8 December 2016

DS SMITH PLC – 2016/17 HALF YEAR RESULTS

Consistent delivery from strong business model

6 months to 31 October 2016		Change (reported)	Change (constant currency)
Revenue	£2,357m	+21%	+7%
Adjusted operating profit(1)	£226m	+23%	+9%
Profit before tax	£146m	+60%	+32%
Adjusted EPS(1)	16.4p	+21%	+9%
Interim dividend per share	4.6p	+15%	NA
Return on sales(4)	9.6%	+20bps	+10bps
ROACE(5)	15.1%	+10bps	+10bps

Highlights

- Organic volume growth of 2.9%
  - All regions in growth
  - Continued growth of pan-European FMCG and e-commerce customers
- Delivering against all financial KPIs
  - Return on sales(4) increase of 10bps to 9.6%
  - ROACE(5) improvement of 10bps to 15.1%
  - Net debt / EBITDA(6) 1.9x
- Strong profit growth
  - Adjusted operating profit +9%
  - Profit before tax +32%
- Strengthening the business portfolio
  - Expanding pan-European point of sale and display capability
    - Acquired and integrated businesses in the UK and Denmark
    - Opened new plant in Erlensee, Germany
    - Acquisition of P&I, a specialist corrugated display business in Portugal
  - Completion of acquisition of Gopaca, corrugated packaging, in Portugal
  - Proposed acquisition of Parish Manufacturing Inc., a US bag-in-box plastics business

"This half year has been another period of consistent delivery across the whole business. Volumes have grown as our high quality, innovative service has continued to delight our customers, particularly those who require a pan-European approach. This, combined with strong results from businesses acquired last year, the benefit of our global procurement platform, and the continued roll-out of performance packaging, has resulted in another period where we have delivered against all our financial KPIs. The business has continued to demonstrate momentum and has performed well despite the challenging market, which is a demonstration of the strength of our business model. Accordingly, the Board remains confident about the outlook for the business and has increased the dividend by 15%." **Miles Roberts, Group Chief Executive**

Sustainable delivery against medium term targets

Medium term targets	Delivery in H1 2016/17[8]
Organic volume growth[2] ≥GDP[3]+1%	+2.9%
Return on sales[4] 8% – 10%	9.6%
ROACE[5] 12% - 15%	15.1%
Net debt / EBITDA[6] ≤2.0x	1.9x
Operating cash flow/ operating profit[7] ≥100%	129%

See notes to the financial tables below

Enquiries

DS Smith Plc +44 (0)20 7756 1800
Hugo Fisher, Group Communications Director
Rachel Stevens, Investor Relations Director

Bell Pottinger
John Sunnucks +44 (0)20 3772 2549
Ben Woodford +44 (0)20 3772 2566

Presentation and dial-in details

A presentation to investors and analysts will be held at 9:30am today at Allen & Overy, One Bishops Square, London E1 6AD. Dial-in access for the presentation is available with details as follows: +44 (0) 20 3003 2666 (standard access) or 0808 109 0700 (UK Toll Free) Password: DS Smith. The slides accompanying the presentation will be available on our website shortly before the start of the presentation. Dial-in participants will have the opportunity to participate in the Q&A. A replay is available for 7 days on +44 (0) 20 8196 1998, PIN 9248659#.

Notes to the financial tables

(1) Before exceptional items and amortisation of intangible assets
(2) Corrugated box volumes, adjusted for working days, on a like-for-like basis
(3) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the HY 2016/17 = 1.8%. Source: Eurostat (15 Nov 2016)
(4) Operating profit before exceptional items and amortisation of intangible assets as a percentage of revenue
(5) Operating profit before exceptional items and amortisation of intangible assets as a percentage of the average monthly capital employed over the previous 12 month period. Average capital employed includes property, plant and equipment, intangible assets (including goodwill), working capital, provisions, capital debtors/creditors and assets/liabilities held for sale
(6) Net debt over operating profit before depreciation, exceptional items and amortisation of intangible assets, calculated in accordance with banking covenants
(7) Free cash flow before tax, net interest, growth capital expenditure and pension payments as a percentage of operating profit before exceptional items and amortisation of intangible assets
(8) Organic growth, cash conversion and return on sales given for the 6 months to 31 October 2016, ROACE and net debt / EBITDA given for the 12 months to 31 October 2016
(9) Note 15 explains the use of non-GAAP performance measures. Reported results are presented under the Condensed Consolidated Income Statement and reconciliations to adjusted results are presented on the face of the Condensed Consolidated Income Statement, in note 2, note 7, and note 15.

Cautionary statement: This announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and DS Smith Plc undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

Overview

In the half year to 31 October 2016, DS Smith has delivered another consistent performance, growing strongly, further improving our return on sales and delivering a return on capital ahead of our target range. Organic corrugated box volumes have grown at 2.9%, ahead of our target of GDP+1%. Volume growth was particularly good among our pan-European customers, driven by strong growth within our e-commerce and FMCG categories. Return on sales has again increased period-on-period by 10 basis points to 9.6%, moving towards the top of our target range of 8 – 10%. This performance is reflective of the strength of our business model irrespective of wider market volatility. Return on average capital employed has improved by 10 basis points compared to the prior year to 15.1%, despite the initial dilutive effect of some of the recently acquired businesses. Net debt / EBITDA at the period end was 1.9x and operating cash flow conversion was very strong at 129% of operating profit, both fulfilling our financial KPIs. These results underline the resilience of the business and the success of our continued focus on performance packaging with our pan-European customers.

We believe that display and point of sale packaging is a growth market, as traditional advertising becomes less important and, instead, purchasing decisions are made in-store, and we are therefore investing in this area. In the period we acquired two businesses, both specialising in point of sale and display packaging, Creo in the UK (completed June 2016) and Deku-Pack in Denmark (completed in September 2016). Subsequently, we have completed our acquisition of Gopaca, a corrugated packaging business in Portugal, and P&I Display, a specialist display business, also in Portugal (November 2016). The acquisitions of Creo, Deku-Pack and P&I Display are part of our strategy to deliver high quality point of sale packaging solutions to our customers, which is also the focus of the new site in Erlensee, Germany, which was formally opened on 17 November 2016. We have also announced the proposed acquisition of Parish Manufacturing Inc. ("Parish"), a USA manufacturer and supplier of bag-in-box systems, located in Indianapolis, Indiana. The aggregate consideration for the five transactions is approximately £75 million. For all the businesses acquired, we have been delighted with the reaction from employees and customers and are already seeing the benefits of combining their expertise in the point-of-sale field with the DS Smith pan-European platform.

For the half year period, revenues increased on a constant currency basis by 7%, principally reflecting the contribution from acquired businesses and volume growth in corrugated boxes and other categories such as plastics. The contribution from acquired businesses is net of the impact of the closure of the Wansbrough paper mill in the second half of 2015/16. Organic growth represented 3% overall, driven by continued strong volume growth in corrugated box and other categories, with a slight offset from sales price and mix.

Adjusted operating profit was up £18 million on a constant currency basis, or 9%, reflecting strong organic growth which accounted for 6% of the 9% growth. Profits were principally driven by the volume growth in all our businesses. Sales price and mix fell slightly due to lower paper pricing, while the business broadly offset the adverse impact to input costs from rising old corrugated card ("OCC") prices post the EU referendum. As a business, the majority of the corrugated packaging that DS Smith manufactures is sold in the country in which it is made, and there is limited cross-channel trade. As such, with the exception of the increase in OCC prices, themselves influenced by the devaluation of sterling following the EU referendum, the impact of the EU referendum on DS Smith has been largely restricted to the translational impact on our non-sterling profits and debt.

We continue to remain heavily focused on cash and ROACE, delivering 15.1% ROACE, in excess of our target range, despite the initial dilutive impact from businesses acquired recently. Net debt has increased by £56 million to £1,155 million, due to the impact of currency translation of £127 million, partially offset by free cash flow and other expenditure. Underlying cash flow from the business was good, with a further working capital inflow of £35 million. Cash spent on acquisitions completed during the period was £37 million. The currency translation impact is a result of our policy to broadly match our debt to the currencies in which our cash flow is generated. Net debt / EBITDA has reduced from 2.0x at 30 April 2016 to 1.9x at 31 October 2016.

Operating review

Unless otherwise stated, all commentary and comparable analysis in the operating review is based on constant currency performance.

UK

	Half year ended 31 October 2016	Half year ended 31 October 2015	Change
Revenue	£466m	£444m	5%
Operating profit*	£45m	£47m	(4%)
Return on sales*	9.7%	10.6%	(90bps)

*Adjusted, before amortisation and exceptional items

In the UK revenues increased 5% to £466 million (H1 2015/16: £444 million) while adjusted operating profit has decreased 4% to £45 million (H1 2015/16: £47 million). Corrugated box volumes in the period were very strong reflecting continued success with pan-European FMCG and e-commerce customers, which is a reflection of the investment we have made in the region in prior periods. The business also benefited from a good performance from TRM, acquired in May 2016. Profitability and margin in the region have been impacted by the rise in sterling-denominated OCC prices following the EU referendum which, given the mix of business, were partially offset by other mitigating actions. Despite these headwinds, the adjusted return on sales of 9.7% in the period remains above the Group average and near the top end of our target range, reflecting the quality of our innovation and customer relationships in the region.

Western Europe

	Half year ended 31 October 2016	Half year ended 31 October 2015	Change – reported	Change – constant currency
Revenue	£626m	£489m	28%	10%
Operating profit*	£56m	£36m	56%	33%
Return on sales*	8.9%	7.4%	+150bps	+150bps

*Adjusted, before amortisation and exceptional items

In Western Europe organic corrugated box volumes in the period were good, reflecting a particularly strong performance in the Iberian businesses, where the recent acquisitions have been fully integrated and the benefits from the combined businesses are being realised. Revenue increased by 10% driven both by the acquired businesses and underlying volume growth. Adjusted operating profit grew by 33%, principally reflecting profit improvement measures initiated in prior periods and a contribution from acquisitions. This translated to an adjusted return on sales improvement of 150 basis points.

DCH and Northern Europe

	Half year ended 31 October 2016	Half year ended 31 October 2015	Change – reported	Change – constant currency
Revenue	£490m	£412m	+19%	+2%
Operating profit*	£45m	£44m	+2%	(13%)
Return on sales*	9.2%	10.7%	(150bps)	(160bps)

*Adjusted, before amortisation and exceptional items

DCH and Northern Europe has seen positive volume growth across the region, with good growth in Northern Europe, more than counterbalancing slower market conditions in Germany and Switzerland. While the business has focused on improving customer mix and on delivering performance packaging, the overall adjusted return on sales for the region has been impacted by the higher proportion of paper manufacturing. In November, we opened a major new site in Erlensee, near Frankfurt, which specialises in high quality display and point of sale packaging, and will be a major hub for our activities in this specialist market in continental Europe.

Central Europe and Italy

	Half year ended 31 October 2016	Half year ended 31 October 2015	Change – reported	Change – constant currency
Revenue	£614m	£471m	+30%	+12%
Operating profit*	£62m	£42m	+48%	+24%
Return on sales*	10.1%	8.9%	+120bps	+90bps

*Adjusted, before amortisation and exceptional items

Organic corrugated box volumes in central and eastern Europe have grown ahead of the Group average, reflecting a very good performance from all segments of this attractive market, where we have a leading position. Our corrugated box volumes in Italy have also continued to grow very well. Revenues increased by 12%, reflecting the volume growth and the contribution of an incremental one month of the Duropack business. The Duropack business is now fully integrated with the existing operations and synergy delivery is fully on track. Adjusted operating profit increased 24%, reflecting both organic growth and the results of the acquired business. Adjusted return on sales has, therefore, improved by 90bps to 10.1%.

Plastics

	Half year ended 31 October 2016	Half year ended 31 October 2015	Change – reported	Change – constant currency
Revenue	£161m	£137m	+18%	+4%
Operating profit*	£18m	£15m	+20%	+6%
Return on sales*	11.2%	10.9%	+30bps	+20bps

*Adjusted, before amortisation and exceptional items

Plastics has seen revenue grow by 4%, driven by organic growth in the business, particularly in rigid crates, which is predominantly in Europe. Adjusted operating profit grew 6% as the benefits of the restructuring undertaken over the past two years in our European Flexible packaging operations performed to our investment case, in addition to more efficient procurement of materials.

Investing in the business

Our vision is to be the leading supplier of sustainable packaging solutions. We continue to expand our geographic reach and our expertise in fast-growing areas of the market. We have recently completed the acquisitions of Gopaca and P&I Display in Iberia. We have also extended our expertise in the growing area of display packaging, with the purchase of two businesses, Creo, in the UK, and Deku-Pack, in Denmark. These acquisitions, combined with our existing capability and the new site in Erlensee, Germany, has substantially enhanced our offering in this attractive category. We also continue to invest in our fast-growing e-commerce and digital printing businesses.

Our Plastics business has had another period of record success and we are investing further in this, and announce today the proposed acquisition of Parish, a USA manufacturer and supplier of bag-in-box systems.

Outlook

The outlook remains positive as we continue to expand and strengthen our market position particularly in the fast-growing e-commerce and attractive point of sale and display categories. The business has continued to demonstrate momentum and has performed well despite the challenging market, which is a demonstration of the strength of our business model. Accordingly, the Board remains confident about the outlook for the business.

Financial Review

Group revenue for the half year to 31 October 2016 increased by 21% to £2,357 million (H1 2015/16: £1,953 million), reflecting organic growth, a substantial positive currency translation effect (£243 million) as well as a significant contribution from acquired businesses. On a constant currency basis, revenue increased by 7% with the net effect of acquisitions and disposals being £102 million. The remaining increase of £59 million represents organic growth, comprising organic corrugated box volume growth and growth in other volumes such as plastics. Sales price and mix were slightly negative.

Adjusted operating profit increased 23% to £226 million (H1 2015/16: £184 million), with a £24 million benefit due to currency translation. On a constant currency basis, adjusted operating profit growth was 9%, benefitting from organic growth (£12 million) and the net contribution from acquisitions and disposals (£6 million). Organic growth was driven by increased corrugated box volumes and growth in plastics.

Input costs were slightly higher period-on-period reflecting an increase in headline fibre costs, mitigated by the success of the ongoing performance packaging initiatives, favourable energy pricing, energy saving initiatives and efficiency improvements from capital investments made in prior periods. Whilst this impact was most significant in the UK, it has had an effect across the whole of Europe.

Free cash flow (being EBITDA plus the cash flow effect of working capital, pension payments, capital expenditure (net of proceeds), tax and interest) was £182 million (H1 2015/16: £143 million), driven by EBITDA of £300 million and a further positive contribution from working capital of £35 million, offset by capital expenditure, tax and interest payments. The comparative period benefitted from the proceeds of the disposal of Stepac and £2 million higher profits from surplus property asset sales.

Net capital expenditure was £84 million in the period (H1 2015/16: £74 million) with a total of c. £220 million expected to be spent in the full financial year. The full year increase compared to previous guidance is driven by current foreign exchange assumptions.

Amortisation for the period was £30 million (H1 2015/16: £24 million), with a similar charge expected in the second half of the year. Depreciation for the period was £74 million (H1 2015/16: £60 million), with the charge for the full financial year expected to be c. £160 million.

Return on average capital employed of 15.1% for the 12 month period to 31 October 2016 (12 months to 31 October 2015: 15.0%) represents a 10 bps increase on a constant currency basis. This increase is driven by the significant improvement in profitability and continued better working capital management over the period, in part offset by the initially dilutive impact of recently acquired businesses. Businesses acquired in the prior financial year are now delivering well, as expected.

Exceptional costs of £21 million in the period were incurred (H1 2015/16: £48 million), comprising £9 million relating to acquisitions and their integration and £9 million relating to restructuring initiatives. Total exceptional costs for the year are expected to be circa £50 million, as previously announced.

Net financing costs were £31 million (H1 2015/16: £21 million), reflecting the increase in debt over the period due to consideration paid for acquisitions and the existing debt of the businesses acquired. The increased charge also reflects the impact of FX translation as approximately 75% of our debt is held and serviced in Euros. The pension interest charge for the period was £3 million, similar to last year and in line with guidance for a charge of £6 million for the full year. The interest charge for the year as a whole is expected to be around £60 million, inclusive of the pension interest charge.

Tax on profits has been charged at a rate on continuing operations before amortisation and exceptional items of 22% (H1 2015/16: 22%), similar to the full year 2015/16.

Profit after tax for continuing operations after exceptional items was £115 million (H1 2015/16: £71 million).

Earnings per share for continuing operations before amortisation and exceptional items increased 21% to 16.4 pence (H1 2015/16: 13.5 pence) or 9% on a constant currency basis, reflecting the growth in operating profit partially offset by the increase in interest costs. Total earnings per share was 12.3 pence (H1 2015/16: 7.6 pence).

Financial position

Net debt at 31 October 2016 was £1,155 million (30 April 2016: £1,099 million), representing 1.9x EBITDA for the prior 12 month period, calculated on the basis of a full year contribution from acquired businesses. Expenditure on business acquisitions was £33 million and borrowings of £4 million were also assumed. The Group maintains tight capital discipline, and constant attention to working capital means that, despite the increase in working capital on a translated basis due to foreign exchange changes, £35 million has been released from working capital in the period on a like-for-like basis, and working capital as a percentage of sales is now 1.7% (H1 2015/16: 1.5%).

Dividend

The Board considers the dividend to be an important component of shareholder returns. In considering dividends the Board will be mindful of the Group's leverage, earnings growth potential and future expansion plans. As first set out in December 2010, our policy is that dividends will be progressive and, in the medium term, dividend cover should be on average 2.0x to 2.5x through the cycle.

The Board declares an interim dividend for this half year of 4.6 pence per share (H1 2015/16: 4.0 pence per share). This represents an increase of 15%, demonstrating the confidence of the Board in the outlook for the Group and the considerable volatility in the sterling exchange rate in the half year. The dividend will be paid on 2 May 2017 to ordinary shareholders on the register at the close of business on 7 April 2017.

Risks and uncertainties

The Board has considered the principal risks and uncertainties affecting the Group in the second half of the year. The principal risks and uncertainties discussed in the Business Review on pages 40 to 47 of the 2016 Annual Report, available on the Group's website at www.dssmith.com, remain relevant.

In summary, the Group's key risks and uncertainties are:

- Commercial differentiation;
- Human capital and talent integration;
- Acquisition strategy;
- Capital market and liquidity;
- Eurozone macroeconomic and deflationary;

- Market consolidation;
- Governance and compliance;
- Cyber;
- Security of supply; and
- Sustainability.

Going concern

The Group's recent trading and forecasts, after taking account of reasonably foreseeable changes in trading performance, shows that the Group is able to operate within its current debt facilities. At 31 October 2016 there was significant headroom on the Group's committed debt facilities of £594 million with the next significant maturity not due until May 2020. As a consequence, the Board believes that the Group is well placed to manage its business risks (as summarised above) successfully despite the uncertainties inherent in the current economic outlook. After making enquiries, the Board has formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the interim financial statements.

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication on important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR4.2.8R (disclosure of related parties' transactions and changes therein).

Miles Roberts	Adrian Marsh
Group Chief Executive	Group Finance Director

7 December 2016

INDEPENDENT REVIEW REPORT TO DS SMITH PLC

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 31 October 2016 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 15. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 31 October 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
7 December 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

		Half year ended 31 October 2016			Half year ended 31 October 2015			Year ended 30 April 2016		
		Before exceptional items	**Exceptional items (note 3)**	**After exceptional items**	Before exceptional items	Exceptional items (note 3)	After exceptional items	Before exceptional items	Exceptional items (note 3)	After exceptional items
Continuing operations	Note	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Revenue	2	**2,357**	**–**	**2,357**	1,953	–	1,953	4,066	–	4,066
Operating costs		**(2,131)**	**(18)**	**(2,149)**	(1,769)	(61)	(1,830)	(3,687)	(92)	(3,779)
Operating profit before amortisation, acquisitions and disposals	2	**226**	**(18)**	**208**	184	(61)	123	379	(92)	287
Amortisation of intangible assets; acquisitions and disposals		**(30)**	**(3)**	**(33)**	(24)	14	(10)	(51)	14	(37)
Operating profit	2	**196**	**(21)**	**175**	160	(47)	113	328	(78)	250
Finance income	4	**1**	**–**	**1**	1	–	1	1	–	1
Finance costs	4	**(29)**	**–**	**(29)**	(19)	(1)	(20)	(42)	(1)	(43)
Employment benefit net finance expense		**(3)**	**–**	**(3)**	(3)	–	(3)	(6)	–	(6)
Net financing costs		**(31)**	**–**	**(31)**	(21)	(1)	(22)	(47)	(1)	(48)
Profit after financing costs		**165**	**(21)**	**144**	139	(48)	91	281	(79)	202
Share of profit/(loss) of equity accounted investments, net of tax		**2**	**–**	**2**	–	–	–	(1)	–	(1)
Profit before income tax		**167**	**(21)**	**146**	139	(48)	91	280	(79)	201
Income tax (expense)/credit	6	**(35)**	**4**	**(31)**	(29)	9	(20)	(61)	27	(34)
Profit for the period from continuing operations		**132**	**(17)**	**115**	110	(39)	71	219	(52)	167
Profit for the period attributable to:										
Owners of the parent		**133**	**(17)**	**116**	110	(39)	71	219	(52)	167
Non-controlling interests		**(1)**	**–**	**(1)**	–	–	–	–	–	–

Earnings per share		**Half year ended 31 October 2016**		Half year ended 31 October 2015		Year ended 30 April 2016	
Adjusted from continuing and total operations [1]							
Basic	7	**16.4p**		13.5p		27.4p	
Diluted	7	**16.3p**		13.4p		27.0p	
From continuing and total operations							
Basic	7		**12.3p**		7.6p		17.7p
Diluted	7		**12.2p**		7.5p		17.5p

1 Adjusted for amortisation and exceptional items.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 31 October 2016 £m	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Profit for the period	**115**	71	167
Items which will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on employee benefits	**(112)**	42	11
Income tax on items which will not be reclassified subsequently to profit or loss	**17**	(4)	(5)
Items which may be reclassified subsequently to profit or loss			
Foreign currency translation differences	**150**	(44)	49
Movements in cash flow hedges	**39**	3	(2)
Income tax on items which may be reclassified subsequently to profit or loss	**(6)**	(3)	4
Other comprehensive income/(expense) for the period, net of tax	**88**	(6)	57
Total comprehensive income for the period	**203**	65	224
Total comprehensive income/(expense) attributable to:			
Owners of the parent	**204**	65	224
Non-controlling interests	**(1)**	–	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 31 October 2016 £m**	At 31 October 2015 £m	At 30 April 2016 £m
Assets				
Non-current assets				
Intangible assets		**1,231**	960	1,089
Property, plant and equipment		**1,883**	1,485	1,678
Equity accounted investments		**6**	18	4
Other investments		**3**	3	3
Deferred tax assets		**67**	49	58
Other receivables		**3**	2	3
Derivative financial instruments		**63**	21	17
Total non-current assets		**3,256**	2,538	2,852
Current assets				
Inventories		**403**	310	338
Income tax receivable		**2**	32	11
Trade and other receivables		**815**	699	696
Cash and cash equivalents	10	**134**	140	134
Derivative financial instruments		**34**	19	40
Assets held for sale		**6**	4	7
Total current assets		**1,394**	1,204	1,226
Total assets		**4,650**	3,742	4,078
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	10	**(1,215)**	(903)	(1,073)
Employee benefits	5	**(306)**	(154)	(188)
Other payables		**(14)**	(7)	(8)
Provisions		**(6)**	(6)	(5)
Deferred tax liabilities		**(161)**	(140)	(141)
Derivative financial instruments		**(22)**	(19)	(9)
Total non-current liabilities		**(1,724)**	(1,229)	(1,424)
Current liabilities				
Bank overdrafts	10	**(14)**	(25)	(19)
Interest-bearing loans and borrowings	10	**(130)**	(180)	(185)
Trade and other payables		**(1,311)**	(1,069)	(1,118)
Income tax liabilities		**(113)**	(133)	(109)
Provisions		**(26)**	(47)	(36)
Derivative financial instruments		**(29)**	(14)	(47)
Total current liabilities		**(1,623)**	(1,468)	(1,514)
Total liabilities		**(3,347)**	(2,697)	(2,938)
Net assets		**1,303**	1,045	1,140
Equity				
Issued capital		**95**	94	94
Share premium		**716**	715	716
Reserves		**490**	237	327
Total equity attributable to owners of the parent		**1,301**	1,046	1,137
Non-controlling interests		**2**	(1)	3
Total equity		**1,303**	1,045	1,140

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Hedging reserve £m	Translation reserve £m	Own shares £m	Retained earnings £m	Total reserves attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
At 1 May 2016	**94**	**716**	**(29)**	**(69)**	**(3)**	**428**	**1,137**	**3**	**1,140**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**116**	**116**	**(1)**	**115**
Actuarial loss on employee benefits	**–**	**–**	**–**	**–**	**–**	**(112)**	**(112)**	**–**	**(112)**
Foreign currency translation differences	**–**	**–**	**–**	**150**	**–**	**–**	**150**	**–**	**150**
Cash flow hedges fair value changes	**–**	**–**	**32**	**–**	**–**	**–**	**32**	**–**	**32**
Movement from cash flow hedge reserve to income statement	**–**	**–**	**7**	**–**	**–**	**–**	**7**	**–**	**7**
Income tax on other comprehensive income	**–**	**–**	**(7)**	**1**	**–**	**17**	**11**	**–**	**11**
Total comprehensive income/(expense)	**–**	**–**	**32**	**151**	**–**	**21**	**204**	**(1)**	**203**
Issue of share capital	**1**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Employee share trust	**–**	**–**	**–**	**–**	**(1)**	**(5)**	**(6)**	**–**	**(6)**
Share-based payment expense (net of tax)	**–**	**–**	**–**	**–**	**–**	**3**	**3**	**–**	**3**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(38)**	**(38)**	**–**	**(38)**
Other changes in equity in the period	**1**	**–**	**–**	**–**	**(1)**	**(40)**	**(40)**	**–**	**(40)**
At 31 October 2016	**95**	**716**	**3**	**82**	**(4)**	**409**	**1,301**	**2**	**1,303**
At 1 May 2015	94	715	(27)	(122)	–	359	1,019	(1)	1,018
Profit for the period	–	–	–	–	–	71	71	–	71
Actuarial gain on employee benefits	–	–	–	–	–	42	42	–	42
Foreign currency translation differences	–	–	–	(44)	–	–	(44)	–	(44)
Cash flow hedges fair value changes	–	–	3	–	–	–	3	–	3
Income tax on other comprehensive income	–	–	–	(3)	–	(4)	(7)	–	(7)
Total comprehensive income/(expense)	–	–	3	(47)	–	109	65	–	65
Employee share trust	–	–	–	–	1	(1)	–	–	–
Share-based payment expense (net of tax)	–	–	–	–	–	(3)	(3)	–	(3)
Dividends paid	–	–	–	–	–	(35)	(35)	–	(35)
Other changes in equity in the period	–	–	–	–	1	(39)	(38)	–	(38)
At 31 October 2015	94	715	(24)	(169)	1	429	1,046	(1)	1,045

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Continuing operations	Note	**Half year ended 31 October 2016 £m**	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Operating activities				
Cash generated from operations	9	**292**	222	444
Interest received		**1**	–	1
Interest paid		**(31)**	(18)	(33)
Tax paid		**(25)**	(17)	(49)
Cash flows from operating activities		**237**	187	363
Investing activities				
Acquisition of subsidiary businesses, net of cash and cash equivalents	13	**(33)**	(253)	(313)
Divestment of subsidiary businesses, net of cash and cash equivalents	13	**–**	20	21
Capital expenditure		**(91)**	(80)	(229)
Proceeds from sale of property, plant and equipment and intangible assets		**7**	6	28
Cash flows used in investing activities		**(117)**	(307)	(493)
Financing activities				
Proceeds from issue of share capital		**1**	–	1
Repayment of borrowings		**(501)**	(306)	(337)
Proceeds from borrowings		**422**	506	605
Repayment of finance lease obligations		**(7)**	–	(5)
Dividends paid to Group shareholders	8	**(38)**	(35)	(108)
Other		**(7)**	(10)	–
Cash flows (used in)/from financing activities		**(130)**	155	156
(Decrease)/increase in cash and cash equivalents		**(10)**	35	26
Net cash and cash equivalents at 1 May		**115**	82	82
Exchange gains/(losses) on cash and cash equivalents		**15**	(2)	7
Net cash and cash equivalents	10	**120**	115	115

1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the half year ended 31 October 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the disclosure requirements of the Listing Rules. These interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs'). Those accounts were reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was not qualified or modified, did not draw attention to any matters by way of emphasis and did not contain an adverse statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared using the same accounting policies as those adopted in the annual financial statements for the year ended 30 April 2016, which are prepared in accordance with IFRSs.

The following new accounting standards, amendments or interpretations have been adopted by the Group as of 1 May 2016:

- IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11*
- IAS 1 *Disclosure Initiative – Amendments to IAS 1*
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 27 *Equity Method in Separate Financial Statements*
- Amendments to IAS 16 and IAS 38 *Acceptable Methods of Depreciation and Amortisation*

The adoption of these standards, amendments or interpretations has not had a material effect on the results for the period.

There were no other new accounting standards, amendments to standards or interpretations adopted by the Group as of 1 May 2016.

The condensed information presented for the year ended 30 April 2016 does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half year ended 31 October 2016 is unaudited but has been reviewed by Deloitte LLP, the Group's auditor, and a copy of their review report forms part of this half year report.

Foreign exchange rates

The Group's main currency exposure is to the euro and the following exchange rates applied during the periods:

	Half year ended 31 October 2016		Half year ended 31 October 2015		Year ended 30 April 2016	
	Average	**Closing**	Average	Closing	Average	Closing
euro	**1.190**	**1.111**	1.386	1.402	1.340	1.272

Going concern

As explained in the narrative section of this half year financial report under the heading 'Going concern', the financial statements are prepared on the going concern basis. This is considered appropriate given that the Group has adequate resources to continue in operational existence for the foreseeable future.

Estimates and judgements

The application of the Group's accounting policies requires management to make estimates and assumptions; these estimates and assumptions affect the reported assets and liabilities and financial results of the Group. Actual outcomes could differ from the estimates and assumptions used.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 30 April 2016, being acquisitions, pensions and other employee benefits, provisions, taxation and exceptional items.

2. Segment reporting

Operating segments

Half year ended 31 October 2016	**UK £m**	**Western Europe £m**	**DCH and Northern Europe £m**	**Central Europe and Italy £m**	**Plastics £m**	**Total continuing operations £m**
External revenue	**466**	**626**	**490**	**614**	**161**	**2,357**
Operating profit [1]	**45**	**56**	**45**	**62**	**18**	**226**
Unallocated items:						
Amortisation						**(30)**
Exceptional items						**(21)**
Total operating profit (continuing operations)						**175**

Half year ended 31 October 2015	UK £m	Western Europe £m	DCH and Northern Europe £m	Central Europe and Italy £m	Plastics £m	Total continuing operations £m
External revenue	444	489	412	471	137	1,953
Operating profit [1]	47	36	44	42	15	184
Unallocated items:						
Amortisation						(24)
Exceptional items						(47)
Total operating profit (continuing operations)						113

[1] Adjusted for amortisation and exceptional items

3. Exceptional items

Items are presented as exceptional in the financial statements where they are significant items of financial performance that the Directors consider should be separately disclosed to assist in the understanding of the trading and financial results of the Group. Such items include business disposals, restructuring and optimisation, acquisition related and integration costs and impairments.

Continuing operations	**Half year ended 31 October 2016 £m**	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Acquisition related costs	**(3)**	(5)	(9)
Gains on acquisitions and divestments	**–**	19	23
Acquisitions and disposals	**(3)**	14	14
Integration costs	**(6)**	(3)	(12)
Other restructuring costs	**(9)**	(29)	(50)
Impairment of assets	**–**	(20)	(21)
Other	**(3)**	(9)	(9)
Total pre-tax exceptional items (recognised in operating profit)	**(21)**	(47)	(78)
Income tax credit on exceptional items	**4**	9	27
Exceptional finance cost	**–**	(1)	(1)
Total post-tax exceptional items	**(17)**	(39)	(52)

Half year ended 31 October 2016
Acquisition costs of £3m relate to attributable salary costs, professional advisory, legal and consultancy fees and attributable internal salary costs relating to the review of potential deals, and deals completed during the period, including the acquisition of Creo and Deku-Pack.

Integration costs relate to integration projects underway to achieve cost synergies from the acquisitions made in the current period and previous financial year.

Of the £9m other restructuring costs, £4m relates to reorganisation and restructuring projects in the UK, and £3m relates to reorganisation and restructuring in DCH.

Other exceptional items of £3m principally relate to European centralisation and optimisation projects.

The income tax credit on exceptional items in the half year ended 31 October 2016 includes an increase in tax provisions arising from acquisition of a business (£1m), and the tax effect at the local applicable tax rate of exceptional items that are subject to tax. The exceptional items in the period give rise to a net income tax effect, with the exception of non-deductible deal related advisory fees in relation to acquisitions and disposals.

Year ended 30 April 2016 and half year ended 31 October 2015
Acquisition costs consist of professional advisory, legal and consultancy fees and attributable internal salary costs relating to the review of potential deals, and deals completed during the periods including the acquisition of Duropack and Lantero.

Gains on acquisitions and divestments comprise the profit on sale of StePac of £9m, with the majority of the remainder relating to a £10m gain on the step acquisition of the Lantero business (where previously the Group held an associate interest), both in the half year ended 31 October 2015 and in the year ended 30 April 2016.

Integration costs relate to integration projects underway to achieve cost synergies from the acquisitions made in the year, including Duropack and Lantero.

Of the £50m other restructuring costs in the year ended 30 April 2016, £10m relates to the closure of the Wansbrough paper mill in the UK, announced in October 2015 after the completion of a consultation process, with the majority of the remainder relating to further reorganisation and restructuring the in the UK (£10m), DCH and Northern Europe (£17m) and Western Europe (£7m). Costs relating to the Wansbrough paper mill closure and restructuring projects in DCH and Northern Europe (£9m) and Western Europe (£6m) made up the majority of the other restructuring costs in the half year ended 31 October 2015.

Impairment of assets was primarily associated with impairment arising from the announced closure of the Wansbrough paper mill in the UK (£20m).

Other exceptional items principally related to European centralisation and optimisation projects, site remediation costs and the continuing costs of UK centralisation projects.

The income tax credit on exceptional items in the year ended 30 April 2016 includes an amount received from the previous owners of an acquired business under the tax indemnity (£3m), the reversal of tax provisions arising from acquisition of a business (£2m), and the tax effect at the local applicable tax rate of exceptional items that are subject to tax. The exceptional items in the periods give rise to a net income tax effect, with the exception of gains or losses on certain divestments which are not subject to tax under local rules, and non-deductible deal related advisory fees in relation to acquisitions and disposals.

4. Finance income and costs

Continuing operations	**Half year ended 31 October 2016 £m**	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Interest income from financial assets	**(1)**	–	(1)
Other	**–**	(1)	–
Finance income	**(1)**	(1)	(1)
Interest on loans and overdrafts	**22**	17	38
Other	**7**	3	5
Finance costs	**29**	20	43

5. Employee benefits

Movements in the net employee benefit deficit recognised in the Condensed Consolidated Statement of Financial Position

	Half year ended 31 October 2016 £m	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Opening employee benefit deficit	**(188)**	(200)	(200)
Acquisitions	**–**	(6)	(9)
Curtailments	**–**	–	2
Expense recognised in operating profit	**(3)**	(2)	(6)
Employment benefit net finance expense (excluding Pension Protection Fund levy)	**(2)**	(3)	(5)
Employer contributions	**9**	8	17
Other payments and contributions	**3**	3	7
Actuarial (losses)/gains	**(112)**	42	11
Currency translation	**(13)**	4	(5)
Employee benefit deficit	**(306)**	(154)	(188)
Deferred tax asset	**63**	33	43
Net employee benefit deficit	**(243)**	(121)	(145)

6. Income tax expense – continuing operations

Tax on profit for continuing operations has been charged at an underlying rate before exceptional items and amortisation of 22.0% (half year ended 31 October 2015: 22.2%; year ended 30 April 2016: 22.2%) being the expected full year rate.

The tax credit on amortisation was £8m (half year ended 31 October 2015: £7m; year ended 30 April 2016: £12m).

7. Earnings per share

Basic earnings per share from continuing operations	**Half year ended 31 October 2016**	Half year ended. 31 October 2015	Year ended 30 April 2016
Profit from continuing operations attributable to ordinary shareholders	**£116m**	£71m	£167m
Weighted average number of ordinary shares	**944m**	943m	943m
Basic earnings per share	**12.3p**	7.6p	17.7p

Diluted earnings per share from continuing operations	**Half year ended 31 October 2016**	Half year ended. 31 October 2015	Year ended 30 April 2016
Profit from continuing operations attributable to ordinary shareholders	**£116m**	£71m	£167m
Weighted average number of ordinary shares	**944m**	943m	943m
Potentially dilutive shares issuable under share-based payment arrangements	**7m**	9m	11m
Weighted average number of ordinary shares (diluted)	**951m**	952m	954m
Diluted earnings per share	**12.2p**	7.5p	17.5p

The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the period of 2m (half year ended 31 October 2015: 1m, year ended 30 April 2016: 1m).

Adjusted earnings per share from continuing operations

The Directors believe that the presentation of an adjusted earnings per share, being the basic earnings per share adjusted for exceptional items and amortisation of intangible assets, better explains the underlying performance of the Group. A reconciliation of basic to adjusted earnings per share is as follows:

	Half year ended 31 October 2016			Half year ended 31 October 2015			Year ended 30 April 2016		
	£m	**Basic pence per share**	**Diluted pence per share**	£m	Basic pence per share	Diluted pence per share	£m	Basic pence per share	Diluted pence per share
Basic earnings	**116**	**12.3p**	**12.2p**	71	7.6p	7.5p	167	17.7p	17.5p
Add back amortisation, after tax	**22**	**2.3p**	**2.3p**	17	1.8p	1.8p	39	4.2p	4.1p
Add back exceptional items, after tax	**17**	**1.8p**	**1.8p**	39	4.1p	4.1p	52	5.5p	5.4p
Adjusted earnings	**155**	**16.4p**	**16.3p**	127	13.5p	13.4p	258	27.4p	27.0p

8. Dividends proposed and paid

	Pence per share	**£m**	**Pence per share**	**£m**
2014/15 interim dividend - paid			3.7p	35
2014/15 final dividend - paid			7.7p	73
2015/16 interim dividend - paid	4.0p	38		
2015/16 final dividend - paid	8.8p	83		
2016/17 interim dividend - proposed	4.6p	43		

	Half year ended 31 October 2016 £m	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Paid in the period	**38**	35	108

The final dividend in respect of 2015/16 of 8.8 pence per share (£83m) was paid after the half year end on 1 November 2016. The 2015/16 interim dividend was paid during the half year ended 31 October 2016. An interim dividend in respect of the half year ended 31 October 2016 of 4.6p per share (£43m) has been proposed by the Directors after the reporting date.

9. Cash generated from operations

Continuing operations	**Half year ended 31 October 2016 £m**	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Profit for the period	**115**	71	167
Adjustments for:			
Pre-tax integration costs and other exceptional items	**18**	61	92
Amortisation of intangible assets and acquisitions and disposals	**33**	10	37
Cash outflow for exceptional items	**(32)**	(30)	(77)
Depreciation	**74**	60	127
Profit on sale of non-current assets *	**(6)**	(7)	(12)
Share of (profit)/loss of equity accounted investments, net of tax	**(2)**	–	1
Employment benefit net finance expense	**3**	3	6
Share-based payment expense	**3**	3	6
Finance income	**(1)**	(1)	(1)
Finance costs	**29**	20	43
Other non-cash items (including other deposits)	**3**	(4)	2
Income tax expense	**31**	20	34
Change in provisions	**(1)**	(4)	(18)
Change in employee benefits	**(10)**	(12)	(19)
Cash generation before working capital movements	**257**	190	388
Changes in:			
Inventories	**(21)**	(16)	(25)
Trade and other receivables	**(6)**	(31)	33
Trade and other payables	**62**	79	48
Working capital movement	**35**	32	56
Cash generated from continuing operations	**292**	222	444

* Includes gains on the sale of surplus property assets of £3m (half year ended 31 October 2015: £5m; year ended 30 April 2016: £10m).

10. Net debt

	Half year ended 31 October 2016 £m	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Cash and cash equivalents	**134**	140	134
Overdrafts	**(14)**	(25)	(19)
Net cash and cash equivalents	**120**	115	115
Other deposits	**45**	40	25
Interest-bearing loans and borrowings due – after one year	**(1,202)**	(891)	(1,058)
Interest-bearing loans and borrowings due – within one year	**(127)**	(179)	(180)
Finance leases	**(16)**	(13)	(20)
Derivative financial instruments			
– assets	**41**	23	25
– liabilities	**(16)**	(1)	(6)
	(1,275)	(1,021)	(1,214)
Net debt	**(1,155)**	(906)	(1,099)

Derivative financial instruments above relate to interest rate and cross-currency swaps used to hedge the Group's borrowings and the ratio of net debt to EBITDA. The difference between the amounts shown above and the total derivative financial instrument assets and liabilities in the Consolidated Statement of Financial Position relates to derivative financial instruments that hedge forecast foreign currency transactions and the Group's purchase of energy.

Other deposits balances are included, as these short-term receivables have the characteristics of net debt.

11. Reconciliation of net cash flow to movement in net debt

	Half year ended 31 October 2016 £m	Half year ended 31 October 2015 £m	Year ended 30 April 2016 £m
Continuing operations			
Operating profit before amortisation and exceptional items	**226**	184	379
Depreciation	**74**	60	127
Adjusted EBITDA	**300**	244	506
Working capital movement	**35**	32	56
Change in provisions	**(1)**	(4)	(18)
Change in employee benefits	**(10)**	(12)	(19)
Other	**(3)**	(8)	(5)
Cash generated from operations before exceptional cash items	**321**	252	520
Capital expenditure	**(91)**	(80)	(229)
Proceeds from sale of property, plant and equipment and other investments	**7**	6	28
Tax paid	**(25)**	(17)	(49)
Net interest paid	**(30)**	(18)	(32)
Free cash flow	**182**	143	238
Cash outflow for exceptional items	**(32)**	(30)	(77)
Dividends paid	**(38)**	(35)	(108)
Acquisition of subsidiary businesses, net of cash and cash equivalents	**(33)**	(253)	(313)
Divestment of subsidiary and equity accounted businesses, net of cash and cash equivalents	**–**	20	21
Other	**(5)**	(10)	–
Net cash flow	**74**	(165)	(239)
Proceeds from issue of share capital	**1**	–	1
Loans and borrowings acquired	**(4)**	(105)	(120)
Net movement on debt	**71**	(270)	(358)
Foreign exchange, fair value and other non-cash movements	**(127)**	15	(90)
Net debt movement – continuing operations	**(56)**	(255)	(448)
Opening net debt	**(1,099)**	(651)	(651)
Closing net debt	**(1,155)**	(906)	(1,099)

12. Financial instruments

Carrying amounts and fair values of financial assets and liabilities
Set out below is the accounting classification of the carrying amounts and fair values of all of the Group's financial assets and liabilities:

	31 October 2016		30 April 2016	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets				
Cash and cash equivalents	**134**	**134**	134	134
Available for sale – other investments	**3**	**3**	3	3
Loans and receivables	**818**	**818**	699	699
Derivative financial instruments	**97**	**97**	57	57
Total financial assets	**1,052**	**1,052**	893	893
Financial liabilities				
Trade and other payables	**(1,325)**	**(1,325)**	(1,126)	(1,126)
Bank and other loans	**(448)**	**(448)**	(421)	(421)
Medium-term notes and other fixed-term debt	**(881)**	**(994)**	(817)	(876)
Finance lease liabilities	**(16)**	**(16)**	(20)	(20)
Bank overdrafts	**(14)**	**(14)**	(19)	(19)
Derivative financial instruments	**(51)**	**(51)**	(56)	(56)
Total financial liabilities	**(2,735)**	**(2,848)**	(2,459)	(2,518)

The fair value is the amount for which an asset or liability could be exchanged or settled on an arm's-length basis. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists. The Group uses forward prices for valuing forward foreign exchange and commodity contracts and uses valuation models with present value calculations based on market yield curves to value note purchase agreements, the medium-term note, cross-currency swaps and interest rate swaps. All derivative financial instruments are shown at fair value in the Consolidated Statement of Financial Position.

Under IAS 39 *Financial Instruments: Recognition and Measurement*, only the portions of the note purchase agreements which form part of an effective fair value hedge are carried at fair value in the Consolidated Statement of Financial Position. The majority of the Group's medium-term notes and other fixed-term debt are in effective cash flow and net investment hedge relationships and are therefore held at amortised cost. The fair values of financial assets and liabilities which bear floating rates of interest are estimated to be equivalent to their carrying amounts.

IFRS 7 *Financial Instruments: Disclosures* requires the classification of fair value measurements using the fair value hierarchy that reflects the significance of the inputs used in making the assessments.

All of the Group's financial instruments are Level 2 financial instruments in accordance with the fair value hierarchy, where inputs are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

13. Acquisitions and disposals

(a) 2016/17 acquisitions and disposals

In the half year ended 31 October 2016, the Group made various business acquisitions, which are not considered material to the Group individually or in aggregate. These include the acquisition of two businesses specialising in point of sale and display product and services for in-store marketing, Creo in the UK, and Deku-Pack in Denmark, for a total of £37m (including loans and borrowings acquired of £4m).

(b) 2015/16 acquisitions and disposals

On 31 May 2015, the Group acquired the Duropack business, effected by the purchase of equity of the Duropack business for €305m on a cash, debt and, to the extent legally possible and commercially practicable, pension free basis.

On 31 July 2015, the Group acquired the corrugated activities of Grupo Lantero, including several operations in which DS Smith previously held an equity accounted minority. The acquisition was effected by the purchase of equity, and the total consideration, including the assumption of debt, was €190m.

In addition to the acquisitions detailed above, in the year ended 30 April 2016, the Group also made various other business acquisitions and disposals, which are not considered material to the Group individually or in aggregate. These include the disposal of StePac for US$31m, the acquisition of the Greek corrugated packaging business of Cukurova Group with a simultaneous sale of the Group's minority shareholding in Cukurova Group's Turkish corrugated paper and packaging entities to the Cukurova Group, the acquisition of the Milas packaging business of DasaMilas Ambalaj, and the acquisition of a specialist high-quality packaging producer, TRM Packaging, in the UK.

14. Subsequent events

On 28 November 2016, the Group completed the purchase of Gopaca, a corrugated producer in Portugal. On 30 November 2016, the Group completed the purchase of P&I Display, a specialist corrugated display business in Portugal. On 7 December 2016, the Group reached agreement to purchase Parish, a USA manufacturer and supplier of bag-in-box systems. The acquisitions are not material to the Group individually or in aggregate.

There are no further subsequent events after the reporting date which require disclosure.

15. Non-GAAP performance measures

The Group presents reported results and adjusted results in order to help shareholders better understand the Group's operational performance.

Total reported results represent the Group's overall performance, but can contain significant items that may obscure understanding of the key trends behind the Group's financial performance. DS Smith therefore also reports adjusted results to better explain the underlying trading and financial results of the Group.

Adjusted performance measures exclude amortisation, and exceptional items. Exceptional items include business disposals, restructuring and optimisation, acquisition related and integration costs and impairments.

Reconciliation between reported and adjusted operating profit and return on sales is available on the face of the Condensed Consolidated Income Statement and in note 2. A reconciliation between reported and adjusted earnings per share is provided in note 7.

Other financial key performance measures such as Net Debt / EBITDA, Operating cash flow / operating profit and return on average capital employed ('ROACE') are derived from information that is not presented in the financial statements. For example, Net Debt / EBITDA uses net debt at average rates as opposed to closing rates, and adjusted operating profit before depreciation from the previous 12 month period. Similarly, ROACE is based on adjusted operating profit as a percentage of the average monthly capital employed over the previous 12 month period.