

**DS SMITH PLC – 2011/12 HALF-YEAR RESULTS**

**Continued strong momentum in financial performance and delivery of operational and strategic objectives**

“In 2010 we set out in detail our plans to realise our ambition of becoming the leading European supplier of recycled packaging for consumer goods in Europe. We are pleased with our achievements to date, we see significant opportunities to continue to develop the business, and these strong half year results are another positive step forward for DS Smith.”

**Financial highlights**

Half-year ended 31 October Continuing operations	2011/12	2010/11 <sup>(1)</sup>	Change	Underlying change <sup>(2)</sup>
Revenue	£1,034.5m	£822.2m	26%	11%
Adjusted operating profit <sup>(3)</sup>	£78.3m	£55.5m	41%	22%
Return on sales <sup>(3)</sup>	7.6%	6.8%	+80bps	
Profit before tax	£42.8m	£35.6m	20%	
Cash flow from operating activities	£88.2m	£60.3m	46%	
Adjusted EPS <sup>(3)</sup>	11.1p	7.7p	44%	
Interim dividend per share	2.8p	2.0p	40%	
Return on average capital employed <sup>(4)</sup>	12.9%	9.9%	+300bps	

(1) Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation

(2) Excluding the effect of acquisitions and foreign exchange movements

(3) Before amortisation and exceptional items

(4) Adjusted operating profit as a percentage of average monthly capital employed for the 12 months to 31 October

- Adjusted operating profit rise of 41% including a strong performance from all divisions:
  - UK Packaging +25%
  - Continental European Corrugated Packaging +99%, underlying +23%
  - Plastic Packaging +11%

## Delivering on our strategy – actions taken

We have made significant steps towards refocusing our business on recycled packaging and improving the efficiency of the Group:

- Spicers disposal by 31 December 2011
- Exit of two paper mills on track (output total c. 130kt per annum)
- Successful Otor integration – return on investment of 14.8% in last 12 months of ownership
- Continued good progress on operational and capital efficiency savings

## Delivery on our strategy – financial impact

Our results give us confidence that our medium term targets are achievable:

Target	Delivery in H1 2011/12 (continuing operations)
Organic volume growth of 3% or more (GDP+ growth)	3% in corrugated packaging
Return on sales <sup>(1)</sup> of 7% – 9%	+ 80bps to 7.6%
Return on average capital employed <sup>(1)</sup> 12% – 15%	12.9%, + 300bps period-on-period <sup>(3)</sup>
Net debt / EBITDA less than 2.0x	1.3x
Operating cash flow <sup>(2)</sup> / operating profit >120%	125%

(1) Before amortisation and exceptional items

(2) Free cash flow before tax, net interest and growth capital expenditure

(3) For the 12 months to 31 October 2011 and the 12 months to 31 October 2010

Miles Roberts, Group Chief Executive, said

“I am pleased with the improved performance of every division over the past six months, which has seen the Group deliver a return on sales within the target range. We have again delivered a return on capital which is comfortably above our cost of capital and have remained focused on recovering the year-on-year increases in input costs through pricing.

We have made considerable strategic progress, with the announced disposal of Spicers and the exit of two paper mills on track, leaving the group focused on its recycled packaging businesses. The integration of Otor shows how our customers are keen to develop their businesses with us as we expand DS Smith’s geographic footprint in Europe. We have a strong balance sheet with only a limited Group profit exposure to paper, and will evaluate

opportunities to pursue acquisitions within a fragmented packaging sector that can meet our medium term objectives.

We remain confident in the trading outlook for the remainder of this financial year, due to our resilient, growing customer base, despite the uncertain macro-economic environment. The actions that we are taking to develop the packaging business and to drive efficiency improvements, will position the Group well in the more challenging trading environment. Our continuing investment in the packaging business underpins our confidence that the Group will continue to develop positively in the medium term.”

### **Enquiries**

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### **Dial-in details**

There will be a presentation for investors and analysts today at 09:30 GMT at JPMorgan Cazenove, 20 Moorgate, London EC2R 6DA. There is a listen-only dial-in facility on +44 (0)20 7162 0125, reference 908140. The slides (containing supplementary information) will be available on our website shortly before the presentation begins.

A play-back facility will be available until 14 December 2011. The dial-in number is 020 7031 4064, passcode 908140.

A transcript of the presentation and of the Q&A will be available on our web-site within two working days of the presentation.

### **Next dates**

Q3 IMS            Thursday 8 March 2012

## Overview

In the six months to 31 October 2011 DS Smith has continued to grow corrugated packaging volumes and gain market share while also expanding margins, as our mix of business changes in favour of higher value-added products, plus the benefits of efficiency savings and operational gearing come through. This mix change has been achieved both with the integration of Otor, which is included in these results for the full six month period, and in the UK where the business is seeing the benefits of its focus on customer needs and the service, quality and innovation we can bring to them.

## Financial Results

Group revenue from continuing operations for the half-year to 31 October 2011 is up 26% to £1,034.5 million (H1 2010/11: £822.2 million), with that increase being partly driven by the inclusion of Otor for the full six month period compared to the prior year, when it was consolidated for only two months, following its acquisition on 1 September 2010. Excluding the impact of acquisitions and currency, revenue from continuing operations grew 11%. This reflects growing volumes and the period-on-period impact of input cost recovery.

Adjusted operating profit from continuing operations is up 41% to £78.3 million (H1 2010/11: £55.5 million). £10.0 million of this increase is the inclusion of Otor for a full six months of the period. Excluding the impact of acquisitions and currency, operating profit from continuing operations grew 22%. Return on sales from continuing operations increased by 80 basis points to 7.6% (H1 2010/11: 6.8%). The strong increase in profits from the underlying business is driven by success in recovering rising input costs, margin expansion from cost efficiencies and operational leverage.

Cash flow from operating activities from continuing operations is 46% ahead of the prior year at £88.2 million (H1 2010/11: £60.3 million), reflecting the increase in operating profits from the business (in part due to the inclusion of Otor) and working capital management. Capital expenditure has been higher in the period, at £42.4 million (H1 2010/11: £16.5 million) reflecting investments in printing and performance paper. The cash cost of interest has increased period-on-period, reflecting the funding cost of the Otor acquisition. Cash tax has increased by £7.0 million to £11.4 million, reflecting both increased profitability and the timing of settlement of certain one-off items.

Return on average capital employed for continuing operations (for the 12 months to 31 October 2011) has increased 300 basis points to 12.9% (12 months to 31 October 2010: 9.9%), due to a mix effect from the Otor acquisition, increased profitability and strong capital discipline.

Exceptional costs of £18.0 million (H1 2010/11: £6.0 million), were principally related to exit costs at Higher Kings Mill (sold 30 September 2011) and Hollins Mill (consultation on closure commenced in June 2011). There is an associated tax credit of £3.3 million and the cash cost of the exceptional items is £4.2 million. This is offset by cash proceeds on the disposal of Higher Kings Mill of £4.6 million.

Net interest expense has increased to £13.0 million (H1 2010/11: £12.0 million) due to an increase in finance costs, driven by the cost of additional debt to fund the Otor acquisition, partially offset by the funding benefit of lower working capital and a lower (non-cash) employment benefit charge of £2.5 million (H1 2010/11: £3.5 million).

Tax on profits has been charged at a rate on continuing operations before exceptional items of 28.3% (H1 2010/11: 27.1%, year to 30 April 2011: 28.2%), in line with our long-term anticipated tax rate.

Profit after tax for continuing operations after exceptional items increased 18% to £28.9 million (H1 2010/11: £24.4 million) while, profit after tax from continuing operations before amortisation and exceptional items, increased 49% to £48.1 million (H1 2010/11: £32.2 million). Earnings per share for continuing operations before amortisation and exceptional items increased 44% to 11.1p (H1 2010/11: 7.7p) reflecting the strong profit growth, offset slightly by the increased average number of shares in issue, due to the equity placing undertaken in July 2010.

The disposal of Spicers is on track with completion expected before 31 December 2011. Accordingly, Spicers is treated as a discontinued item in these financial statements. Discontinued items contributed £9.0 million adjusted operating profit (H1 2010/11: £5.0 million). Profit after tax for discontinued operations was £5.9 million (H1 2010/11: £3.4 million), delivering earnings per share for discontinued operations before amortisation and exceptional items of 1.4p (H1 2010/11: 1.0p).

### **Financial position**

Net debt at 31 October 2011 was £312.9 million (30 April 2011: £351.0 million). The net reduction of £38.1 million is principally due to strong cash flow from operations.

The Group refinanced its medium term borrowings in September 2011 with a new five-year revolving credit facility of £610 million. At 31 October 2011, the Group had borrowing facilities of £970 million with an average maturity of 4.7 years. Net proceeds from the disposal of Spicers, of c. £160 million, are expected to be received before 31 December 2011.

### **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 recommends an interim dividend for this half-year of 2.8 pence per share (H1 2010/11: 2.0p). This represents an increase of 40%, demonstrating our commitment to a progressive dividend and the directors confidence in the outlook for the business.

## Outlook

We remain confident in the trading outlook for the remainder of this financial year, due to our resilient, growing customer base, despite the uncertain macro-economic environment. The actions that we are taking to develop the packaging business and to drive efficiency improvements, will position the Group well in the more challenging trading environment. Our continuing investment in the packaging business underpins our confidence that the Group will continue to develop positively in the medium term.

## Operating review

### UK Packaging

	Half-year ended 31 October 2011	Half-year ended 31 October 2010
Revenue	£514.4m	£450.3m
Operating profit *	£39.9m	£32.0m
Return on sales *	7.8%	7.1%
12 month return on average capital employed *	12.2%	8.4%

\* Before amortisation and exceptional items

Revenue in this segment was up 14% due to disciplined pricing action to offset period-on-period increases in raw material costs, and some volume growth. The recycling business continues to increase revenues and profits from increased volumes and new business wins, most recently Aldi's UK business. DS Smith Recycling is also now operating in Poland, an important step in establishing recycling operations in that region. The performance of DS Smith Paper has been steady in revenues and profitability, with the market for CCM weakening towards the end of the half-year period. We have continued to gain market share in corrugated packaging in the UK market, as we focus on delivering high standards of service, quality and innovation to our customers. R-Flute® continues to grow ahead of the market, with volumes up 6% on the prior half-year. The UK corrugated packaging operations have continued to see good revenue growth largely as a result of the disciplined recovery of period-on-period input cost rises. We are continuing to invest in additional capacity in the UK, installing additional printing machinery at two sites to develop our capabilities in high quality printed packaging, suitable for our FMCG customers. These investments will be operational in the next financial year.

Profitability for the UK Packaging segment as a whole increased by 25%, benefiting from improved efficiencies in the UK operations and from procurement-led savings, resulting in a 70 basis points increase in return on sales. Return on capital increased due to this improvement in profitability and a disciplined approach to working capital.

## Continental European Corrugated Packaging

	Half-year ended 31 October 2011	Half-year ended 31 October 2010
Revenue	£386.2m	£247.5m
Operating profit *	£28.0m	£14.1m
Return on sales *	7.3%	5.7%
12 month return on average capital employed *	13.3%	11.0%

\* Before amortisation and exceptional items

In Continental European Corrugated Packaging, revenues were up 56% and operating profit was up 99%, half-year on half-year. This reflects the inclusion of the Otor business for the full six months of the financial period, compared to two months in the prior period. Otor has integrated well, delivering a return on investment of 14.8% in the last 12 months of ownership. Excluding the impact of the acquisition, revenues were up 8% and adjusted operating profits were up 23% as the underlying business performed well. Return on sales has increased by 160 basis points, as the period benefitted from the mix effect of inclusion of Otor, and also the underlying benefit of cost synergies, procurement-led savings and operational gearing.

In France, the business has seen good revenue and volume growth ahead of the market, as our FMCG customers have shown good consistent demand in their volume requirements. We are continuing to extend our position with key customers, benefitting from the enlarged size of the DS Smith group. In order to satisfy the demand for our products, we are investing in additional offset capacity in south-west France, designed to produce high quality packaging product.

The performance of the business in Poland has been very strong, with excellent volumes despite disciplined pricing actions taken at the start of the financial year, to recover input cost rises. The performance of the business has been driven by both FMCG and industrial customers.

In Italy, we continue to out-perform the market while remaining disciplined on our pricing and have rolled out packaging design programmes developed by the French business.

## Plastic Packaging

	Half-year ended 31 October 2011	Half-year ended 31 October 2010
Revenue	£133.9m	£124.4m
Operating profit *	£10.4m	£9.4m
Return on sales *	7.8%	7.6%
12 month return on average capital employed *	15.7%	14.5%

\* Before amortisation and exceptional items

The Plastic Packaging segment has seen revenue growth of 8% and operating profit growth of 11%, period-on-period, with operating profit margin increasing by 20 basis points and ROACE improving by 120 basis points.

The Liquid Packaging and Dispensing business has performed steadily over the period, with continued good growth in the US business driven by multi-serving coffee-to-go products, and beverage dispensing products such as tea-urn liners.

The returnable transit packaging business has performed well overall in difficult markets, with a good performance from the business in Poland, balanced by more difficult conditions in other parts of the business.

### **Update on strategy implementation**

On 24 June 2010 we announced that we would be reviewing our business portfolio with a view to creating a growing business that is more focused, producing higher margins and returns with less cyclicalities. On 8 December 2010, one year ago, we set out our strategy to be the leading supplier of recycled packaging for consumer goods in Europe. In order to achieve this we set out our plan to focus on our packaging business; to expand our recycling business that supports and is integral to our recycled packaging; to reduce our exposure to paper manufacturing and to streamline the Group. We also outlined our plans to realise significant cost and capital efficiencies through changing the organisational structure and ways of working.

We are pleased with achievements to date and see significant opportunity to continue to develop the business.

We have built the packaging and recycling businesses through the integration of the Otor business to form DS Smith Packaging France, and by driving the sharing of know-how and best practice through the Group, for example, in the development of pre-print technology in the UK business and the roll-out of R-Flute® in Continental Europe. As set out above, we also have a programme of investment in additional capacity across the corrugated packaging business, with two major projects in the UK and one in France, focusing on high quality product for our demanding FMCG customers. We have also made a small acquisition in south-west Russia (in conjunction with our associate in Ukraine) for consideration of €6.5 million and output of c. 50m sqm per annum. Our recycling business has expanded into Poland as it has secured agreement to collect used paper and cardboard from Tesco stores in that country, as we do in the UK.

In the past six months we have taken action to reduce our non-integrated paper capacity, with the sale of Higher Kings Mill in September 2011, and the announcement in June 2011 of commencement of consultation on the closure of the Hollins Mill. Together, these mills have output volumes of c. 130kt per annum. In terms of our objective to streamline the Group, we announced in July 2011 the disposal of Spicers, our Office Products Wholesaling segment, for £200 million enterprise value, a 6.9x 2010/11 EBITDA multiple. On completion of this disposal, DS Smith will be a business focused on recycled packaging.



The efficiency programmes that were announced in December 2010 and also in March 2011 are on track. The UK efficiency programme is expected to deliver run-rate savings of £10 million by April 2014. An example of the integrated approach within the UK business is that the waste disposal processes at Kemsley Mill is now managed by DS Smith Recycling, rather than outsourced. The procurement programme is expected to deliver £10 million run-rate by the end of the current financial year, and is on track to deliver this. There have been a number of significant successes, for example, in the capital purchase of “offset” machines by the Group in both the UK and France, where a co-ordinated approach resulted in a substantial cost saving. The Otor synergies of €13 million run-rate by April 2013 are also on track, with an incremental €6 million expected to be delivered in the current financial year as the business benefits from the full year effect of the range of actions. In terms of capital efficiency, we continue to use our capital with discipline. Working capital reduced further in the half-year to 31 October 2011 resulting in a net inflow of £8.5 million. Taking into account the implied working capital increase as a result of increased revenues from continuing operations in the half year, there has been a total net saving in working capital efficiency of approximately £15.9 million over the half year period. This takes the total savings from working capital achieved since 30 April 2010, to approximately £40 million.

In line with our strategy, the Group is a net purchaser of paper for our corrugated packaging operations. In the UK business we sell the modest surplus of packaging paper produced versus our requirements to third parties, while in continental Europe we buy in most of the paper required by our packaging operations. Profits from the paper business are expected to be only c.10% of the profit for the Group this year, reflecting the greater size of our packaging business. Paper prices are currently in a downward phase of the cycle due to the economic environment, but the actions that we are taking to develop the packaging business and to drive efficiency improvements are expected to offset the impact of the paper cycle on the Group.

In order to achieve the aim of being the leading supplier of recycled packaging for consumer goods, DS Smith will consider organic investments, bolt-on acquisitions and large acquisitions, focusing on the European market. In evaluating any opportunity, we will be disciplined in our use of capital, mindful of the medium-term key performance indicators that we have previously established, namely:

- organic growth over 3% per annum (GDP+ growth)
- return on sales in the range of 7% to 9%
- return on capital between 12% and 15%
- net debt / EBITDA less than 2.0x
- Cash flow from operating activities, before growth capital expenditure, to exceed 120% of profit from operating activities.

## **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 27 to 30 of the 2011 Annual Report, remain relevant, available on the Group's website at [www.dssmith.uk.com](http://www.dssmith.uk.com).

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

- volatility of pricing and availability of globally traded raw materials, including the pricing and availability of paper;
- the risk that suitable acquisitions are not available, or are acquired and not integrated effectively;
- the continuing availability of borrowing facilities, including compliance with borrowing covenants;
- the funding position of the Group's UK defined benefit pension scheme;
- the risk of a material environmental incident.

## **Going concern**

The Group's recent trading and forecasts, after taking account of reasonably possible changes in trading performance, show that the Group is able to operate within its current debt facilities. The Group refinanced its medium term borrowings in September 2011, increasing committed facilities by £250 million. As a consequence, the Directors believe 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 Directors have 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 EU;
- (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  
Group Chief Executive

Steve Dryden  
Group Finance Director

6 December 2011

## **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 2011 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 12. 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 them 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 Services 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 2011 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 Services Authority.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
London, United Kingdom  
6 December 2011

## Condensed Consolidated Income Statement

	Note	Half-year ended 31 October 2011 £m	Half-year ended 31 October 2010* £m	Year ended 30 April 2011* £m
<b>Continuing operations</b>				
<b>Revenue</b>	2	<b>1,034.5</b>	822.2	1,759.3
Cost of sales		<b>(794.5)</b>	(627.3)	(1,341.0)
<b>Gross profit</b>		<b>240.0</b>	194.9	418.3
Operating expenses		<b>(161.7)</b>	(139.4)	(307.4)
<b>Operating profit before amortisation and exceptional items</b>	2	<b>78.3</b>	55.5	110.9
Amortisation of intangible assets		<b>(4.5)</b>	(1.9)	(6.8)
Pre-tax exceptional items	3	<b>(18.0)</b>	(6.0)	0.9
<b>Operating profit</b>	2	<b>55.8</b>	47.6	105.0
Finance income	4	<b>0.5</b>	0.3	0.8
Finance costs	4	<b>(11.0)</b>	(8.8)	(20.8)
Employment benefit net finance expense	5	<b>(2.5)</b>	(3.5)	(7.4)
Net financing costs		<b>(13.0)</b>	(12.0)	(27.4)
<b>Profit before income tax, amortisation and exceptional items</b>		<b>65.3</b>	43.5	83.5
Amortisation of intangible assets		<b>(4.5)</b>	(1.9)	(6.8)
Pre-tax exceptional items	3	<b>(18.0)</b>	(6.0)	0.9
<b>Profit before income tax</b>		<b>42.8</b>	35.6	77.6
Income tax on profit before exceptional items	6	<b>(17.2)</b>	(11.3)	(21.6)
Exceptional tax credit/(charge)	3	<b>3.3</b>	0.1	(2.9)
Income tax expense		<b>(13.9)</b>	(11.2)	(24.5)
<b>Profit for the period from continuing operations</b>		<b>28.9</b>	24.4	53.1
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	7	<b>5.9</b>	3.4	17.6
<b>Profit for the period</b>		<b>34.8</b>	27.8	70.7
<b>Profit for the period attributable to:</b>				
Owners of the parent		<b>34.6</b>	27.5	70.1
Non-controlling interests		<b>0.2</b>	0.3	0.6
<b>Earnings per share</b>	8			
<b>Continuing operations</b>				
Adjusted basic		<b>11.1p</b>	7.7p	14.5p
Adjusted diluted		<b>10.9p</b>	7.5p	14.2p
Basic		<b>6.7p</b>	5.8p	12.4p
Diluted		<b>6.5p</b>	5.7p	12.2p
<b>Discontinued operations</b>				
Adjusted basic		<b>1.4p</b>	1.0p	4.4p
Adjusted diluted		<b>1.4p</b>	1.0p	4.3p
Basic		<b>1.4p</b>	0.8p	4.2p
Diluted		<b>1.3p</b>	0.8p	4.1p
<b>Proposed/actual dividends per share</b>	9	<b>2.8p</b>	2.0p	6.5p

\* Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation (see note 7).

## Condensed Consolidated Statement of Comprehensive Income

	Note	Half-year ended 31 October 2011 £m	Half-year ended 31 October 2010 £m	Year ended 30 April 2011 £m
Actuarial (loss)/gain on pension schemes	5	(11.6)	11.1	14.4
Foreign exchange movements		(12.2)	(4.6)	1.9
Movements in cash flow hedges		(4.9)	(0.1)	15.4
Income tax on other comprehensive income		(0.6)	(4.4)	(10.3)
<b>Other comprehensive income for the period, net of tax</b>		<b>(29.3)</b>	2.0	21.4
<b>Profit for the period</b>		<b>34.8</b>	27.8	70.7
<b>Total comprehensive income for the period</b>		<b>5.5</b>	29.8	92.1
<b>Total comprehensive income attributed to:</b>				
Owners of the parent		5.4	29.5	91.4
Non-controlling interests		0.1	0.3	0.7

## Condensed Consolidated Statement of Financial Position

	Note	As at 31 October 2011 £m	As at 31 October 2010 £m	As at 30 April 2011 £m
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		321.5	336.2	344.8
Property, plant and equipment		612.3	643.7	640.5
Other investments		-	0.5	0.3
Deferred tax assets		57.0	75.8	59.6
Other receivables		2.7	10.3	3.8
Derivative financial instruments		10.0	12.3	13.2
<b>Total non-current assets</b>		<b>1,003.5</b>	<b>1,078.8</b>	<b>1,062.2</b>
<b>Current assets</b>				
Inventories		158.1	218.4	226.4
Other investments		0.2	0.2	0.2
Income tax receivable		0.4	2.3	1.6
Trade and other receivables		334.8	459.6	450.4
Cash and cash equivalents	11	58.7	107.0	114.3
Derivative financial instruments		2.5	13.9	8.5
Assets held for sale	7	268.9	-	-
<b>Total current assets</b>		<b>823.6</b>	<b>801.4</b>	<b>801.4</b>
<b>Total assets</b>		<b>1,827.1</b>	<b>1,880.2</b>	<b>1,863.6</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	11	(355.0)	(424.6)	(407.9)
Post-retirement benefits	5	(152.0)	(200.6)	(147.5)
Other payables		(10.0)	(11.9)	(9.3)
Provisions		(17.6)	(6.3)	(9.6)
Deferred tax liabilities		(56.6)	(62.6)	(62.9)
Derivative financial instruments		(27.0)	(25.8)	(36.2)
<b>Total non-current liabilities</b>		<b>(618.2)</b>	<b>(731.8)</b>	<b>(673.4)</b>
<b>Current liabilities</b>				
Bank overdrafts	11	(11.0)	(8.3)	(26.1)
Interest-bearing loans and borrowings	11	(3.2)	(15.3)	(4.4)
Trade and other payables		(443.5)	(542.3)	(535.7)
Income tax liabilities		(23.6)	(23.2)	(24.4)
Provisions		(5.0)	(8.5)	(8.2)
Derivative financial instruments		(3.6)	(19.3)	(7.2)
Liabilities held for sale	7	(145.8)	-	-
<b>Total current liabilities</b>		<b>(635.7)</b>	<b>(616.9)</b>	<b>(606.0)</b>
<b>Total liabilities</b>		<b>(1,253.9)</b>	<b>(1,348.7)</b>	<b>(1,279.4)</b>
<b>Net assets</b>		<b>573.2</b>	<b>531.5</b>	<b>584.2</b>
<b>Equity</b>				
Issued capital		43.7	43.4	43.6
Share premium		310.0	306.1	309.1
Reserves		221.2	183.9	233.6
<b>Total attributable to equity shareholders</b>		<b>574.9</b>	<b>533.4</b>	<b>586.3</b>
<b>Non-controlling interests</b>		<b>(1.7)</b>	<b>(1.9)</b>	<b>(2.1)</b>
<b>Total equity</b>		<b>573.2</b>	<b>531.5</b>	<b>584.2</b>

## 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 attributable to equity shareholders £m	Non-controlling interests £m	Total equity £m
<b>Balance at 1 May 2011</b>	<b>43.6</b>	<b>309.1</b>	<b>3.0</b>	<b>37.8</b>	<b>(9.4)</b>	<b>202.2</b>	<b>586.3</b>	<b>(2.1)</b>	<b>584.2</b>
Profit for the period	-	-	-	-	-	34.6	34.6	0.2	34.8
Actuarial loss on pension schemes	-	-	-	-	-	(11.6)	(11.6)	-	(11.6)
Foreign exchange movements	-	-	-	(12.1)	-	-	(12.1)	(0.1)	(12.2)
Changes in fair value of cash flow hedges	-	-	(6.8)	-	-	-	(6.8)	-	(6.8)
Movement to hedging reserve from income statement	-	-	1.9	-	-	-	1.9	-	1.9
Income tax on other comprehensive income	-	-	1.2	(2.5)	-	0.7	(0.6)	-	(0.6)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(3.7)</b>	<b>(14.6)</b>	<b>-</b>	<b>23.7</b>	<b>5.4</b>	<b>0.1</b>	<b>5.5</b>
Issue of share capital	0.1	0.9	-	-	-	-	1.0	-	1.0
Ordinary shares purchased	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Employee share trust	-	-	-	-	1.3	(1.3)	-	-	-
Share-based payment expense	-	-	-	-	-	1.5	1.5	-	1.5
Tax on items taken directly to equity	-	-	-	-	-	0.7	0.7	-	0.7
Dividends	-	-	-	-	-	(19.4)	(19.4)	-	(19.4)
Transactions with non-controlling interests	-	-	-	-	-	(0.3)	(0.3)	0.3	-
<b>Other changes in equity</b>	<b>0.1</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>(18.8)</b>	<b>(16.8)</b>	<b>0.3</b>	<b>(16.5)</b>
<b>Balance at 31 October 2011</b>	<b>43.7</b>	<b>310.0</b>	<b>(0.7)</b>	<b>23.2</b>	<b>(8.4)</b>	<b>207.1</b>	<b>574.9</b>	<b>(1.7)</b>	<b>573.2</b>
<b>Balance at 1 May 2010</b>	<b>39.3</b>	<b>263.1</b>	<b>(7.4)</b>	<b>33.0</b>	<b>(4.2)</b>	<b>151.0</b>	<b>474.8</b>	<b>(1.6)</b>	<b>473.2</b>
Profit for the period	-	-	-	-	-	27.5	27.5	0.3	27.8
Actuarial gain on pension schemes	-	-	-	-	-	11.1	11.1	-	11.1
Foreign exchange movements	-	-	-	(4.6)	-	-	(4.6)	-	(4.6)
Changes in fair value of cash flow hedges	-	-	0.4	-	-	-	0.4	-	0.4
Movement from hedging reserve to income statement	-	-	(0.5)	-	-	-	(0.5)	-	(0.5)
Income tax on other comprehensive income	-	-	(0.5)	1.0	-	(4.9)	(4.4)	-	(4.4)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(0.6)</b>	<b>(3.6)</b>	<b>-</b>	<b>33.7</b>	<b>29.5</b>	<b>0.3</b>	<b>29.8</b>
Acquisition/divestments	-	-	-	-	-	-	-	2.4	2.4
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(5.9)	(5.9)	(2.6)	(8.5)
Issue of share capital	4.1	43.0	-	-	-	-	47.1	-	47.1
Ordinary shares purchased	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Employee share trust	-	-	-	-	1.3	(1.3)	-	-	-
Share-based payment expense (including tax)	-	-	-	-	-	1.0	1.0	-	1.0
Dividends	-	-	-	-	-	(13.4)	(13.4)	-	(13.4)
Transactions with non-controlling interests	-	-	-	-	-	0.4	0.4	(0.4)	-
<b>Other changes in equity</b>	<b>4.1</b>	<b>43.0</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>(19.2)</b>	<b>29.1</b>	<b>(0.6)</b>	<b>28.5</b>
<b>Balance at 31 October 2010</b>	<b>43.4</b>	<b>306.1</b>	<b>(8.0)</b>	<b>29.4</b>	<b>(3.0)</b>	<b>165.5</b>	<b>533.4</b>	<b>(1.9)</b>	<b>531.5</b>



## Condensed Consolidated Statement of Cash Flows

	Note	Half-year ended 31 October 2011 £m	Half-year ended 31 October 2010* £m	Year ended 30 April 2011* £m
<b>Continuing operations</b>				
<b>Operating activities</b>				
Cash generated from continuing operations	10	110.4	71.5	141.1
Interest received		0.2	0.1	0.4
Interest paid		(11.0)	(6.9)	(16.2)
Tax paid		(11.4)	(4.4)	(16.0)
<b>Net cash flows from operating activities</b>		<b>88.2</b>	<b>60.3</b>	<b>109.3</b>
<b>Investing activities</b>				
Acquisition of subsidiaries		-	(158.9)	(158.9)
Acquisition of assets held exclusively with a view to resale		(4.4)	-	-
Disposal of subsidiaries		-	4.5	4.8
Capital expenditure		(42.4)	(16.5)	(62.3)
Disposal of property, plant and equipment and intangible assets		4.8	0.9	4.6
Disposal of investments in associates and other investments		0.3	0.3	0.5
<b>Cash flows used in investing activities</b>		<b>(41.7)</b>	<b>(169.7)</b>	<b>(211.3)</b>
<b>Financing activities</b>				
Proceeds from issue of share capital		1.0	47.1	50.1
Purchase of own shares		(0.3)	(0.1)	(6.5)
Acquisition of non-controlling interest		-	(8.5)	(9.3)
(Repayment of)/increase in borrowings		(49.7)	132.8	121.6
Repayment of finance lease obligations		(1.5)	(0.8)	(2.5)
Dividends paid		(19.4)	(13.4)	(22.6)
<b>Cash flows (used in)/from financing activities</b>		<b>(69.9)</b>	<b>157.1</b>	<b>130.8</b>
<b>Net (decrease)/increase in cash and cash equivalents – continuing operations</b>		<b>(23.4)</b>	<b>47.7</b>	<b>28.8</b>
Cash generated from discontinued operations	7	3.3	19.2	26.2
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(20.1)</b>	<b>66.9</b>	<b>55.0</b>
Cash and cash equivalents at 1 May		88.2	32.8	32.8
Classified as held for sale	7	(18.1)	-	-
Foreign exchange movements		(2.3)	(1.0)	0.4
<b>Cash and cash equivalents</b>	11	<b>47.7</b>	<b>98.7</b>	<b>88.2</b>

\* Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation (see note 7).

## Notes to the Accounts

### 1 Basis of preparation

The unaudited condensed consolidated interim financial statements for the half-year ended 31 October 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs'), the disclosure requirements of the Listing Rules and in accordance with IAS 34 Interim Financial Reporting. These interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2011. Those accounts were reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, 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 2011, which are prepared in accordance with adopted IFRSs. The Office Products Wholesaling segment has been classified as a discontinued operation in these interim financial statements with the assets and liabilities being accounted for in accordance with the Group's 'assets held for sale' policy.

The following new accounting standards, amendments and standards or interpretations have been adopted by the Group as of 1 May 2011:

- IAS 24 (Revised) Related Party Disclosures
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Insurers

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

The information presented for the year ended 30 April 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-year ended 31 October 2011 is unaudited but has been reviewed by Deloitte LLP, the Group's auditors, and a copy of their review report forms part of this half-year report.

#### Foreign exchange rates

The principal foreign exchange rates used were as follows:

	<b>Half-year ended 31 October 2011</b>		Half-year ended 31 October 2010		Year ended 30 April 2011	
	<b>Average</b>	<b>Closing</b>	Average	Closing	Average	Closing
Euro	<b>1.14</b>	<b>1.16</b>	1.19	1.15	1.18	1.12
US Dollar	<b>1.61</b>	<b>1.61</b>	1.53	1.60	1.57	1.67

#### Going concern

As explained in the narrative section of this half-year 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 judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments 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 2011, being impairments, pensions and accounting for CO<sub>2</sub> emissions.

## 2 Segmental reporting – continuing operations

	UK Packaging £m	Continental European Corrugated Packaging £m	Plastic Packaging £m	Total Continuing £m
<b>Half-year ended 31 October 2011</b>				
Revenue	514.4	386.2	133.9	1,034.5
Adjusted operating profit <sup>†</sup>	39.9	28.0	10.4	78.3
Amortisation	(2.0)	(2.2)	(0.3)	(4.5)
Exceptional items	(16.5)	(1.1)	(0.4)	(18.0)
<b>Segment result</b>	<b>21.4</b>	<b>24.7</b>	<b>9.7</b>	<b>55.8</b>

	UK Packaging £m	Continental European Corrugated Packaging £m	Plastic Packaging £m	Total Continuing £m
<b>Half-year ended 31 October 2010</b>				
Revenue	450.3	247.5	124.4	822.2
Adjusted operating profit <sup>†</sup>	32.0	14.1	9.4	55.5
Amortisation	(1.0)	(0.4)	(0.5)	(1.9)
Exceptional items	0.3	(6.3)	-	(6.0)
<b>Segment result</b>	<b>31.3</b>	<b>7.4</b>	<b>8.9</b>	<b>47.6</b>

† Before amortisation and exceptional items (see note 3)

Segmental reporting for the Office Products Wholesaling segment, which is classified as a discontinued operation, is set out in note 7.

## 3 Exceptional items – continuing operations

Items are presented as ‘exceptional’ where they are significant items that the Directors consider should be separately disclosed to assist in the understanding of the underlying trading and financial results achieved by the Group.

	<b>Half-year ended 31 October 2011 £m</b>	Half-year ended 31 October 2010* £m	Year ended 30 April 2011* £m
<b>Restructuring costs</b>			
UK Packaging	(10.6)	0.3	(0.9)
Continental European Corrugated Packaging	(1.1)	(0.5)	(2.3)
Plastic Packaging	(0.2)	-	(0.5)
<b>Total restructuring costs</b>	<b>(11.9)</b>	<b>(0.2)</b>	<b>(3.7)</b>
Acquisition related costs	-	-	(7.2)
Pension curtailment	-	-	30.3
Impairment	(4.8)	(6.9)	(15.9)
Other	(1.3)	1.1	(2.6)
<b>Total pre-tax exceptional items</b>	<b>(18.0)</b>	<b>(6.0)</b>	<b>0.9</b>
Income tax credit/(charge) on exceptional items	3.3	0.1	(2.9)
<b>Total post-tax exceptional items</b>	<b>(14.7)</b>	<b>(5.9)</b>	<b>(2.0)</b>

\* Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation (see note 7).

In the half-year ended 31 October 2011 exceptional items principally relate to the exit costs and impairment charges resulting from the closure and sale of two paper mills in the UK Packaging segment.

#### 4 Finance income and costs – continuing operations

	<b>Half-year ended 31 October 2011 £m</b>	Half-year ended 31 October 2010* £m	Year ended 30 April 2011* £m
Interest on loans and overdrafts	<b>(9.8)</b>	(7.9)	(18.3)
Finance lease interest	<b>(0.2)</b>	(0.1)	(0.2)
Other	<b>(1.0)</b>	(0.8)	(2.3)
<b>Finance costs</b>	<b>(11.0)</b>	(8.8)	(20.8)
Interest income from financial assets	<b>0.2</b>	0.1	0.5
Other	<b>0.3</b>	0.2	0.3
<b>Finance income</b>	<b>0.5</b>	0.3	0.8

\* Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation (see note 7).

Included within other finance costs is £0.9m (half-year ended 31 October 2010: £0.2m gain; year ended 30 April 2011: £1.2m loss) of hedge ineffectiveness on net investment hedges and fair value hedges.

#### 5 Post-retirement benefits

	<b>Half-year ended 31 October 2011 £m</b>	Half-year ended 31 October 2010 £m	Year ended 30 April 2011 £m
<b>Opening deficit</b>	<b>(147.5)</b>	(203.1)	(203.1)
Employment benefit net finance expense	<b>(2.5)</b>	(3.5)	(7.4)
Service cost	<b>(0.4)</b>	(3.7)	(9.3)
Contributions	<b>8.3</b>	9.1	33.3
Curtailement gains	<b>-</b>	0.5	35.3
Actuarial (loss)/gain	<b>(11.6)</b>	11.1	14.4
Foreign exchange movements	<b>0.4</b>	(0.5)	(0.2)
Acquisition	<b>-</b>	(10.5)	(10.5)
Classified as held for sale (see note 7)	<b>1.3</b>	-	-
<b>Closing deficit</b>	<b>(152.0)</b>	(200.6)	(147.5)
Deferred tax asset	<b>39.2</b>	57.2	35.7
<b>Net pension liability</b>	<b>(112.8)</b>	(143.4)	(111.8)

#### 6 Income tax expense – continuing operations

Tax on profits for continuing operations has been charged at an underlying rate before exceptional items of 28.3% (half-year ended 31 October 2010: 27.1%; year ended 30 April 2011: 28.2%) being the expected full year rate less certain discrete adjustments including an adjustment of £1.7m in respect of restatements to deferred tax balances to reflect the reduction in the UK tax rate from 26% to 25%.

## 7 Discontinued operations and disposal group held for sale

On 6 July 2011 the Office Products Wholesaling segment was classified as 'held for sale' and treated as a discontinued operation following the receipt of a binding offer for the business that has been accepted. Office Products Wholesaling principally comprises Spicers Limited, Spicers (Ireland) Limited, Spicers France SAS, Spicers Belgium NV and Spicers Nederland BV. The sale is expected to be completed on or before 31 December 2011. The Condensed Consolidated Income Statement has been restated to present the Office Products Wholesaling business as discontinued operations. The Condensed Consolidated Statement of Financial Position presents the discontinued assets and liabilities as 'assets held for sale' and 'liabilities held for sale' respectively. The Condensed Consolidated Statement of Cash Flows has also been restated, presenting a single amount of net cash flow from discontinued operations.

The Group acquired 100% of the equity of SCA Packaging Kuban during the period for €5.0m cash consideration and €1.5m deferred consideration payable in December 2011. This business was acquired exclusively with a view to resale. The fair value less costs to sell the business is £5.6m. The business is being sold to the Group's associate, OJSC Rubezhansk Paper and Packaging Mill, with completion expected on or before 30 April 2012. No profit or loss arose during the period and assets and liabilities of the business are disclosed in the Condensed Consolidated Statement of Financial Position as 'assets held for sale' and 'liabilities held for sale' respectively.

### (i) Condensed Consolidated Income Statement – discontinued operations

	<b>Half-year ended 31 October 2011 £m</b>	Half-year ended 31 October 2010 £m	Year ended 30 April 2011 £m
<b>Revenue</b>	<b>343.7</b>	352.0	715.2
Cost of sales	<b>(261.4)</b>	(274.3)	(543.9)
<b>Gross profit</b>	<b>82.3</b>	77.7	171.3
Operating expenses	<b>(73.3)</b>	(72.7)	(146.1)
<b>Operating profit before amortisation and exceptional items</b>	<b>9.0</b>	5.0	25.2
Amortisation of intangible assets	<b>(0.2)</b>	(0.6)	(1.1)
Pre-tax exceptional items	-	-	0.3
<b>Operating profit</b>	<b>8.8</b>	4.4	24.4
Net financing income	<b>0.1</b>	0.2	0.2
<b>Profit before income tax</b>	<b>8.9</b>	4.6	24.6
Income tax expense	<b>(3.0)</b>	(1.2)	(7.0)
<b>Profit for the period from discontinued operations</b>	<b>5.9</b>	3.4	17.6

### *Seasonality*

Revenue and operating profit of Office Products Wholesaling historically benefit in the second half of the year from new product catalogue launches at the start of the calendar year.

### (ii) Exceptional items – discontinued operations

	<b>Half-year ended 31 October 2011 £m</b>	Half-year ended 31 October 2010 £m	Year ended 30 April 2011 £m
Restructuring costs	-	-	(4.7)
Pension curtailment	-	-	5.0
<b>Total pre-tax exceptional items</b>	<b>-</b>	-	0.3
Income tax charge on exceptional items	-	-	(0.1)
<b>Total post-tax exceptional items</b>	<b>-</b>	-	0.2

(iii) Assets and liabilities held for sale

	<b>As at 31 October 2011 £m</b>
Intangible assets	14.4
Property, plant and equipment	31.6
Inventories	64.8
Trade and other receivables	129.1
Cash and cash equivalents	21.0
	260.9
Operation held exclusively with a view to resale	8.0
<b>Assets held for sale</b>	<b>268.9</b>
Post-retirement benefits	(1.3)
Deferred tax liabilities	(1.2)
Interest-bearing loans and borrowings	(4.5)
Bank overdrafts	(2.9)
Provisions	(4.1)
Trade and other payables	(127.5)
Income tax liabilities	(1.9)
	(143.4)
Operation held exclusively with a view to resale	(2.4)
<b>Liabilities held for sale</b>	<b>(145.8)</b>

(iv) Cash generated from discontinued operations

	<b>Half-year ended 31 October 2011 £m</b>	Half-year ended 31 October 2010 £m	Year ended 30 April 2011 £m
Net cash from operating activities	5.3	20.9	30.9
Net cash used in investing activities	(1.8)	(1.5)	(4.1)
Net cash used in financing activities	(0.2)	(0.2)	(0.6)
<b>Net cash flows for the period</b>	<b>3.3</b>	19.2	26.2

(v) Analysis of net debt – discontinued operations

	<b>As at 31 October 2011 £m</b>
<b>Analysis of net debt</b>	
Cash and cash equivalents	21.0
Bank overdrafts	(2.9)
Net cash and cash equivalents	18.1
Interest-bearing loans and borrowings	(4.5)
Net cash included within operations held exclusively with a view to resale	1.9
<b>Net cash included within assets and liabilities held for sale</b>	<b>15.5</b>

## 8 Earnings per share

The calculation of basic earnings per share at 31 October 2011 is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the half-year ended 31 October 2011 of 430.8m (half-year ended 31 October 2010: 415.0m; year ended 30 April 2011: 422.4m). The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the half-year ended 31 October 2011 of 5.1m (half-year ended 31 October 2010: 2.1m; year ended 30 April 2011: 3.4m).

The calculation of diluted earnings per share at 31 October 2011 is based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the half-year ended 31 October 2011, as adjusted for potentially issuable ordinary shares, of 439.5m (half-year ended 31 October 2010: 425.0m; year ended 30 April 2011: 431.0m).

	<b>Half-year ended 31 October 2011</b>		Half-year ended 31 October 2010		Year ended 30 April 2011	
	<b>Pence per share</b>		Pence per share		Pence per share	
	<b>£m</b>	<b>share</b>	£m	share	£m	share
<b><i>Continuing operations</i></b>						
Profit for the period	<b>28.9</b>		24.4		53.1	
Non-controlling interests	<b>(0.2)</b>		(0.3)		(0.6)	
Basic earnings	<b>28.7</b>	<b>6.7</b>	24.1	5.8	52.5	12.4
Add back amortisation	<b>4.5</b>	<b>1.0</b>	1.9	0.4	6.8	1.7
Add back exceptional items after tax	<b>14.7</b>	<b>3.4</b>	5.9	1.5	2.0	0.4
<b>Adjusted earnings</b>	<b>47.9</b>	<b>11.1</b>	31.9	7.7	61.3	14.5
<b><i>Discontinued operations</i></b>						
Basic earnings	<b>5.9</b>	<b>1.4</b>	3.4	0.8	17.6	4.2
Add back amortisation	<b>0.2</b>	-	0.6	0.2	1.1	0.2
Add back exceptional items after tax	-	-	-	-	(0.2)	-
<b>Adjusted earnings</b>	<b>6.1</b>	<b>1.4</b>	4.0	1.0	18.5	4.4

The Directors believe that the presentation of an adjusted earnings per share, being the basic earnings per share adjusted for exceptional items after tax and amortisation of intangible assets, helps to explain the underlying performance of the Group.

## 9 Dividends

The following dividends were paid by the Group:

		<b>Pence per share</b>	<b>£m</b>
September 2010	Final dividend for 2009/10	3.1	13.4
March 2011	Interim dividend for 2010/11	2.0	9.2
September 2011	Final dividend for 2010/11	4.5	19.4

An interim dividend in respect of 2011/12 of 2.8 pence per share (£12.1m) has been proposed by the Directors.

## 10 Cash generated from continuing operations

	Half-year ended 31 October 2011 £m	Half-year ended 31 October 2010* £m	Year ended 30 April 2011* £m
Profit for the period – continuing operations	28.9	24.4	53.1
Adjustments:			
Pre-tax exceptional items	18.0	6.0	(0.9)
Cash outflow for exceptional items	(4.2)	(9.7)	(15.1)
Depreciation and amortisation	38.0	32.9	73.9
Loss/(profit) on sale of non-current assets	1.5	(0.3)	(0.6)
Employment benefit net finance expense	2.5	3.5	7.4
Share-based payment	1.5	1.0	2.9
Finance income	(0.5)	(0.3)	(0.8)
Finance costs	11.0	8.8	20.8
Other non-cash items	(0.1)	-	0.6
Income tax expense	13.9	11.2	24.5
Changes in provisions and employee benefits	(8.6)	(5.2)	(24.9)
<b>Cash generation before working capital movements</b>	<b>101.9</b>	<b>72.3</b>	<b>140.9</b>
Changes in:			
Inventories	(4.2)	(9.4)	(18.7)
Trade and other receivables	(17.7)	(27.2)	(16.1)
Trade and other payables	30.4	35.8	35.0
<b>Working capital movement</b>	<b>8.5</b>	<b>(0.8)</b>	<b>0.2</b>
<b>Cash generated from continuing operations</b>	<b>110.4</b>	<b>71.5</b>	<b>141.1</b>

\* Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation (see note 7).

## 11 Analysis of net debt

	As at 31 October 2011 £m	As at 31 October 2010 £m	As at 30 April 2011 £m
Cash and cash equivalents	58.7	107.0	114.3
Bank overdrafts	(11.0)	(8.3)	(26.1)
Net cash and cash equivalents	47.7	98.7	88.2
Interest-bearing loans and borrowings due after one year	(355.0)	(424.6)	(407.9)
Interest-bearing loans and borrowings due within one year	(3.2)	(15.3)	(4.4)
Non-current bank deposits	-	7.2	-
Derivative financial instruments			
- assets	8.5	11.3	7.3
- liabilities	(26.4)	(22.4)	(34.2)
Net cash included within assets and liabilities held for sale (see note 7)	15.5	-	-
<b>Total net debt</b>	<b>(312.9)</b>	<b>(345.1)</b>	<b>(351.0)</b>

Derivative financial instrument amounts in the table above relate to interest rate and cross-currency swaps hedging the Group's borrowings. The difference between the amounts shown above and the total derivative financial instrument assets and liabilities in the Group's balance sheet relates to derivative financial instruments that hedge forecast foreign currency transactions and the Group's purchases of energy.



## Reconciliation of net cash flow to movement in net debt

	Half-year ended 31 October 2011 £m	Half-year ended 31 October 2010* £m	Year ended 30 April 2011* £m
<i>Continuing operations</i>			
<b>Operating profit before amortisation and exceptional items</b>	<b>78.3</b>	55.5	110.9
Depreciation	<b>33.5</b>	31.0	67.1
<b>Adjusted EBITDA</b>	<b>111.8</b>	86.5	178.0
Working capital movement	<b>8.5</b>	(0.8)	0.2
Provisions and employee benefits	<b>(8.6)</b>	(5.2)	(24.9)
Other	<b>2.9</b>	0.7	2.9
<b>Cash generated from operations before exceptional cash costs</b>	<b>114.6</b>	81.2	156.2
Capital expenditure	<b>(42.4)</b>	(16.5)	(62.3)
Disposals of assets, investments and subsidiary businesses	<b>5.1</b>	1.2	9.9
Tax paid	<b>(11.4)</b>	(4.4)	(16.0)
Net interest paid	<b>(10.8)</b>	(6.8)	(15.8)
<b>Free cash flow</b>	<b>55.1</b>	54.7	72.0
Exceptional cash costs	<b>(4.2)</b>	(9.7)	(15.1)
Dividends paid	<b>(19.4)</b>	(13.4)	(22.6)
Acquisition of assets held exclusively with a view to resale	<b>(4.4)</b>	-	-
Acquisition of subsidiaries	-	(160.3)	(165.1)
<b>Net cash flow</b>	<b>27.1</b>	(128.7)	(130.8)
Proceeds from issue of share capital	<b>1.0</b>	47.1	50.1
Purchase of own shares	<b>(0.3)</b>	(0.1)	(6.5)
Net cash/(debt) acquired	<b>1.9</b>	(35.7)	(36.6)
Net movement	<b>29.7</b>	(117.4)	(123.8)
Foreign exchange and fair value movements	<b>5.5</b>	(7.8)	(14.1)
<b>Net debt movement – continuing operations</b>	<b>35.2</b>	(125.2)	(137.9)
Net debt movement – discontinued operations	<b>2.9</b>	19.6	26.4
Net debt at 1 May	<b>(351.0)</b>	(239.5)	(239.5)
<b>Total net debt</b>	<b>(312.9)</b>	(345.1)	(351.0)

\* Restated following the announcement of the sale of the Office Products Wholesaling business and subsequent classification as a discontinued operation (see note 7).

## 12 Acquisitions

### Half-ended 31 October 2011

The Group acquired 100% of the equity of SCA Packaging Kuban during the period for €5.0m cash consideration and €1.5m deferred consideration payable in December 2011. This business was acquired exclusively with a view to resale, has a fair value of £5.6m and the assets and liabilities are presented as ‘assets held for sale’ and ‘liabilities held for sale’ respectively (see note 7).

### Year ended 30 April 2011

On 1 September 2010, the Group acquired 100% of Otor Finance S.A. and 95% Otor S.A. for a total cash consideration of £156.6m, with goodwill of £95.9m arising. In October 2010, the Group acquired the remaining non-controlling interest for cash consideration of £8.5m. Certain fair values assigned to the net assets at the dates of acquisition were provisional and, in accordance with IFRS 3, the Group has adjusted the fair values attributable to this acquisition during the half-year ended 31 October 2011. The net increase in goodwill of £1.7m does not have a material impact on the consolidated accounts and, as such, the Group has not restated the balance sheet as at 30 April 2011.