



1 March 2010

**BRITISH POLYTHENE INDUSTRIES PLC**

**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009**

**Good performance in challenging conditions**

**Highlights**

- Sales of £425million (2008: £481m), reflecting lower volumes particularly from the construction sector.
- Operating profit before restructuring costs increased to £19m (2008: £12.6m)
- Profit before tax up to £11.8m (2008: £3.9m)
- Diluted earnings per share, before restructuring costs, of 38.60p (2008: 25.53p)
- Second interim dividend payment of 7.5p, making a total dividend for the year of 11.0p (2008: 14.5p)
- Net borrowings reduced by £23.8m to £52.2m
- Restructuring on target

Commenting on the results Cameron McLatchie, Chairman of BPI, said:

*“2009 produced a good outturn for the Group, despite conditions remaining as challenging as 2008, with volatile input costs and reduced demand from certain sectors, particularly those dependent on activity in the construction industry.*

*It would be imprudent not to have a sense of caution when looking at the potential outcome for 2010, but, at the same time, we are confident that the Group continues to take steps to produce the best results we can in what remains a very challenging market.”*

**Enquiries**

Cameron McLatchie, Chairman	01475 501000
John Langlands, Chief Executive	01475 501000

Nicola Biles/Tim Spratt Financial Dynamics	020 7831 3113
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## **Chairman's Statement**

### **Introduction**

2009 produced a good outturn for the Group, despite conditions remaining as challenging as 2008, with volatile input costs and reduced demand from certain sectors, particularly those dependent on activity in the construction industry.

The previously reported decisive actions taken to reduce excess capacity in the industrial part of our UK business have resulted in a reduction in losses from these activities. Combined with a continuing steady performance from the resilient agricultural and retail food sectors and reduced UK energy costs, we have, as previously indicated, produced results considerably ahead of 2008.

We expect a continuing good performance in 2010, but economic and business risks remain, and we are therefore recommending that the remaining dividend payment for the year continues at the same level as for 2008. We continue to believe that it is prudent to preserve cash and maintain a strong balance sheet at the present time.

### **Results**

Total volumes for the year were 275,000 tonnes (2008: 305,000) reflecting the first full year of volume loss from the construction sector and the continuing drive from the retail sector to reduce the volume of packaging they consume by specifying thinner and stronger polythene films. In this respect, measurement of our activity by volume alone can be misleading, as we continue to enjoy a similar, or even greater, market share; but of products which are thinner and lighter.

On sales of £425 million (2008: £481 million), operating profit, before net restructuring costs, increased to £19.0 million (2008: £12.6 million).

Operating profits were not impacted so greatly by unpredictable energy costs and, although raw material costs continued to be volatile, they remained at lower levels than during the summer of 2008.

A major improvement in our operating profits came from the reduction in costs in the industrial part of our UK business and, in particular, the decision to close our Stockton site which was highly dependent on the supply of packaging to the construction industry.

Net restructuring costs of £3.1 million (2008: £5.4 million) reflect closure and redundancy costs in our UK and European businesses. £1.7 million of the above costs were incurred in the phased closure of the facility at Stockton with the balance mainly on the closure of our Cowdenbeath plant and restructuring at our Hardenberg plant in the Netherlands.

Net borrowing costs reduced from £4.2 million to £2.7 million. Average borrowings were lower due to a combination of lower input costs, improved trading and working capital control. Interest charges also benefitted from lower interest rates during the period. A change in the assumed impact of pension financing, from a credit of almost £1 million to a charge of £1.4 million, resulted in the annual charge for net financing costs increasing from £3.3 million to £4.1 million.

The profit before tax was £11.8 million (2008: £3.9 million). Diluted earnings per share were 30.36p (2008: 10.67p). Diluted earnings per share, before restructuring costs, were 38.60p (2008: 25.53p)

## **Dividend**

The Board has decided to change the timing of the remaining dividend payment for 2009, in advance of changes in personal taxation after 5 April.

Accordingly, the Board is declaring a second interim dividend for the year of 7.5p per share for the year ended 31 December 2009 (2008: no second interim), and will not be recommending the payment of a final dividend for the year (2008: 7.5p), making a total for the year of 11.0p (2008: 14.5p).

This second interim dividend is payable on 31 March 2010, to shareholders on the register at the close of business on 12 March 2010.

The Board intends to return to last year's payment schedule for any dividends which may be paid in respect of the trading year 2010, with the interim payable in November 2010 and the final in July 2011.

## **Cash Flow and Borrowings**

The Group generated pleasing levels of cash in 2009 and we were successful in reducing debt. Operating cash flow from trading amounted to £27.6 million and improvements in working capital generated a further £15.1 million. Net capital expenditure absorbed £12.7 million and interest, tax, and dividends a further £8.6 million. Year-end foreign currency borrowings dropped by some £2.4 million on translation. Accordingly, we were able to lower borrowings by £23.8 million to £52.2 million which is excellent progress. We expect borrowings to reduce further in the current year.

Capital expenditure for 2010 is currently envisaged to be some 20% higher than 2009, which was marginally behind expectations, due to postponement in delivery of certain large items of spend at Ardeer. Major items of expenditure for 2010 include a new line at Ardeer for the manufacture of wide agricultural and horticultural films; upgrading of the plant at Bromborough to increase production of thinner stronger films; an out-of-line tube former for industrial packaging at Hardenberg; and a new printing press at Zele to build on their success in supplying high quality printed film to the food packing industry.

## **Group Pension Scheme**

The IAS 19 deficit in the pension scheme increased to £57 million (2008 : £26 million). Whilst we saw a recovery in asset values this increased deficit was driven by higher assumptions on the rate of future inflation and a reduction in the assumed discount rate applied to the liabilities of the scheme.

Following a review of investment strategy, a change was made to the structure of the investments in the Scheme. All direct equity investments were sold, and the Scheme now holds equity futures to the same value, with physical assets held in cash, corporate bonds and index-linked gilts.

A small allocation remains in absolute return assets. This strategy is designed to de-risk the investment profile, whilst maintaining the potential upside of returns from the equity markets.

## **Board Changes**

On 24 July, the Board appointed David Harris as Group Finance Director following the resignation of Anne Thorburn who left to take up an opportunity within the private equity sector. David joined BPI in 1996 and has been employed in a number of financial and general management roles during his career with the Group. In his previous role as Managing Director of our UK industrial operations, he was involved in the significant restructuring of those operations.

On 18 August, the Board appointed David Warnock as an independent Non-Executive Director of the Company. David has 30 years' investment experience in both public and private companies, in both the UK and USA. He co-founded Aberforth Partners LLP and was a partner for 19 years until he retired from the firm at the end of 2008. Prior to Aberforth he was with Ivory and Sime plc and 3i plc. David is non-executive Director of Phoenix IT Group plc, Standard Life European Private Equity Trust plc and City Health Clinic Group Ltd.

## **Group Development**

2009 was dominated by the run-down of our Stockton facility.

With over 30,000 tonnes of capacity to move to other Group sites, this closure was always envisaged as a major exercise with over 10,000 different individual specifications to transfer. With minor differences in packaging standards at our various plants, this led to some issues during the second quarter in transferring sack production to Ardeer and Greenock. These issues have now been addressed and many customers have commented on the improved standard of print quality they are now receiving from Ardeer.

We are now in the process of transferring industrial film production and we anticipate completing that exercise by the end of March. The last machine running at Stockton will be the wide line that manufactures agricultural and horticultural films. Due to the potential difficulty in moving this very large line, and also the changes in specifications which have occurred since it was installed over 20 years ago, we took the decision to install a new line at Ardeer, as a replacement for the Stockton line, at a cost of some £4.5 million.

This new 5-layer co-extrusion line will be one of the largest film lines in the world, with capacity of over 15,000 tonnes per annum and capable of producing films up to 25 metres wide. It will be capable of covering all the specifications of the old Stockton line and gives us 5,000 tonnes of extra capacity in a market which has proved very resilient during the current recession. We currently anticipate that this line will be in production by the end of June, by which time we will have ceased all activity at Stockton.

During the year, we commenced manufacture of mailing bags for mail order and on-line retailers, a sector in which we did not have a presence. This followed an investment at our Swansea facility and has been supported by transfer of equipment from Stockton and new capital expenditure on both extrusion, print and conversion equipment. It is our intention to invest further in this activity and broaden the scope of what we can offer to this growing sector.

In January this year, we announced our intention to close our film extrusion plant at Brampton and transfer the work to other Group sites. Despite the efforts of a loyal and competent workforce, changes in specification to thinner films, combined with an out-dated factory layout with low roof height, made it more and more difficult to remain competitive. A drop in demand for suitable product during 2009 drove us to the conclusion that there was no viable future for that plant. The closure costs of £0.6m will be charged in the 2010 accounts.

It is currently anticipated that the restructuring costs for 2010 will be offset by a gain on the sale of the Stockton site.

## **Raw Material Costs**

A year ago we indicated that raw material prices had fallen dramatically and that we envisaged a period of relative stability at these lower levels.

Notwithstanding that world-wide demand had fallen, and that the polymer producers had brought on massive new capacity, we failed to allow for the fact that the supply of ethylene and ethane, the raw materials for polyethylene, was now firmly in the hands of oil companies, rather than the polymer producers. Despite reduced demand, they have managed to keep the price of ethylene at a fairly high level, thereby forcing polymer producers to pass on these costs to polymer users and thereafter to the consumer.

Prices have crept back up, but thankfully not to the levels we experienced in the summer of 2008. There is currently insufficient demand to support further price increases, but pricing of these input costs does not seem to be following market forces and we have experienced increases in January and February.

## **Energy Costs**

One consequence of the recession has been the reduction in demand for energy in the UK. This has resulted in more stable pricing for electricity in the short term, although sadly there is not yet any confirmation that sufficient generating capacity will actually be built in the UK to cope with demand after this recession has ended. We are managing these costs as well as we can but further price spikes are inevitable in the UK market in the coming years. At the present time we have covered our energy costs for 2010 and the early part of 2011.

## **Prospects and Current Trading**

As with last year, the defensive sectors of the business – agriculture, retail food and related transit packaging, healthcare and refuse sacks – currently remain resilient.

We are still experiencing reduced demand from the remainder of our business – construction, industrial and non-food retail – but it is getting no worse, and with our capacity more in line with this demand, we expect to stem the losses from the industrial part of our UK business by the end of June. After that time, we should start to see the full benefits of the Stockton closure. In order to continue supporting customers, while we relocate major items of plant to Ardeer, additional operating costs will continue during the first half of 2010 at Stockton.

The UK and Irish markets are in the grip of a prolonged recession for their construction industries, with little sign of any light on the horizon.

Parts of the UK public sector now face many years of reduced spend and this could easily result in reduced demand for some of our products.

We have been successful in winning new business in the UK bread bag market and are making inroads to the UK mail order and on-line shopping market.

When the new wide film line is in operation at Ardeer, we have opportunities in agriculture and horticulture that we were previously not able to service although this is unlikely to have an impact until 2011.

We are, therefore, faced with many challenges and some opportunities.

It is also inevitable in the current economic situation, that some of our customers will have trading difficulties, resulting in decreased demand or worse.

It would, therefore, be imprudent not to have a sense of caution when looking at the potential outcome for 2010, but, at the same time, your Board is confident that the Group continues to take steps to produce the best results we can in what remains a very challenging market.

**Consolidated income statement**  
**For the year ended 31 December 2009**

		2009	2008
	Note	£m	£m
<b>Turnover</b>	<b>2</b>	<b>424.7</b>	480.7
<b>Profit from operations before restructuring costs</b>		<b>19.0</b>	12.6
Restructuring costs		(3.1)	(5.4)
<b>Profit from operations</b>	<b>2</b>	<b>15.9</b>	7.2
Borrowing costs		(2.7)	(4.2)
Net retirement benefit (financing)/income		(1.4)	0.9
<b>Net financing costs</b>		<b>(4.1)</b>	(3.3)
<b>Profit before tax</b>		<b>11.8</b>	3.9
Tax		(3.7)	(1.1)
<b>Profit for the year</b>		<b>8.1</b>	2.8
<b>Attributable to:</b>			
Equity holders of the parent		8.1	2.8
<b>Earnings per share</b>			
Basic	4	30.86p	10.67p
Diluted	4	30.36p	10.67p
Diluted earnings per share before restructuring costs	4	38.60p	25.53p

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2009**

		2009	2008
		£m	£m
<b>Profit for the year</b>		<b>8.1</b>	2.8
Cash flow hedges: effective portion of net changes in fair value		0.1	(0.4)
Actuarial loss on defined benefit pension scheme		(32.4)	(12.3)
Movement on translation of overseas undertakings and related borrowings		(0.8)	2.3
Movement on translation of minority interests		(0.1)	0.2
Tax on components of other comprehensive income		9.0	3.5
<b>Other comprehensive income for the year</b>		<b>(24.2)</b>	(6.7)
<b>Total comprehensive income for the year</b>		<b>(16.1)</b>	(3.9)
<b>Attributable to:</b>			
Equity holders of the parent		(16.0)	(4.1)
Minority interests		(0.1)	0.2
<b>Total comprehensive income for the year</b>		<b>(16.1)</b>	(3.9)

**Consolidated balance sheet  
At 31 December 2009**

	2009	2008
	£m	£m
Note		
<b>Non-current assets</b>		
Goodwill	0.4	0.4
Other intangible assets	2.0	1.8
Property, plant and equipment	87.0	90.3
Investments	-	0.1
Deferred tax assets	16.1	7.3
	<b>105.5</b>	99.9
<b>Current assets</b>		
Inventories	61.4	62.5
Trade and other receivables	49.3	60.4
Current tax assets	0.5	0.7
Cash at bank	0.5	0.4
	<b>111.7</b>	124.0
<b>Current liabilities</b>		
Bank overdraft	4.8	8.4
Other loans and borrowings	2.0	21.3
Derivative financial instruments	0.3	-
Trade and other payables	64.8	61.5
Current tax liabilities	1.6	1.0
	<b>73.5</b>	92.2
<b>Net current assets</b>	<b>38.2</b>	31.8
<b>Total assets less current liabilities</b>	<b>143.7</b>	131.7
<b>Non-current liabilities</b>		
Other loans and borrowings	45.9	46.7
Derivative financial instruments	0.3	-
Retirement and employee benefit obligations	5	27.1
Deferred tax liabilities	3.9	4.0
Deferred government grants	0.8	0.8
	<b>109.3</b>	78.6
<b>Net assets</b>	<b>34.4</b>	53.1
<b>Equity</b>		
Issued share capital	6.6	6.6
Share premium account	25.1	25.1
Other reserves	8.6	9.3
Retained earnings	(6.2)	11.7
<b>Total equity attributable to equity holders of the parent</b>	<b>34.1</b>	52.7
<b>Minority interests</b>	<b>0.3</b>	0.4
<b>Total equity</b>	<b>34.4</b>	53.1

**Consolidated cash flow statement**  
**For the year ended 31 December 2009**

	2009	2009	2008	2008
	£m	£m	£m	£m
<b>Profit from operations</b>		15.9		7.2
Amortisation of intangible assets		0.5		0.5
Depreciation and impairment of property, plant and equipment		13.5		14.6
IFRS 2 charge in relation to equity settled transactions		0.3		0.4
Impairment of investments		0.1		-
Gain on disposal of property, plant and equipment		(0.1)		-
Adjustment relating to pensions		(2.6)		(3.3)
<b>Operating cash flows before movements in working capital</b>		27.6		19.4
Decrease in inventories		0.2		4.9
Decrease in trade and other receivables		10.2		6.9
Increase/(decrease) in trade and other payables		4.7		(3.4)
<b>Movements in working capital</b>		15.1		8.4
<b>Cash generated from operations</b>		42.7		27.8
Interest paid		(3.2)		(4.1)
Income taxes paid		(2.5)		(3.3)
<b>Net cash from operating activities</b>		37.0		20.4
<b>Investing activities</b>				
Purchase of property, plant and equipment	(12.2)		(14.2)	
Capital amount of hire purchase/finance lease received	2.8		5.5	
Net purchase of property, plant and equipment		(9.4)		(8.7)
Purchase of intangible assets		(0.8)		(0.4)
Proceeds from sale of property, plant and equipment		0.3		-
<b>Net cash used in investing activities</b>		(9.9)		(9.1)
<b>Net cash flows before financing</b>		27.1		11.3
<b>Financing activities</b>				
Dividends paid (note 3)		(2.9)		(5.8)
Net increase in bank loans		0.7		6.9
Repayment of other loans		(20.0)		-
Repayment of obligations under finance leases/hire purchase		(1.6)		(1.5)
<b>Net cash used in financing activities</b>		(23.8)		(0.4)
<b>Net increase in cash and cash equivalents</b>		3.3		10.9
Cash and cash equivalents at beginning of year		(8.0)		(16.2)
Effect of foreign exchange rate changes		0.4		(2.7)
<b>Cash and cash equivalents at end of year</b>		(4.3)		(8.0)

## Consolidated statement of changes in equity

For the year ended 31 December 2009

	Share Capital £m	Share Premium £m	Other Reserves £m	Retained Earnings <sup>1</sup> £m	Attributable to owners of the parent £m	Minority Interests £m	Total £m
Balance at 1 January 2009	6.6	25.1	9.3	11.7	52.7	0.4	53.1
Profit for the year	-	-	-	8.1	8.1	-	8.1
Cash flow hedges: effective portion of net changes in fair value	-	-	0.1	-	0.1	-	0.1
Actuarial loss on defined benefit pension scheme	-	-	-	(32.4)	(32.4)	-	(32.4)
Movement on translation of overseas undertakings and related borrowings	-	-	(0.8)	-	(0.8)	-	(0.8)
Movement on translation of minority interests	-	-	-	-	-	(0.1)	(0.1)
Tax on components of other comprehensive income	-	-	-	9.0	9.0	-	9.0
<b>Total comprehensive income for the year</b>	-	-	(0.7)	(15.3)	(16.0)	(0.1)	(16.1)
IFRS 2 charge in relation to equity settled transactions	-	-	-	0.3	0.3	-	0.3
Dividends	-	-	-	(2.9)	(2.9)	-	(2.9)
<b>Balance at 31 December 2009</b>	<b>6.6</b>	<b>25.1</b>	<b>8.6</b>	<b>(6.2)</b>	<b>34.1</b>	<b>0.3</b>	<b>34.4</b>

	Share Capital £m	Share Premium £m	Other Reserves £m	Retained Earnings <sup>1</sup> £m	Attributable to owners of the parent £m	Minority Interests £m	Total £m
Balance at 1 January 2008	6.6	25.1	7.4	23.1	62.2	0.2	62.4
Profit for the year	-	-	-	2.8	2.8	-	2.8
Cash flow hedges: effective portion of net changes in fair value	-	-	(0.4)	-	(0.4)	-	(0.4)
Actuarial loss on defined benefit pension scheme	-	-	-	(12.3)	(12.3)	-	(12.3)
Movement on translation of overseas undertakings and related borrowings	-	-	2.3	-	2.3	-	2.3
Movement on translation of minority interests	-	-	-	-	-	0.2	0.2
Tax on components of other comprehensive income	-	-	-	3.5	3.5	-	3.5
<b>Total comprehensive income for the year</b>	-	-	1.9	(6.0)	(4.1)	0.2	(3.9)
IFRS 2 charge in relation to equity settled transactions	-	-	-	0.4	0.4	-	0.4
Dividends	-	-	-	(5.8)	(5.8)	-	(5.8)
<b>Balance at 31 December 2008</b>	<b>6.6</b>	<b>25.1</b>	<b>9.3</b>	<b>11.7</b>	<b>52.7</b>	<b>0.4</b>	<b>53.1</b>

<sup>1</sup> As at 31 December 2009 the holding company retained earnings amounted to £17.8 million (2008: £21.1 million) and are not affected by movements in retirement benefit obligations.

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2009**

**1. Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs").

**2. Segment reporting**

The Group has adopted IFRS 8 'Operating Segments' with effect from 1 January 2009. IFRS 8 requires operating segments to be identified based on the structure of reporting which is regularly reviewed by the entity's chief operating decision maker (CODM) in order to allocate resources and assess performance.

After undertaking an exercise to assess the impact of the new standard, the Group has concluded that there are three reportable segments: UK and Ireland, Mainland Europe and North America. UK & Ireland includes all of the UK manufacturing and merchanting activities along with the Irish sales office which distributes predominately UK manufactured products. It also includes the manufacturing operation in China from which most of the output is exported for sale by the Group in the UK. Mainland Europe comprises the manufacturing and merchanting activities located in Belgium, the Netherlands and France. North America comprises the manufacturing business in Canada with sales throughout North America.

**Segment profit/loss**

An analysis of the Group's revenue and results by operating segment for the periods is presented below. The measure of segment profit provided to the chief operating decision maker is profit from operations.

	UK & Ireland		Mainland Europe		North America		Total	
	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m	2009 £m	2008 £m
<b>Turnover</b>								
Total sales	303.1	347.5	103.3	113.2	22.6	22.8	429.0	483.5
Inter-segment sales	(0.9)	(1.5)	(3.2)	(1.2)	(0.2)	(0.1)	(4.3)	(2.8)
External sales	302.2	346.0	100.1	112.0	22.4	22.7	424.7	480.7
<b>Profit from operations before restructuring costs</b>	10.2	4.5	8.0	7.3	0.8	0.8	19.0	12.6
Restructuring costs	(2.4)	(5.4)	(0.7)	-	-	-	(3.1)	(5.4)
<b>Profit/(loss) from operations</b>	7.8	(0.9)	7.3	7.3	0.8	0.8	15.9	7.2
Net financing costs							(4.1)	(3.3)
<b>Profit before tax</b>							11.8	3.9
Tax							(3.7)	(1.1)
<b>Profit for the year</b>							8.1	2.8
<b>Depreciation, amortisation and impairment</b>	9.5	11.5	4.2	3.5	0.3	0.1	14.0	15.1
<b>Capital expenditure</b>	11.5	10.5	1.7	3.7	0.1	0.6	13.3	14.8

## 2. Segment reporting (continued)

### Segment assets

The Group's assets are analysed by operating segment as follows

	UK & Ireland		Mainland Europe		North America		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets*	66.0	64.8	21.9	26.2	1.5	1.6	89.4	92.6
Inventories and trade and other receivables	83.4	90.6	27.3	28.8	5.8	8.0	116.5	127.4
	149.4	155.4	49.2	55.0	7.3	9.6	205.9	220.0
Elimination of intercompany debtors							(5.8)	(4.5)
Deferred tax assets							16.1	7.3
Current tax assets							0.5	0.7
Cash at bank							0.5	0.4
<b>Total assets</b>							<b>217.2</b>	<b>223.9</b>

\* The measure of non-current asset used for segmental reporting comprises goodwill, other intangible assets, investments and property, plant and equipment. It excludes deferred tax assets.

## 3. Dividends

	2009	2008
	£m	£m
<b>Amounts recognised as distributions to equity holders in the year:</b>		
Final dividend for the year ended 31 December 2008 of 7.5p per share(2007:15.0p)	2.0	3.9
Interim dividend for the year ended 31 December 2009 of 3.5p per share(2008: 7.0p)	0.9	1.9
	2.9	5.8
Proposed second interim dividend for the year ended 31 December 2009 of 7.5p per share (2008: final dividend of 7.5p)	2.0	2.0

The proposed second interim dividend of 7.5p per share will be paid on 31 March 2010 to shareholders on the register at close of business on 12 March 2010. It was approved by the Board on 1<sup>st</sup> March 2010 and has not been included as a liability as at 31 December 2009.

## 4. Earnings per ordinary share

	2009	2008
<b>Weighted average number of ordinary shares</b>	<b>000</b>	<b>000</b>
Issued ordinary shares at 1 January	26,498	26,498
Effect of own shares held	(250)	(257)
<b>Weighted average number of ordinary shares</b>	<b>26,248</b>	<b>26,241</b>
Effect of share options and long term incentive plan shares in issue	436	-
<b>Diluted weighted average number of ordinary shares</b>	<b>26,684</b>	<b>26,241</b>
Profit attributable to ordinary shareholders	£8.1m	£2.8m
Profit attributable to ordinary shareholders before restructuring costs	£10.3m	£6.7m
Basic earnings per ordinary share	30.86p	10.67p
Diluted earnings per ordinary share	30.36p	10.67p
Diluted earnings per ordinary share before restructuring costs	38.60p	25.53p

## 5. Retirement and employee benefit obligations

	2009	2008
	£m	£m
<b>British Polythene Industries Pension Scheme</b>		
Fair value of scheme assets	169.4	151.0
Present value of scheme liabilities	(226.3)	(176.7)
<b>Deficit in the scheme</b>	<b>(56.9)</b>	<b>(25.7)</b>
Other employee benefits	(1.5)	(1.4)
Retirement and other employee benefit obligations	(58.4)	(27.1)
Related deferred tax asset	16.0	7.3
<b>Net pension liability</b>	<b>(42.4)</b>	<b>(19.8)</b>

## 6. Statutory accounts

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 the 2009 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 and (ii) did not contain statements under section 237(2) or (3) of the Companies Act 1985 in respect of 2008, or under section 498(2) or (3) of the Companies Act 2006 in respect of 2009.

## 7. Annual General Meeting

The Annual General Meeting will be held on Thursday, 13 May 2010 at 12 noon at the Company's Head Office, 96 Port Glasgow Road, Greenock, PA15 2UL.

## 8. Results

The results will not be advertised in any newspapers.