased and the reversal is recognised in the income statement in the year in which it occurs. The increase in the carrying amount of the asset is limited to the amount which would have been recorded had no impairment been recognised in prior years.

Financial instruments
Derivative financial instruments are measured at fair value and immediately recognised in the income statement. Derivative financial instruments used by Rexam PLC include interest rate swaps, cross currency swaps, forward foreign exchange contracts and aluminium, gas and diesel commodity contracts.

Borrowings are measured at amortised cost. Up front fees paid on the establishment of facilities are initially capitalised as transaction costs of the facilities and amortised in interest over the expected term of the facilities. Ongoing commitment fees are expensed in interest as incurred.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. Trade and other payables are measured at cost.

2 EMPLOYEE COSTS AND NUMBERS

(i) Employee benefit expense

	2015 £m	2014 £m
Employee costs including directors:		
Wages and salaries	21	17
Social security	3	3
Retirement benefits (note 13)	7	7
Share options (note 19)	3	6
	34	33

For details of directors' remuneration see the remuneration report.

(ii) Average number of employees

	2015 Number	2014 Number
UK total	127	123

3 AUDITORS' REMUNERATION

	2015 £m	2014 £m
Fees payable to PricewaterhouseCoopers for the audit of Rexam PLC	0.8	0.8
Audit related assurance services	0.2	0.2
Other assurance services	3.4	0.5
Tax compliance and advisory	0.1	0.2
All other non audit services	0.3	0.4
	4.8	2.1

Other assurance services comprise assurance reporting on historic and other financial information incurred as a consequence of the proposed acquisition of Rexam by Ball Corporation. In 2014, other assurance services comprised assurance reporting on historic financial information required for the disposal of the Healthcare business, which was recovered from the purchaser.

4 EQUITY DIVIDENDS

For details of equity dividends see note 11 to the consolidated financial statements.

5 INTANGIBLE ASSETS

	2015 £m	2014 £m
Cost		
At 1 January	20	16
Additions	4	4
Disposals	(12)	–
At 31 December	12	20
Accumulated amortisation and impairment		
At 1 January	(13)	(11)
Amortisation for the year	(2)	(2)
Disposals	12	–
At 31 December	(3)	(13)
Carrying value at 31 December	9	7

Intangible assets comprise computer software.

6 PROPERTY, PLANT AND EQUIPMENT

	Computer hardware £m	Fixtures and fittings £m	Total £m
Cost			
At 1 January 2015	16	2	18
Disposals	(14)	(2)	(16)
At 31 December 2015	2	–	2
Accumulated depreciation			
At 1 January 2015	(15)	(2)	(17)
Depreciation for the year	(1)	–	(1)
Disposals	14	2	16
At 31 December 2015	(2)	–	(2)
Carrying value at 31 December 2015	–	–	–
Cost			
At 1 January 2014 and 31 December 2014	16	2	18
Accumulated depreciation			
At 1 January 2014	(14)	(1)	(15)
Depreciation for the year	(1)	(1)	(2)
At 31 December 2014	(15)	(2)	(17)
Carrying value at 31 December 2014	1	–	1

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS CONTINUED

7 INVESTMENTS IN SUBSIDIARIES

	Shares £m	Loans £m	Share options: cost of investment £m	Total £m
At 1 January 2015	2,000	3,256	39	5,295
Exchange differences	–	16	–	16
Advances	17	1,070	–	1,087
Repayments	–	(966)	–	(966)
Share options: cost of investment	–	–	(4)	(4)
At 31 December 2015	2,017	3,376	35	5,428
At 1 January 2014	1,985	3,243	47	5,275
Exchange differences	–	34	–	34
Advances	30	1,086	–	1,116
Repayments	(15)	(1,093)	–	(1,108)
Impairment	–	(14)	–	(14)
Share options: cost of investment	–	–	(8)	(8)
At 31 December 2014	2,000	3,256	39	5,295

A full list of subsidiaries, associates and joint ventures of Rexam PLC, either held directly or indirectly, is set out on pages 154 to 156.

The directors believe that the underlying value of investments in subsidiaries is supported by the carrying value of the net assets.

8 TRADE AND OTHER RECEIVABLES

	2015 £m	2014 £m
Current assets		
Trade receivables	2	1
Due from subsidiaries	3	2
Prepayments	2	2
Loan to joint venture	2	–
Taxes	2	2
Other receivables	2	2
	13	9

There is an unsecured loan to the joint venture in Panama from Rexam PLC of £2m. The loan bears interest at 5% per annum and is due for repayment on 25 March 2016, but this may be extended by one year with the agreement of both parties.

9 CASH AND CASH EQUIVALENTS

	2015 £m	2014 £m
Cash at bank and in hand	1	34
Short term money market deposits	–	87
	1	121

10 TRADE AND OTHER PAYABLES

	2015 £m	2014 £m
Current liabilities		
Trade payables	(7)	(3)
Due to subsidiaries	(1,128)	(1,176)
Social security and other taxes	(1)	(2)
Accrued expenses	(16)	(12)
Other payables	(1)	(1)
	(1,153)	(1,194)

11 BORROWINGS

	2015 £m	2014 £m
Current liabilities		
Bank overdrafts	(22)	–
Bank loans net of capitalised financing fees	(262)	(250)
US private placements	(1)	(1)
Subordinated bond	(18)	(19)
	(303)	(270)
Non current liabilities		
Bank loans net of capitalised financing fees	2	2
US private placements	(504)	(480)
Subordinated bond	(587)	(646)
	(1,089)	(1,124)
Total borrowings	(1,392)	(1,394)

The subordinated bond is denominated in euros with a maturity in 2067. It was issued at a fixed rate of interest and has been partially swapped into US dollar floating rates of interest until 2017 through the use of cross currency interest rate derivatives.

The US private placements total $720m and €25m. They are at fixed rates of interest with $545m and €25m maturing in 2022 and $175m maturing in 2024.

12 FINANCIAL INSTRUMENTS

	2015 £m	2014 £m
Fair value of derivative financial instruments		
Cross currency swaps	(44)	31
Interest rate swaps	(4)	(6)
Forward foreign exchange contracts	1	4
	(47)	29

The fair value of cross currency swaps and interest rate swaps has 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.

	2015 £m	2014 £m
Fair value losses included in retained profit for the year		
Cross currency swaps	(56)	(49)
Interest rate swaps	(2)	(3)
Forward foreign exchange contracts	(4)	3
	(62)	(49)

Cross currency swaps
At 31 December 2015, three cross currency swaps were outstanding. The first swapped €750m to £505m receiving fixed interest rates of 6.75% and paying floating interest rates. The second swapped £505m to $1,007m receiving and paying floating interest rates. The third swapped $302m to €233m receiving floating interest rates and paying fixed interest rates of 2.69%. All of these swaps mature in 2017.

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS CONTINUED

12 FINANCIAL INSTRUMENTS CONTINUED

Interest rate swaps

At 31 December 2015, three interest rate swaps were outstanding as set out below.

Principal	Maturity date	Receive	Pay
$350m	2017	Floating	1.31%
$150m	2017	Floating	1.27%
€100m	2017	Floating	0.55%

Forward foreign exchange contracts

At 31 December 2015, forward foreign exchange contracts had principal amounts equivalent to £229m (2014: £18m). The principal currencies traded were the US dollar, euro and sterling. These contracts mature in 2016 (2014: in 2015).

13 RETIREMENT BENEFIT OBLIGATIONS

(i) Funded defined benefit plan

Rexam PLC operates a funded defined benefit pension plan in the UK. This plan is funded by the payment of contributions to a separately administered trust fund, partly by contributions from members and partly by contributions from Rexam PLC and its subsidiaries, at rates advised by independent professionally qualified actuaries. Rexam PLC is the principal employer and legal sponsor and therefore, under FRS101, the net surplus in the plan of £101m (2014: £89m) is recognised on its balance sheet at the fair value of plan assets, less the present value of the defined benefit obligation.

The plan is based on revalued career average earnings for members and is governed by a board of trustees which is responsible for the management, administration, funding and investment strategy. The plan was closed to new entrants in 2011. The duration of the plan's liabilities is approximately 20 years (2014: 20 years). The trustees are drawn partly from nominees of Rexam PLC and partly from the plan's membership, as member nominated trustees. The trustee also consults Rexam PLC regarding the appointment of the chair. It is Rexam's expectation that the composition of the trustees will remain at 50% member nominated, excluding the independent chairman. The governance structure of the trustee board rests with the principal employer.

The plan is subject to a statutory funding objective, as set out in UK pensions legislation. The trustees must obtain regular actuarial valuations to check whether the statutory funding objective is met, and whether a recovery plan is needed to restore funding to the level of the technical provisions. A full actuarial valuation by a qualified actuary was carried out as at 31 March 2014. The results of that valuation have been used to calculate the liabilities on an accounting basis as at 31 December 2015. The next full actuarial valuation will be carried out no later than 31 March 2017. The escrow account has now been extended to run to 31 December 2020. Under this agreement, £130m will be paid into this account by that date at a rate of £15m per year. As at 31 December 2015, £55m (2014: £40m) had been paid into this account. At each subsequent valuation date, the assets in escrow will either be allocated to the plan, to Rexam PLC or remain in escrow depending on the funding position of the plan. If there is a change of control with a subsequent material decline in Rexam's credit rating or a material deterioration in Rexam's financial covenant, the entire £130m escrow would be paid into the plan. On an accounting basis at 31 December 2015 the plan was 105% funded (2014: 104%).

In 2009, Rexam PLC entered into a security agreement with the trustees, granting the plan a charge over the UK beverage can facilities and machinery at Milton Keynes and Wakefield which is enforceable up to 31 December 2020 in the event of a contribution default or a material decline in Rexam's financial covenant.

Investment strategy is the responsibility of the trustees, with implementation powers delegated to an investment committee. This investment committee includes employer representatives. A strategy has been agreed to reduce the mismatch between the assets and liabilities, with planned regular switches from growth assets into bonds. The switches may be accelerated under certain market conditions and triggers apply based on both funding level and market indices. Hedging covering 80% (2014: 80%) of interest rate risk and 79% (2014: 80%) of inflation risk is currently in place.

The plan has been gender equalised following the European 'Barber' equalisation regulations in 1990, although Guaranteed Minimum Pensions (GMPs) held in the plan in respect of members contracted out of the State Earnings Related Pension Plan between 1978 and 1997 have not themselves been equalised, as the UK government is yet to confirm how GMP equalisation is to be achieved.

13 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Rexam PLC's retirement benefit risk management for the plan is overseen by the Rexam retirement benefits committee. This committee manages pension deficit volatility on the balance sheet and general risks within the plan, including equity, interest rate and inflation risk. In general, trustees or similar bodies manage the defined benefit plan and set the required contribution rate based on independent actuarial advice in accordance with UK regulations. Rexam PLC seeks to actively mitigate the risks associated with the plan. Rexam PLC seeks a good working relationship with the trustees through regular meetings and pension matters are regularly reported to the Rexam Board. The trustees cannot unilaterally wind up the plans nor do they have unilateral power to demand contributions or set contribution rates without employer consent. There are no significant risks of immediate debt payments to the plans and there is no self investment.

There is a risk that changes in discount rates, price inflation, asset returns or mortality assumptions could lead to a material deficit. Given the long term time horizon of the pension plan cash flows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions. A higher pension deficit could directly impact Rexam PLC's equity valuation, credit rating and may lead to additional funding requirements in future years. Any deficit relative to the actuarial liability for funding purposes, which may differ from the funding position on an accounting basis, will generally be financed over a period that ensures the contributions are reasonably affordable to Rexam PLC and in line with UK regulations. Contingent contribution payment commitments from the escrow account may also become more likely.

	2015 £m	2014 £m
Amounts recognised in the balance sheet		
Fair value of plan assets	2,097	2,154
Present value of obligations	(1,996)	(2,065)
Gross retirement benefit asset	101	89
Tax	(18)	(18)
Net retirement benefit asset	83	71
Changes in the fair value of plan assets		
At 1 January	2,154	1,893
Plan administration expenses	(3)	(3)
Interest on plan assets	78	84
Actuarial changes arising on plan assets	(45)	245
Employer contributions	4	4
Plan participant contributions	2	2
Benefits paid	(96)	(74)
Transactions with subsidiaries	3	3
At 31 December	2,097	2,154
Changes in the present value of obligations		
At 1 January	(2,065)	(1,903)
Current service cost	(4)	(4)
Interest on plan liabilities	(75)	(84)
Actuarial changes arising from financial assumptions	65	(222)
Actuarial changes arising from demographic changes	(7)	–
Actuarial changes arising from experience assumptions	–	80
Plan participant contributions	(2)	(2)
Benefits paid	96	74
Transactions with subsidiaries	(4)	(4)
At 31 December	(1,996)	(2,065)

	2015 £m	2014 £m
Major categories of plan assets		
Quoted equities	–	222
Government bonds	872	952
Equities	555	384
Corporate and government bonds	154	310
Property	141	131
Targeted and diversified growth funds	361	99
Total held in managed funds	1,211	924
Derivatives	(18)	39
Cash and cash equivalents	32	17
	2,097	2,154

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS CONTINUED

13 RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Principal actuarial assumptions

	2015 %	2014 %
Discount rate	3.90	3.70
Future pension increases	3.20	3.20
Future salary increases	4.70	4.70
Inflation rate	3.20	3.20

The mortality assumptions used in valuing the liabilities are based on the standard tables S2NA (2014: S1NA) as published by the Institute and Faculty of Actuaries, projected using the CMI 2013 (2014: CMI 2009) model with a 1.25% per annum long term rate of improvement. These tables are adjusted to reflect the circumstances of the plan membership. The life expectancy assumed for a 65 year old pensioner is 88.0 years (2014: 87.2 years) for a male and 88.9 years (2014: 89.4 years) for a female. The life expectancy for a non pensioner currently aged 45 is 89.8 years (2014: 89.0 years) for a male and 90.7 years (2014: 91.2 years) for a female.

The discount rate assumption is based on the single equivalent discount rate implied by the Mercer Yield Curve, UK – Extended Dataset model.

Rexam PLC expects to contribute £7m in cash to the funded defined benefit pension plan in 2016, excluding any amounts paid into escrow.

IFRIC 14 'IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' had no impact on Rexam PLC in 2015 or 2014.

Sensitivities

The following sensitivity analysis sets out the impact on plan assets and plan liabilities of changes in the principal assumptions for the UK defined benefit pension plan.

	2015 £m	2014 £m
Reduction in plan assets		
Equity values fall by 10%	(50)	(55)
Increase in plan liabilities		
Discount rates fall by 0.5%	(50)	(25)
Life expectancy increases by one year	(65)	(65)

(ii) Defined contribution plan

Rexam PLC operates a defined contribution plan in the UK, for which the charge in the income statement and cash contributions for the year were £0.5m (2014: £0.4m).

14 PROVISIONS

	Share based payment £m
At 1 January 2015	(3)
Charge for the year	(1)
Utilised	2
At 31 December 2015	(2)

	2015 £m	2014 £m
Current liabilities	(1)	(2)
Non current liabilities	(1)	(1)
	(2)	(3)

15 DEFERRED TAX

	2015 £m	2014 £m
Deferred tax assets	2	4
Deferred tax liabilities	(18)	(18)
Net deferred tax liabilities	(16)	(14)

	Retirement benefit obligations £m	Other temporary differences £m	Total £m
At 1 January 2015	(18)	4	(14)
(Charge)/credit for the year	1	(2)	(1)
Charge to equity	(1)	–	(1)
At 31 December 2015	(18)	2	(16)
At 1 January 2014	2	3	5
Credit for the year	1	1	2
Charge to equity	(21)	–	(21)
At 31 December 2014	(18)	4	(14)

Deferred tax assets of £18m (2014: £18m) have not been recognised in respect of losses due to the uncertainty of the availability of suitable profits in the foreseeable future. The principal item on which no deferred tax asset has been recognised is tax losses, including capital losses, of £92m (2014: £92m). These losses have no expiry date.

16 SHARE CAPITAL

For details of ordinary shares see note 27 to the consolidated financial statements. For details of the Rexam PLC Employee Share Trust see note 29 to the consolidated financial statements.

17 DISTRIBUTABLE RESERVES

The retained earnings reserve is reflective of the level of reserves available for distribution to shareholders of Rexam PLC.

18 OTHER RESERVES

Other reserves of £155m (2014: £155m) comprise unrealised gains related to the transfer of investments between subsidiaries.

19 SHARE BASED PAYMENT

(i) Summary of share based payment schemes

Scheme name	Abbreviation	Scheme status	Settlement basis
Long Term Incentive Plan 2009	LTIP	Open	Equity and cash
Savings Related Share Option Schemes	SAYE	Open	Equity
Deferred Bonus Scheme	Deferred Bonus	Open	Equity
Executive Share Option Scheme	ESOS	Closed	Equity

For details of Rexam PLC share option schemes see note 29 to the consolidated financial statements.

(ii) Exercise prices and average remaining contractual lives of options by scheme

	2015 Number of options Thousands	2015 Range of exercise prices £	2015 Weighted average remaining contractual life Years	2014 Number of options Thousands	2014 Range of exercise prices £	2014 Weighted average remaining contractual life Years
LTIP	5,860	–	8.4	5,348	–	6.0
SAYE	163	2.12 to 4.11	2.1	245	2.12 to 4.11	2.3
Deferred bonus	177	–	1.1	203	–	1.0
ESOS	128	3.84 to 4.38	1.7	172	3.84 to 4.38	2.7

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS CONTINUED

19 SHARE BASED PAYMENT CONTINUED

(iii) Details of share options exercised during the year

	2015 Number of options Thousands	2015 Weighted average exercise price £	2015 Weighted average share price £	2014 Number of options Thousands	2014 Weighted average exercise price £	2014 Weighted average share price £
LTIP	885	–	5.61	1,819	–	4.92
SAYE	78	2.90	5.48	122	2.30	5.22
Deferred bonus	89	–	5.65	–	–	–
ESOS	69	4.13	5.48	143	4.17	5.22

(iv) Employee benefit expense

	2015 £m	2014 £m
Equity settled	2	4
Cash settled	1	2
Total	3	6

20 CONTINGENT LIABILITIES

	2015 £m	2014 £m
Guarantees and letters of credit	39	32

Rexam PLC provides guarantees and letter of credit facilities to support its subsidiaries.

21 OPERATING LEASE COMMITMENTS

An analysis of the total future minimum lease payments for the non cancellable operating lease with respect to the Rexam PLC head office property is set out below.

	2015 £m	2014 £m
Less than 1 year	1	1
Between 1 and 5 years	3	3
Over 5 years	3	4
Total	7	8

There are no sublease receipts under non cancellable operating leases.

22 TRANSITION ADJUSTMENTS TO FRS101

(i) Reconciliation of the balance sheet at 1 January 2014 from UK GAAP to FRS101

	notes	Under UK GAAP £m	Impact of transition to FRS101 £m	Under FRS101 £m
Assets				
Non current assets				
Intangible assets	(a)	–	5	5
Property, plant and equipment	(a)	8	(5)	3
Investments in subsidiaries		5,275	–	5,275
Pension escrow investment		25	–	25
Deferred tax assets	(b)	3	2	5
Derivative financial instruments		215	–	215
		5,526	2	5,528
Current assets				
Trade and other receivables		16	–	16
Derivative financial instruments		29	–	29
Cash and cash equivalents		102	–	102
		147	–	147
Total assets		5,673	2	5,675
Liabilities				
Current liabilities				
Borrowings		(271)	–	(271)
Derivative financial instruments		(14)	–	(14)
Trade and other payables	(d)	(394)	(767)	(1,161)
Provisions		(3)	–	(3)
		(682)	(767)	(1,449)
Non current liabilities				
Borrowings		(1,156)	–	(1,156)
Derivative financial instruments		(133)	–	(133)
Retirement benefit obligations	(b)	–	(10)	(10)
Other payables	(d)	(767)	767	–
Provisions		(1)	–	(1)
		(2,057)	757	(1,300)
Total liabilities		(2,739)	(10)	(2,749)
Net assets		2,934	(8)	2,926
Total shareholders' equity		2,934	(8)	2,926

NOTES TO THE REXAM PLC FINANCIAL STATEMENTS CONTINUED

22 TRANSITION ADJUSTMENTS TO FRS101 CONTINUED

(ii) Reconciliation of the balance sheet at 31 December 2014 from UK GAAP to FRS101

	notes	Under UK GAAP £m	Impact of transition to FRS101 £m	Under FRS101 £m
Assets				
Non current assets				
Intangible assets	(a)	–	7	7
Property, plant and equipment	(a)	8	(7)	1
Investments in subsidiaries		5,295	–	5,295
Pension assets	(b)	–	89	89
Pension escrow investment		40	–	40
Deferred tax assets		4	–	4
Derivative financial instruments		161	–	161
		5,508	89	5,597
Current assets				
Trade and other receivables		9	–	9
Derivative financial instruments		29	–	29
Cash and cash equivalents		121	–	121
		159	–	159
Total assets		5,667	89	5,756
Liabilities				
Current liabilities				
Borrowings		(270)	–	(270)
Derivative financial instruments		(10)	–	(10)
Trade and other payables	(d)	(451)	(743)	(1,194)
Provisions		(2)	–	(2)
		(733)	(743)	(1,476)
Non current liabilities				
Borrowings		(1,124)	–	(1,124)
Derivative financial instruments		(151)	–	(151)
Deferred tax liabilities	(b)	–	(18)	(18)
Other payables	(d)	(743)	743	–
Provisions		(1)	–	(1)
		(2,019)	725	(1,294)
Total liabilities		(2,752)	(18)	(2,770)
Net assets		2,915	71	2,986
Total shareholders' equity		2,915	71	2,986

22 TRANSITION ADJUSTMENTS TO FRS101 CONTINUED

(iii) Reconciliation of changes in equity for 2014 from UK GAAP to FRS101

	notes	Under UK GAAP £m	Impact of transition to FRS101 £m	Under FRS101 £m
At January 2014	(b)	2,934	(8)	2,926
Profit after tax	(b)	573	(3)	570
Dividends paid	(c)	(133)	133	–
Profit for the financial year		440	130	570
Retirement benefits: actuarial gains	(b)	–	103	103
Retirement benefits: tax on actuarial gains	(b)	–	(21)	(21)
Total other comprehensive income for the year		–	82	82
Total comprehensive income for the year		440	212	652
Share options: proceeds from shares issued		3	–	3
Share options: value of services provided		2	–	2
Share options: cost of investment		(8)	–	(8)
Purchase of Rexam PLC shares by Employee Share Trust		(7)	–	(7)
Return of cash to shareholders		(449)	–	(449)
Dividends paid	(c)	–	(133)	(133)
Total transactions with owners recognised directly in equity		(459)	(133)	(592)
At 31 December 2014	(b)	2,915	71	2,986

(iv) Explanatory notes

(a) Intangible assets

Under UK GAAP, computer software costs were capitalised as property plant and equipment. Under FRS101, computer software costs are capitalised as intangible assets. At 1 January 2014 and 31 December 2014 under FRS101, computer software costs of £5m and £7m have been reclassified from property, plant and equipment to intangible assets, respectively.

(b) Retirement benefit obligations

Under UK GAAP, the UK funded defined benefit scheme was accounted for as a defined contribution scheme. Under FRS101, the UK funded defined benefit scheme is accounted as a defined benefit scheme. At I January 2014 under FRS101, an actuarial deficit of £10m has been recognised in retirement benefit obligations. Attributable deferred tax assets recognised were £2m. At 3I December 2014 under FRS101, an actuarial surplus of £89m has been recognised in pension assets. Attributable deferred tax liabilities recognised were £18m. Under FRS101, plan administration expenses of £3m, net of tax of £1m, and net interest cost of £1m have been recognised in profit for the 2014 financial year. In addition, actuarial gains of £82m, net of tax of £21m, have been recognised as part of other comprehensive income for 2014.

(c) Dividends paid

Under UK GAAP, dividends paid were presented as part of profit for the financial year. Under FRS101, dividends paid are separately presented as part of transactions with owners recognised directly in equity. For 2014 under FRS101, dividends of £133m have been separately presented as part of transactions with owners recognised directly in equity.

(d) Other

Under FRS101, at 1 January 2014 and 31 December 2014, £767m and £743m of amounts due to subsidiaries have been reclassified from non current liabilities to current liabilities, respectively.

SHAREHOLDER INFORMATION

REXAM WEBSITE

www.rexam.com

The Rexam website has a range of information on the Group. You can view online or download publications such as Rexam's annual reports, half year results announcements, press releases and AGM related information and documents. There is practical information such as real time and historic Rexam share prices and, in the investor section, information on the return of cash 2014, dividend payments and record dates, and choices as to how your dividend can be paid directly to your bank account or reinvested in shares through the dividend reinvestment plan. Information about the Ball offer can also be found on the Rexam website.

STOCK EXCHANGE LISTING

The Company's ordinary shares of 80⁵⁄₁₄p each are listed with the UK Listing Authority and trade on the London Stock Exchange under the code REX. In the US, shares are traded in the form of ADRs under the symbol REXMY on the Pink Sheets electronic trading market.

HOLDERS OF ORDINARY SHARES

Registrar

Administration of shareholdings is facilitated by our Registrar, Equiniti. Please write to them or contact their helpline to:

- check your shareholding
- register change of address or name
- obtain a replacement dividend cheque or tax voucher
- record the death of a shareholder
- amalgamate multiple accounts
- ask any other question about your shareholding.

Shareholder helpline

Freephone: 0800 169 6946[1] overseas callers: +44 121 415 7008[2]

Online

You can find information on how to manage your shareholding at:

www.shareview.co.uk

If your question is not answered by the information provided, you can send your enquiry via secure email from these pages.

Post

Equiniti
Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA
United Kingdom

(Please include a daytime telephone number with your enquiry)

1 Calls to this number are free of charge when dialled from a BT landline. Other telephone provider costs may vary. Lines open 8.30am to 5.30pm, Monday to Friday.

2 Calls from outside the UK. Lines open 8.30am to 5.30pm (GMT), Monday to Friday.

HOLDERS OF AMERICAN DEPOSITARY RECEIPTS (ADRS)

Please write to The Bank of New York Mellon or contact their helpline to ask any question about Rexam's ADR programme.

Telephone

Calls from the UK: +1 201 680 6825
Toll free within the US: 1 888 BNY ADRS

Online

www.mybnymdr.com
email: shrrelations@cpushareownerservices.com

Post

BNY Mellon Shareowner Services
PO Box 30170, College Station
TX 77842-3170, United States

FINANCIAL CALENDAR 2016

Please check the Rexam website nearer to the expected dates to ensure there have been no changes to them. All dates are dependent on completion of the Ball offer.

Event	2016
Announcement of 2015 final results	18 February
Ex dividend date for 2015 final dividend[3]	7 April
Record date for 2015 final dividend[3]	8 April
Proposed payment date for 2015 final dividend[3]	6 May
Announcement of 2016 half year results	28 July

3 The final dividend in respect of the six months to 31 December 2015 has been declared by the board as a second interim dividend in accordance with the Company's articles of association and does not require shareholder approval.

FRAUDULENT TRANSACTIONS

The FCA has issued a warning to all UK shareholders about unsolicited phone calls or correspondence concerning investment matters. If you receive such calls and are concerned, report the matter to the FCA either by calling them or visiting their website.

Telephone

Freephone: 0800 111 6768[4] overseas callers: +44 20 7066 1000[5]

Online

www.fca.org.uk/consumers
email: consumer.queries@fca.org.uk

Post

The Financial Conduct Authority (FCA)
25 The North Colonnade, Canary Wharf,
London, E14 5HS United Kingdom

4 Calls to this number are free of charge. Lines open 8.00am to 6.00pm, Monday to Friday (except public holidays) and 9.00am to 1.00pm, Saturday.

5 Calls from outside the UK. Lines open 8.00am to 6.00pm (GMT), Monday to Friday (except public holidays) and 9.00am to 1.00pm, Saturday.

SHAREGIFT

ShareGift is an independent charity share donation scheme that provides a charitable solution to the problem of unwanted small holdings of shares. If you have shares that you wish to dispose of and whose value makes it uneconomic to sell, you may wish to consider donating them to charity through ShareGift.

Telephone

+44 (0)20 7930 3737

Online

www.sharegift.org
email: help@sharegift.org

Post

ShareGift
PO Box 72253, London SW1P 9LQ

ADDRESSES AND RELATED UNDERTAKINGS

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Dubai Media City
Dubai
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Tel: +971 (0)4364 8900

ADDRESSES AND RELATED UNDERTAKINGS CONTINUED

RELATED UNDERTAKINGS

The following is a list of all the Group's related undertakings as at the date of the annual report 2015. Details of the Group's principal subsidiary undertakings can be found in note 15 to the consolidated financial statements.

Name of related undertaking	Country of incorporation	% owned by ultimate parent
Rexam Argentina SA	Argentina	100
Rexam Investments Pty Limited	Australia	100
Rexam Beverage Can Enzesfeld GmbH	Austria	100
Rexam Beverage Can Holding GmbH	Austria	100
Rexam Beverage Can Verpackungsmittel Gmbh	Austria	100
Rexam Amazonia Ltda	Brazil	100
Rexam Beverage Can South America SA	Brazil	100
Rexam do Brasil Ltda	Brazil	100
Rexam Indústria e Comércio de Latas e Tampas Ltda	Brazil	100
Rexam Chile SA	Chile	100
Rexam Plastic Packaging (Tianjin) Co Ltd	China	100
Rexam Beverage Can Czech Republic sro	Czech Republic	100
Rexam Beverage Can Fredericia A/S	Denmark	100
Rexam Beverage Can Egypt SAE	Egypt	100
Aerosol Research Co (Great Britain) Limited	England & Wales	100
American Can (UK) Limited	England & Wales	100
American Can Holdings (UK) Limited	England & Wales	100
Assetsteady Limited	England & Wales	100
B O Morris (Holdings) Limited	England & Wales	100
B-R Secretariat Limited	England & Wales	100
BD Print Limited	England & Wales	100
Berkeley Nominees Limited	England & Wales	100
Bookprint Limited	England & Wales	100
Bowater SCG Limited	England & Wales	100
Bowaters Canadian Holdings Limited	England & Wales	100

Name of related undertaking	Country of incorporation	% owned by ultimate parent
Brackenbush Limited	England & Wales	100
Brookhill Mouldings Limited	England & Wales	100
Causton Printing Limited	England & Wales	100
Citiforms (Sales) Limited	England & Wales	100
Cope Allman Holdings Limited	England & Wales	100
Cope Allman Int (Management Services) Limited	England & Wales	100
Cope Allman Packaging Group Limited	England & Wales	100
Cope Allman Packaging Limited	England & Wales	100
Corsec Mercantile Services Limited	England & Wales	100
Counting House Computer Systems Limited	England & Wales	100
Dimgate Limited	England & Wales	100
DRG Australia Limited	England & Wales	100
DRG France Limited	England & Wales	100
DRG Medical Packaging Supplies (Flexpak) Ltd	England & Wales	100
DRG Medical Packaging Supplies (Malago) Ltd	England & Wales	100
DRG Medical Packaging Supplies Limited	England & Wales	100
Ejectoret Limited	England & Wales	100
Filmset Limited	England & Wales	100
Impact Packaging Limited	England & Wales	100
Jauntbrook Limited	England & Wales	100
Jesse Broad Limited	England & Wales	100
John Dunhill & Co Limited	England & Wales	100
Kemsley Fields Limited	England & Wales	43
Knightsbridge Trustees Limited	England & Wales	100
McCorquodale & Blades Trust Limited	England & Wales	100
McCorquodale Commercial Products Limited	England & Wales	100
McCorquodale Leasing Limited	England & Wales	100
McCorquodale Limited	England & Wales	100
Mertonlight Limited	England & Wales	100
N & W Properties Limited	England & Wales	100

Name of related undertaking	Country of incorporation	% owned by ultimate parent
N O Limited	England & Wales	100
N O Packaging Limited	England & Wales	100
N O Pensions Administration Limited	England & Wales	100
Nellford Limited	England & Wales	100
OPD Packaging Limited	England & Wales	100
RBT (London) Limited	England & Wales	100
Restlat Investments Limited	England & Wales	100
Rexam (AK) Limited	England & Wales	100
Rexam BC Limited	England & Wales	100
Rexam Beauty (Taiwan Holdings) Limited	England & Wales	100
Rexam Beverage Can AMEA Limited	England & Wales	100
Rexam Beverage Can (India Holdings) Limited	England & Wales	100
Rexam Beverage Can Europe Limited	England & Wales	100
Rexam Beverage Can Holdings UK Limited	England & Wales	100
Rexam Beverage Can UK Limited	England & Wales	100
Rexam Beverage Cans Limited	England & Wales	100
Rexam Beverage Packaging Holdings Limited	England & Wales	100
Rexam Book Printing Limited	England & Wales	100
Rexam C S Pension Trustees Limited	England & Wales	100
Rexam CFP Limited	England & Wales	100
Rexam Closures Limited	England & Wales	100
Rexam Coated Products Limited	England & Wales	100
Rexam CW Limited	England & Wales	100
Rexam DFR China Limited	England & Wales	100
Rexam DFR Taiwan Limited	England & Wales	100
Rexam European Holdings Limited	England & Wales	100
Rexam Finance Company Limited	England & Wales	100
Rexam Finance Germany Limited	England & Wales	100
Rexam Finance Netherlands Limited	England & Wales	100
Rexam Finance Poland Limited	England & Wales	100

Name of related undertaking	Country of incorporation	% owned by ultimate parent
Rexam Finance Sweden Limited	England & Wales	100
Rexam Financial Services Limited	England & Wales	100
Rexam Flexibles Viking Limited	England & Wales	100
Rexam FW Limited	England & Wales	100
Rexam Graphics Limited	England & Wales	100
Rexam Group Holdings Limited	England & Wales	100
Rexam High Performance Flexibles Limited	England & Wales	100
Rexam Holdings Limited	England & Wales	100
Rexam Industrial Bulk Packaging Limited	England & Wales	100
Rexam Liquid Packaging Limited	England & Wales	100
Rexam Marketing Limited	England & Wales	100
Rexam Overseas Holdings Limited	England & Wales	100
Rexam Packaging Limited	England & Wales	100
Rexam Packaging Systems Limited	England & Wales	100
Rexam Pension Trustees Limited	England & Wales	100
Rexam Pharmaceutical Packaging Limited	England & Wales	100
Rexam Plastic Containers Limited	England & Wales	100
Rexam Property Developments Limited	England & Wales	100
Rexam Property Holdings Limited	England & Wales	100
Rexam RDI Limited	England & Wales	100
Rexam UK Holdings Limited	England & Wales	100
Rexam US Investments Limited	England & Wales	100
Rexam WCL Limited	England & Wales	100
Rexam WCP Limited	England & Wales	100
Rexam Webster Limited	England & Wales	100
Rexam WM Limited	England & Wales	100
Sir Joseph Causton & Sons Limited	England & Wales	100
Sofab Limited	England & Wales	100
Solray Plastics Limited	England & Wales	100
Specialty Coatings Group UK Trustees Limited	England & Wales	100

ADDRESSES AND RELATED UNDERTAKINGS CONTINUED

Name of related undertaking	Country of incorporation	% owned by ultimate parent
Unit Moulders Limited	England & Wales	100
Victor International Plastics (London) Limited	England & Wales	100
Victor International Plastics (Manchester) Limited	England & Wales	100
Victor International Plastics (Midlands) Limited	England & Wales	100
Victor International Plastics (South) Limited	England & Wales	100
Viking Packaging Limited	England & Wales	100
Wembley Press Limited	England & Wales	100
Wessex Typesetters Limited	England & Wales	100
Rexam Beverage Can Mäntsälä Oy	Finland	100
Rexam Beverage Can France SAS	France	100
Rexam France SAS	France	100
SCI le Marais	France	100
Nacanco Deutschland GmbH	Germany	100
Rexam Beverage Can Berlin GmbH	Germany	100
Rexam Beverage Can Gelsenkirchen GmbH	Germany	100
Rexam Beverage Can Recklinghausen GmbH	Germany	100
Rexam Holding GmbH	Germany	100
Envases Universales Rexam de Centroamerica SA	Guatemala	50
Controladora Envases Universales Rexam SA	Guatemala	50
Prestadora de Servicios de Dentroamerica SA (employing company)	Guatemala	50
Archer Insurance Limited	Guernsey	100
Rexam Beverage Can China Limited	Hong Kong	100
Rexam Beverage Can (India) Private Limited	India	100
Rexam (NI) Limited	Northern Ireland	100
Rexam Beverage Can Ireland Limited	Southern Ireland	100
Rexam Beverage Can Italia Srl	Italy	100
Rexam (Jersey) Limited	Jersey	100
Rexam Jersey 2007 Limited	Jersey	100
Rexam Trustees (Jersey) Limited	Jersey	100

Name of related undertaking	Country of incorporation	% owned by ultimate parent
Ruth Jersey 2009 Limited	Jersey	100
Hanil Can Co Limited	Korea	40
Rexam Pharma Development SA	Luxembourg	100
Rexam Beverage Can Americas SA de CV	Mexico	100
Rexam Beverage Can Mexico SA de CV	Mexico	100
Poland Glassworks Holding BV	Netherlands	100
Rexam Beverage Can Holdings BV	Netherlands	100
Rexam Beverage Can Oss BV	Netherlands	100
Rexam Beverage Packaging Invest BV	Netherlands	100
Rexam Nacanco Netherlands BV	Netherlands	100
Rexam Nederland Holdings BV	Netherlands	100
Envases Universales Rexam de Panama SA	Panama	50
Envases del Istmo SA	Panama	50
Rexam Peru SAC	Peru	100
Rexam Beverage Can Naro-Fominsk LLC	Russia	100
Rexam Beverage Can Rus LLC	Russia	100
Rexam Beverage Can Vsevolozhsk Limited	Russia	100
Rexam United Arab Can Manufacturing Company	Saudi Arabia	51
RAC Holding Pte Limited	Singapore	100
RAC Holding II Pte Limited	Singapore	100
Rexam Beverage Can Iberica SL	Spain	100
KB Järnåldern 3	Sweden	100
PLM Septanus AB	Sweden	100
Rexam AB	Sweden	100
Rexam Beverage Can Fosie AB	Sweden	100
Rexam European Holdings AB	Sweden	100
Rexam Holdings AB	Sweden	100
Rexam Holdings Germany AB	Sweden	100
Rexam Leasing AB	Sweden	100
Rexam Beverage Can Widnau GmbH	Switzerland	100
Rexam Paketleme Sanayi ve Ticaret AŞ	Turkey	100
Rexam Uruguay SA	Uruguay	100
CPRX-Hughesville Inc	USA	100
National Trading Corporation	USA	100
Rexam America Holdings Inc	USA	100
Rexam America LLC	USA	100
Rexam Beverage Can Americas Inc	USA	100
Rexam Beverage Can Company	USA	100
Rexam Beverage Can Delaware Company	USA	100
Rexam Beverage Can Overseas LLC	USA	100
Rexam BP Holding Company	USA	100
Rexam Delaware Corporation	USA	100
Rexam Finance LLC	USA	100
Rexam Funding Inc	USA	100
Rexam Inc	USA	100
Rexam Metallising Inc	USA	100
Rexam MI Holding Company	USA	100
The Renaissance Insurance Company	USA	100

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