









































The level of net borrowings at 31 December 2009, down by £773m compared with the previous year, reflects the strong cash flow in the year, the proceeds of the rights issue and the favourable impact of currency translation. The currency denomination of our net borrowings, including financing derivatives, is as follows:

	As at 31.12.09 £m	As at 31.12.08 £m
US dollar	<b>1,719</b>	2,063
Euro	<b>400</b>	373
Sterling and other	<b>(291)</b>	165
Net borrowings	<b>1,828</b>	2,601

For the management of foreign currency asset matching and interest rate risk, the profile of gross borrowings is 70% (2008: 79%) in US dollars, 27% (2008: 15%) in euros and 3% (2008: 6%) in other currencies.

Our gearing has fallen from 120% to 79% following the reduction in net borrowings. Interest cover at 3.4 times is outside our preferred target range, but should improve going forward as the full year effect of the rights issue is reflected. We remain comfortably within our debt covenants and our liquidity remains strong with committed debt headroom at over £1bn at the year end.

At 31 December 2009, the Group's principal committed loan and bank facilities totalled some £3bn in varying currencies and maturities (of which £148m is due in 2010), as detailed below:

	Currency	Maturity	Facility £m
Subordinated bond	Euro swapped to US\$	2067	<b>625</b>
US private placement and bond	US\$	2013	<b>482</b>
Medium term note	Euro	2013	<b>621</b>
Revolving credit facility <sup>1</sup>	Multi currency	2012	<b>647</b>
Bilateral bank facilities	Multi currency	2012	<b>258</b>
Bilateral bank facilities	Multi currency	2011	<b>221</b>
Revolving credit facility <sup>1</sup>	Multi currency	2010	<b>128</b>
Bilateral bank facility	GBP	2010	<b>20</b>
Total committed loan and bank facilities			<b>3,002</b>

<sup>1</sup> The existing £775m revolving credit facility will be replaced by a £647m forward start revolving credit facility in November 2010.

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

	As at 31.12.09 £m	As at 31.12.08 £m
Net borrowings excluding derivative financial instruments	<b>1,982</b>	2,742
Derivative financial instruments	<b>(154)</b>	(141)
Net borrowings	<b>1,828</b>	2,601

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

	As at 31.12.09 £m	As at 31.12.08 £m
Cross currency swaps	<b>146</b>	126
Interest rate swaps	<b>11</b>	12
Foreign exchange forward contracts	<b>(3)</b>	3
Derivative financial instruments included in net borrowings	<b>154</b>	141
Other derivative financial instruments	<b>28</b>	(239)
Total derivative financial instruments	<b>182</b>	(98)

The increase in the value of cross currency swaps can be mainly attributed to the effect of the relatively weaker US dollar on the swaps related to the €750m subordinated bond offset by the maturity in March 2009 of swaps related to medium term notes. The increase in value of other derivatives was due mainly to the rise in aluminium prices and the maturity of loss making aluminium commodity derivative contracts.

### Treasury risk management

Rexam's treasury risk management is based upon sound economic objectives and good corporate practice. Derivative and other financial instruments are used to manage trading exposures, liabilities and assets under parameters laid down by the Board, which are monitored by its Finance Committee. The Group's major hedging activities are to mitigate the following risks:

- (i) Commodity price and currency transaction risks for aluminium purchases made by its European and South American beverage can operations and for resin purchases made by its Plastic Packaging businesses;
- (ii) Fair value and cash flow interest rate risks associated with the Group's borrowing facilities; and
- (iii) Currency translation risks of net assets in overseas subsidiaries.

The Group has not used derivative financial instruments for purposes other than for hedging its exposures.

To avoid income statement volatility, and where such benefits outweigh the costs of compliance, the Group has designated many of its economic hedges as hedging instruments under IAS39. However, for certain effective economic hedging relationships such hedge accounting treatment is not permitted under IFRS. Where hedge accounting is not achieved, fair value movements on derivatives are recorded in the consolidated income statement which could give rise to earnings volatility.

It is the Group's policy to maintain a range of maturity dates for its borrowings, and to refinance them at the appropriate time so as to reduce refinancing risk. The issue of longer term borrowings, through the MTN programme, the issue of a subordinated bond or through other bond and debt markets, is a key element of the Group's debt and financial risk management process. A €700m MTN, to mature in March 2013, was issued in March 2006. A €750m subordinated bond issued in June 2007 was swapped into US dollars, at floating rates, to enable it to partly fund the acquisition of OI Plastics. Although the subordinated bond matures in 2067, Rexam has the option to redeem after 10 years or on any interest payment date thereafter. In June 2008, the Group issued a US\$550m US public bond and made a US\$225m US private placement, both at fixed interest rates and maturing in 2013.

In 2009, the Group secured around £700m in bilateral facilities and refinanced a substantial portion of the £775m revolving credit facility to underpin its access to liquidity and to address the 2010 maturities. Following the rights issue in July 2009, the Group elected to cancel some £285m of bank facilities. The Group has also taken advantage of a recent improvement in market conditions to buy back some €10m of the MTN bonds in 2009 to rebalance the debt mix. Since the end of the year another €12m of these bonds have been purchased and further purchases may be made if these conditions continue.

### **Key group risk factors**

Risk management is part of our focus on operational excellence, a key strategic priority for the Group. Rexam faces a wide range of risks that may affect the execution and implementation of its strategy, the main ones being market, operational, environmental, social, governance as well as financial. A more detailed section on risks is included in the annual report.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER**

	Notes	2009 £m	2008 £m
<b>Sales</b>	2	<b>4,866</b>	4,618
Operating expenses		<b>(4,774)</b>	(4,238)
Underlying operating profit	2	<b>446</b>	466
Exceptional items	3	<b>(309)</b>	(42)
Amortisation of certain acquired intangible assets		<b>(45)</b>	(44)
<b>Operating profit</b>		<b>92</b>	380
Share of underlying post tax profits of associates and joint ventures		<b>1</b>	1
Exceptional items	3	<b>(4)</b>	–
Share of post tax (losses)/profits of associates and joint ventures		<b>(3)</b>	1
Retirement benefit obligations net finance cost	4	<b>(31)</b>	(7)
Underlying interest expense		<b>(134)</b>	(144)
Fair value changes on financing derivatives		<b>14</b>	(2)
Interest expense		<b>(120)</b>	(146)
Interest income		<b>3</b>	12
Underlying profit before tax		<b>285</b>	328
Exceptional items	3	<b>(313)</b>	(42)
Amortisation of certain acquired intangible assets		<b>(45)</b>	(44)
Fair value changes on financing derivatives		<b>14</b>	(2)
<b>(Loss)/profit before tax</b>		<b>(59)</b>	240
Tax on underlying profit		<b>(85)</b>	(102)
Tax on exceptional items	3	<b>103</b>	18
Tax on amortisation of certain acquired intangible assets		<b>16</b>	14
Tax on fair value changes on financing derivatives		<b>(4)</b>	1
Tax		<b>30</b>	(69)
<b>(Loss)/profit for the financial year</b>		<b>(29)</b>	171
Attributable to:			
Equity shareholders of Rexam PLC		<b>(29)</b>	172
Minority interests		<b>–</b>	(1)
		<b>(29)</b>	171
			2008
		2009	restated
		Pence	Pence
<b>(Loss)/earnings per share</b>	5		
Basic		<b>(3.7)</b>	23.9
Diluted		<b>(3.7)</b>	23.9
Underlying		<b>25.4</b>	31.5

For details of equity dividends paid and proposed see note 6.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER**

	2009	2008
	£m	£m
<b>(Loss)/profit for the financial year</b>	<b>(29)</b>	171
Actuarial losses on retirement benefits	<b>(181)</b>	(30)
Tax on actuarial losses on retirement benefits	<b>61</b>	4
Exchange differences before recognition of net investment hedges	<b>(207)</b>	651
Net investment hedges recognised	<b>57</b>	(184)
Exchange differences recycled to the income statement on disposal of subsidiaries	<b>(14)</b>	–
Cash flow hedges recognised	<b>73</b>	(189)
Tax on cash flow hedges	<b>(48)</b>	35
Cash flow hedges transferred to inventory	<b>163</b>	9
Cash flow hedges transferred to the income statement	<b>14</b>	–
Changes in market value of available for sale financial assets	<b>(4)</b>	3
<b>Other comprehensive income for the year</b>	<b>(86)</b>	299
<b>Total comprehensive income for the year</b>	<b>(115)</b>	470
Attributable to:		
Equity shareholders of Rexam PLC	<b>(115)</b>	471
Minority interests	–	(1)
	<b>(115)</b>	470

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER**

	2009 £m	2008 £m
<b>Assets</b>		
<b>Non current assets</b>		
Goodwill	<b>1,886</b>	2,246
Other intangible assets	<b>595</b>	703
Property, plant and equipment	<b>1,723</b>	1,982
Investments in associates and joint ventures	<b>54</b>	63
Pension asset (Note 4)	–	16
Deferred tax assets	<b>201</b>	137
Trade and other receivables	<b>80</b>	63
Available for sale financial assets	<b>21</b>	30
Derivative financial instruments	<b>275</b>	342
	<b>4,835</b>	5,582
<b>Current assets</b>		
Inventories	<b>432</b>	614
Trade and other receivables	<b>630</b>	833
Available for sale financial assets	<b>2</b>	1
Derivative financial instruments	<b>65</b>	54
Cash and cash equivalents	<b>113</b>	75
Assets classified as held for sale	<b>4</b>	39
	<b>1,246</b>	1,616
<b>Total assets</b>	<b>6,081</b>	7,198
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings	<b>(140)</b>	(587)
Derivative financial instruments	<b>(17)</b>	(265)
Current tax	<b>(15)</b>	(4)
Trade and other payables	<b>(748)</b>	(1,053)
Provisions	<b>(62)</b>	(21)
Liabilities classified as held for sale	–	(15)
	<b>(982)</b>	(1,945)
<b>Non current liabilities</b>		
Borrowings	<b>(1,955)</b>	(2,272)
Derivative financial instruments	<b>(141)</b>	(229)
Retirement benefit obligations (Note 4)	<b>(396)</b>	(244)
Deferred tax liabilities	<b>(99)</b>	(151)
Non current tax	<b>(87)</b>	(91)
Other payables	<b>(47)</b>	(33)
Provisions	<b>(52)</b>	(57)
	<b>(2,777)</b>	(3,077)
<b>Total liabilities</b>	<b>(3,759)</b>	(5,022)
<b>Net assets</b>	<b>2,322</b>	2,176
<b>Equity</b>		
Ordinary share capital	<b>563</b>	413
Share premium account	<b>989</b>	1,005
Capital redemption reserve	<b>351</b>	351
Retained earnings	<b>55</b>	77
Other reserves	<b>362</b>	328
Shareholders' equity	<b>2,320</b>	2,174
Minority interests	<b>2</b>	2
<b>Total equity</b>	<b>2,322</b>	2,176

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	2009	2008
	£m	£m
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>708</b>	396
Interest paid	<b>(142)</b>	(133)
Tax paid	<b>(62)</b>	(62)
Net cash flows from operating activities	<b>504</b>	201
<b>Cash flows from investing activities</b>		
Capital expenditure	<b>(184)</b>	(389)
Proceeds from sale of property, plant and equipment	<b>10</b>	6
Acquisition of subsidiaries	<b>(5)</b>	(112)
Disposal of subsidiaries	<b>19</b>	–
Acquisition of joint venture	<b>–</b>	(2)
Disposal of associate	<b>2</b>	–
Interest received	<b>3</b>	12
Net cash flows from investing activities	<b>(155)</b>	(485)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>19</b>	477
Repayment of borrowings	<b>(540)</b>	(115)
Proceeds from rights issue (net of expenses of £16m)	<b>334</b>	–
Proceeds from issue of share capital on options	<b>–</b>	1
Dividends paid to equity shareholders	<b>(79)</b>	(131)
Net cash flows from financing activities	<b>(266)</b>	232
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>83</b>	(52)
Cash and cash equivalents at the beginning of the year	<b>(25)</b>	36
Exchange differences and other adjustments	<b>4</b>	(9)
Net increase/(decrease) in cash and cash equivalents	<b>83</b>	(52)
Cash and cash equivalents at the end of the year	<b>62</b>	(25)
Cash and cash equivalents comprise:		
Cash at bank and in hand	<b>40</b>	62
Short term bank deposits	<b>73</b>	13
Bank overdrafts	<b>(51)</b>	(100)
	<b>62</b>	(25)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Other reserves £m	Shareholders' equity £m	Minority interests £m	Total equity £m
At 1 January 2009	<b>413</b>	<b>1,005</b>	<b>351</b>	<b>77</b>	<b>328</b>	<b>2,174</b>	<b>2</b>	<b>2,176</b>
Loss for the financial year	-	-	-	(29)	-	(29)	-	(29)
Actuarial losses on retirement benefits	-	-	-	(181)	-	(181)	-	(181)
Tax on actuarial losses on retirement benefits	-	-	-	61	-	61	-	61
Exchange differences before recognition of net investment hedges	-	-	-	-	(207)	(207)	-	(207)
Net investment hedges recognised	-	-	-	-	57	57	-	57
Exchange differences recycled to the income statement on disposal of subsidiaries	-	-	-	-	(14)	(14)	-	(14)
Cash flow hedges recognised	-	-	-	-	73	73	-	73
Tax on cash flow hedges	-	-	-	-	(48)	(48)	-	(48)
Cash flow hedges transferred to inventory	-	-	-	-	163	163	-	163
Cash flow hedges transferred to the income statement	-	-	-	-	14	14	-	14
Changes in market value of available for sale financial assets	-	-	-	-	(4)	(4)	-	(4)
Other comprehensive income for the year	-	-	-	(120)	34	(86)	-	(86)
Total comprehensive income for the year	-	-	-	(149)	34	(115)	-	(115)
Proceeds from rights issue (net of expenses)	150	(16)	-	-	200	334	-	334
Transfers	-	-	-	200	(200)	-	-	-
Share options: value of services provided	-	-	-	6	-	6	-	6
Dividends paid to equity shareholders	-	-	-	(79)	-	(79)	-	(79)
At 31 December 2009	<b>563</b>	<b>989</b>	<b>351</b>	<b>55</b>	<b>362</b>	<b>2,320</b>	<b>2</b>	<b>2,322</b>
At 1 January 2008	413	1,004	351	60	3	1,831	2	1,833
Profit/(loss) for the financial year	-	-	-	172	-	172	(1)	171
Actuarial losses on retirement benefits	-	-	-	(30)	-	(30)	-	(30)
Tax on actuarial losses on retirement benefits	-	-	-	4	-	4	-	4
Exchange differences before recognition of net investment hedges	-	-	-	-	651	651	-	651
Net investment hedges recognised	-	-	-	-	(184)	(184)	-	(184)
Cash flow hedges recognised	-	-	-	-	(189)	(189)	-	(189)
Tax on cash flow hedges	-	-	-	-	35	35	-	35
Cash flow hedges transferred to inventory	-	-	-	-	9	9	-	9
Changes in market value of available for sale financial assets	-	-	-	-	3	3	-	3
Other comprehensive income for the year	-	-	-	(26)	325	299	-	299
Total comprehensive income for the year	-	-	-	146	325	471	(1)	470
Share options: value of services provided	-	-	-	2	-	2	-	2
Share options: proceeds from shares issued	-	1	-	-	-	1	-	1
Dividends paid to equity shareholders	-	-	-	(131)	-	(131)	-	(131)
Increase in minority interests	-	-	-	-	-	-	1	1
At 31 December 2008	<b>413</b>	<b>1,005</b>	<b>351</b>	<b>77</b>	<b>328</b>	<b>2,174</b>	<b>2</b>	<b>2,176</b>

## NOTES

### 1 Basis of preparation

In preparing the consolidated financial statements, comparative amounts for earnings per share and dividends per share have been restated as a result of the July 2009 rights issue.

The Group has adopted the following new and amended IFRS as of 1 January 2009.

- (i) IFRS8 'Operating Segments'. For more information see the segment analysis in note 2.
- (ii) IAS1 (Revised) 'Presentation of Financial Statements'. The revised standard requires all non shareholder changes in equity to be presented separately from shareholder changes in equity. As a result, the Group presents non shareholder changes in equity in the consolidated statement of comprehensive income and shareholder changes in equity in the consolidated statement of changes in equity.
- (iii) IFRS7 'Financial instruments - Disclosures' (Amendment). The amendment requires enhanced disclosures concerning fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
- (iv) IFRS2 (Amendment) 'Share based payment'. This amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are only service and performance conditions. Other features of a share based payment are not vesting conditions. These non vesting features would need to be included in the grant date fair value for transactions with employees; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. The amendment does not have a material impact on the consolidated financial statements.
- (v) IAS23 (Revised) 'Borrowing Costs'. This revision of an existing standard requires the capitalisation of borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The revision does not have a material impact on the consolidated financial statements.

The following accounting standards and amendments to existing standards are not yet effective and have not been early adopted by the Group.

- (i) IFRS3 (Revised) 'Business Combinations'.
- (ii) IAS27 (Revised) 'Consolidated and Separate Financial Statements'.

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

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the registrar of companies, and those for 2009 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for 2008 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2009.

Rexam presents underlying operating profit, underlying profit before tax and underlying earnings per share information as it believes these measures provide a helpful indication of its performance and underlying trends. The term underlying refers to the relevant measure being reported before exceptional items, the amortisation of certain intangible assets and fair value changes on financing derivatives. These measures are used by Rexam for internal performance analysis and as a basis for incentive compensation arrangements for employees. The terms underlying and exceptional items are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measurements of profit.

## 2 Segment analysis

With effect from 1 January 2009, the Group adopted IFRS8 'Operating Segments'. This accounting standard requires a "through the eyes of management" approach under which segment information is presented on the same basis as that used for internal reporting purposes.

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

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

### (i) Segment information 2009

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

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

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

(ii) Segment information 2008

	Sales £m	Underlying operating profit £m	Underlying return on sales %	Exceptional and other items* £m	Profit £m
Beverage Cans	3,289	306	9.3	(36)	270
Plastic Packaging	1,273	157	12.3	(50)	107
Total reportable segments	4,562	463	10.1	(86)	377
Disposals and businesses for sale	56	3	5.4	–	3
	4,618	466	10.1	(86)	380
Share of post tax profits of associates and joint ventures					1
Retirement benefit obligations net finance cost					(7)
Net interest expense					(134)
Profit before tax					240
Tax					(69)
Profit for the financial year					171

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

### 3 Exceptional items

	2009 £m	2008 £m
Impairment of goodwill	<b>(196)</b>	–
Restructuring of businesses	<b>(108)</b>	(31)
Disposal of subsidiaries	<b>(5)</b>	–
Other exceptional items	–	(11)
Exceptional items included in operating profit	<b>(309)</b>	(42)
Disposal of associate	<b>(4)</b>	–
Exceptional items included in profit before tax	<b>(313)</b>	(42)
Tax on exceptional items	<b>103</b>	18
Total exceptional items after tax	<b>(210)</b>	(24)

During 2009, goodwill in relation to the Plastic Packaging Closures cash generating unit was impaired by £193m and goodwill in relation to the Beverage Cans India cash generating unit was impaired by £3m following tests for impairment triggered by expected declines in future profitability and cash flow forecasts resulting from adverse market conditions.

Within Beverage Cans, a restructuring charge of £56m has been made to cover the closure of the Dmitrov and Dunkirk facilities within the European business in response to volume decline in that region and for the reorganisation of the North American business initiated in 2008. The total restructuring charge in respect of the reorganisation of Plastic Packaging was £45m, reflecting the closure and consolidation of plants within Personal Care, Closures and Healthcare and a redundancy programme in Healthcare and in its North American administration function. In addition, £7m has been charged in respect of a reduction in corporate staff, including cancellation of certain long term incentives.

In November 2009, the Group disposed of its Petainer plastic bottle business based in Sweden and the Czech Republic for £15m and in December 2009 it disposed of a small Plastic Packaging Personal Care business based in Sussex, WI for £4m. The combined loss on these two transactions before tax was £5m.

In May 2009, the Group disposed of its interest in an associated Plastic Packaging business based in Mexico realising a loss of £4m.

Tax on exceptional items in 2009 relates to impairment of goodwill of £74m, restructuring of businesses of £24m and disposal of subsidiaries of £5m.

#### 4 Retirement benefit obligations

##### (i) Summary

	UK defined benefit pensions £m	USA defined benefit pensions £m	Other defined benefit pensions £m	Total defined benefit pensions £m	Other pensions £m	Total pensions £m	Retiree medical £m	Gross retirement benefit obligations £m
At 1 January 2009	<b>16</b>	<b>(54)</b>	<b>(43)</b>	<b>(81)</b>	<b>(20)</b>	<b>(101)</b>	<b>(127)</b>	<b>(228)</b>
Exchange differences	–	<b>8</b>	<b>3</b>	<b>11</b>	<b>1</b>	<b>12</b>	<b>9</b>	<b>21</b>
Service cost	<b>(7)</b>	<b>(4)</b>	<b>(1)</b>	<b>(12)</b>	<b>(12)</b>	<b>(24)</b>	<b>(1)</b>	<b>(25)</b>
Exceptional items	<b>1</b>	<b>1</b>	–	<b>2</b>	–	<b>2</b>	–	<b>2</b>
Net finance cost	<b>(2)</b>	<b>(19)</b>	<b>(2)</b>	<b>(23)</b>	–	<b>(23)</b>	<b>(8)</b>	<b>(31)</b>
Actuarial changes	<b>(36)</b>	<b>(154)</b>	<b>4</b>	<b>(186)</b>	–	<b>(186)</b>	<b>5</b>	<b>(181)</b>
Cash contributions and benefits paid	<b>17</b>	<b>1</b>	<b>2</b>	<b>20</b>	<b>12</b>	<b>32</b>	<b>11</b>	<b>43</b>
Transfers	–	<b>3</b>	–	<b>3</b>	–	<b>3</b>	–	<b>3</b>
At 31 December 2009	<b>(11)</b>	<b>(218)</b>	<b>(37)</b>	<b>(266)</b>	<b>(19)</b>	<b>(285)</b>	<b>(111)</b>	<b>(396)</b>
At 1 January 2008	68	(101)	(30)	(63)	(17)	(80)	(98)	(178)
Exchange differences	–	(17)	(8)	(25)	(4)	(29)	(33)	(62)
Service cost	(10)	(4)	(1)	(15)	(9)	(24)	(1)	(25)
Exceptional items	–	(3)	–	(3)	–	(3)	4	1
Net finance cost	15	(14)	(1)	–	–	–	(7)	(7)
Actuarial changes	(89)	64	(5)	(30)	1	(29)	(1)	(30)
Cash contributions and benefits paid	32	19	2	53	9	62	9	71
Transfers	–	2	–	2	–	2	–	2
At 31 December 2008	16	(54)	(43)	(81)	(20)	(101)	(127)	(228)

	2009 £m	2008 £m
Gross retirement benefit obligations	<b>(396)</b>	(228)
Deferred tax	<b>117</b>	58
Net retirement benefit obligations	<b>(279)</b>	(170)

##### (ii) Principal actuarial assumptions

	UK 2009 %	USA 2009 %	Other 2009 %	UK 2008 %	USA 2008 %	Other 2008 %
Future salary increases	<b>5.20</b>	<b>4.00</b>	<b>3.07</b>	4.30	4.00	3.07
Future pension increases	<b>3.70</b>	–	<b>2.00</b>	2.80	–	2.00
Discount rate	<b>5.70</b>	<b>5.50</b>	<b>5.06</b>	6.00	6.25	5.05
Inflation rate	<b>3.70</b>	<b>2.50</b>	<b>2.00</b>	2.80	2.50	2.00
Expected return on plan assets (net of administration expenses):						
Equities	<b>7.75</b>	<b>7.56</b>	<b>8.30</b>	7.47	7.49	8.70
Bonds	<b>4.70</b>	<b>4.76</b>	<b>3.70</b>	4.47	4.50	3.20
Cash and other	<b>0.25</b>	<b>3.16</b>	<b>1.00</b>	1.82	3.01	4.00

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

The mortality assumptions used in valuing the liabilities of the UK pension plan in 2009 and 2008 are based on the standard tables PA92 as published by the Institute and Faculty of Actuaries. These tables are adjusted to reflect the circumstances of the plan membership. The life expectancy assumed for male pensioners aged 65 is 21.2 years (2008: 21.2 years) and for female pensioners aged 65 is 24.3 years (2008: 24.3 years). The life expectancy at age 65 assumed for male non pensioners currently aged 45 is 23.4 years (2008: 23.4 years) and for female non pensioners currently aged 45 is 26.7 years (2008: 26.7 years).

The mortality assumptions used in valuing the liabilities of the US pension plans in 2009 and 2008 are based on the RP2000 combined active and retiree mortality table projected to 2006 weighted 70% blue collar and 30% white collar. The life expectancy assumed for male pensioners aged 65 is 17.8 years (2008: 17.8 years) and for female pensioners aged 65 is 20.2 years (2008: 20.2 years).

## 5 (Loss)/earnings per share

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

	2009 Pence	2008 restated Pence
Basic	<b>(3.7)</b>	23.9
Diluted	<b>(3.7)</b>	23.9

	2009 £m	2008 £m
(Loss)/profit for the financial year attributable to shareholders of Rexam PLC	<b>(29)</b>	172

	2009 Millions	2008 restated Millions
Weighted average number of shares in issue as originally stated	<b>786.5</b>	642.3
Bonus element of rights issue	–	78.6
Weighted average number of shares in issue as restated	<b>786.5</b>	720.9
Dilution on conversion of outstanding share options	–	0.2
Weighted average number of shares in issue on a diluted basis as restated	<b>786.5</b>	721.1

Earnings per share have been restated for the 2009 rights issue.

There are 0.2 million share options outstanding at 31 December 2009 that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share for 2009 because they were anti dilutive.

(ii) Underlying earnings per share

	2009	2008
	Pence	restated Pence
Underlying earnings per share	<b>25.4</b>	31.5
	2009	2008
	£m	£m
Underlying profit before tax	<b>285</b>	328
Tax on underlying profit	<b>(85)</b>	(102)
Underlying profit for the financial year	<b>200</b>	226
Attributable to:		
Equity shareholders of Rexam PLC	<b>200</b>	227
Minority interests	<b>–</b>	(1)
	<b>200</b>	226

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

## 6 Equity dividends

	2009	2008
	£m	£m
Final dividend for 2008 of 10.9p restated paid on 2 July 2009	<b>79</b>	–
Interim dividend for 2008 of 7.8p restated paid on 4 November 2008	–	56
Final dividend for 2007 of 10.4p restated paid on 3 June 2008	–	75
	<b>79</b>	131

Dividends per share have been restated for the 2009 rights issue.

A final dividend per equity share of 8.0p has been proposed for 2009 and, subject to shareholder approval, is payable on 3 June 2010. The proposed final dividend has not been accrued in these consolidated financial statements.

## 7 Net borrowings

	2009	2008
	£m	£m
At the beginning of the year	<b>(2,601)</b>	(1,562)
Exchange differences	<b>192</b>	(627)
Acquisition of subsidiaries	–	(22)
Change in cash and cash equivalents	<b>83</b>	(52)
Proceeds from borrowings	<b>(19)</b>	(477)
Repayment of borrowings	<b>540</b>	115
Movement in collateral deposits	<b>(43)</b>	42
Fair value and other changes	<b>20</b>	(18)
At the end of the year	<b>(1,828)</b>	(2,601)

- 8** A copy of the information to be provided to financial analysts is available on request from the Company Secretary, Rexam PLC, 4 Millbank, London SW1P 3XR and is also on Rexam's website, [www.rexam.com](http://www.rexam.com).
- 9** The Annual Report 2009 will be published on [www.rexam.com](http://www.rexam.com) at the end of March 2010. At that time the Annual Report 2009 will be mailed to those shareholders who have elected to receive it. Otherwise, shareholders will be notified that the Annual Report 2009 is available online and will, at the time of that notification, receive a Proxy Form together with the Notice of Annual General Meeting 2010.