3 December 2015

DS SMITH PLC – 2015/16 HALF YEAR RESULTS

Good momentum driving growth and returns

6 months to 31 October 2015		Change (reported)	Change (constant currency)
Revenue	£1,953m	(1)%	+6%
Adjusted operating profit[1]	£184m	+5%	+12%
Profit before tax	£91m	(26)%	(20)%
Adjusted EPS[1]	13.5p	+5%	+13%
Interim dividend per share	4.0p	+8%	NA
Return on sales[4]	9.4%	+50bps	+50bps
ROACE[5]	15.0%	+120bps	+110bps

Highlights

- Continued success with customers driving organic volume growth of 3.1%
- Delivering against recently upgraded financial KPIs
  - Return on sales[4] increase of 50bps to 9.4%
  - ROACE[5] improvement of 110bps to 15.0%
  - Net debt / EBITDA[6] 1.9x
- Ongoing enhancement of our asset portfolio
  - Acquisitions totalling around €500m, performing well
  - Very positive customer reaction to enlarged European presence
  - Agreement to acquire high quality corrugated business in Turkey

"We are pleased with performance in the first half of this financial year. We have continued to grow volumes in excess of the market and GDP, with our value-added offering again driving progress in margins and returns.

In addition to the strong organic profit performance, we have been very active in delivering on our portfolio improvement strategy over the period, with three acquisitions completed. These businesses are integrating well with synergies ahead of our initial expectations and we are seeing a step-up in their volume performance, driven by the positive reaction to our broad customer offering. The agreement to acquire a specialist producer of high quality corrugated packaging and display in Turkey is another good step in this strategy.

Our outlook remains positive as the business continues to grow, despite the ongoing challenging economic environment in some markets. The progress we have made over the period, combined with the opportunities available for further growth, gives the Board confidence in the prospects for the business, in line with the Group's medium-term financial targets." **Miles Roberts, Group Chief Executive**

Sustainable delivery against medium term targets

Medium term targets	Delivery in H1 2015/16[8]
Organic volume growth[2] at least GDP[3]+1%	+3.1%
Return on sales[4] 8% – 10%	9.4%
ROACE[5] 12% - 15%	15.0%
Net Debt / EBITDA[6] ≤2.0x	1.9x
Operating cash flow/ operating profit[7] ≥100%	126%

See notes to the financial tables below

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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 5263816#.

Notes to the financial tables

(1) Before exceptional items and amortisation of intangible assets
(2) Corrugated box volumes, adjusted for working days
(3) GDP growth (year-on-year) for the countries in which DS Smith operates, weighted by our sales by country for the FY 2014/15 = 1.8%. Source: Eurostat (13 Nov 2015)
(4) Earnings before interest, tax, amortisation and exceptional items as a percentage of revenue
(5) Earnings before interest, tax, amortisation and exceptional items 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 earnings before interest, tax, depreciation and amortisation, calculated in accordance with banking covenants
(7) Free cash flow before tax, net interest, growth capital expenditure and pension payments as a percentage of earnings before interest, tax, amortisation and exceptional items
(8) Organic growth, cash conversion and return on sales for the 6 months to 31 October 2015, ROACE and net debt / EBITDA given for the 12 months to 31 October 2015

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 six months to 31 October 2015 DS Smith has continued to drive growth, returns and cash, growing ahead of the corrugated market and integrating new businesses into our pan-European operation. Corrugated box volumes have grown at 3.1%, ahead of our target of GDP+1% and the corrugated market. At the same time, return on sales has increased by 50 basis points to 9.4%, demonstrating progress in our recently upward revised target of 8 – 10%. Return on average capital employed (ROACE) improved by a further 110 basis points, to 15.0%, at the top of our target range. These financial results are a consequence of our focus on building a high quality, pan-European business that demonstrates the benefits of packaging solutions that improve our customers' sales and reduce their supply chain costs wherever they are in Europe.

In the period we acquired three businesses; Duropack (completed 31 May 2015), Lantero (completed 31 July 2015) and Cartonpack (completed 13 October 2015), for an aggregate consideration of around €500 million. These acquisitions substantially expand our position in the fast growing south eastern Europe region, in Iberia – one of the largest markets in Europe, and most recently in Greece, where there is good customer demand for our high quality packaging. As a result of these acquisitions our market share for corrugated packaging across Europe as a whole now stands at around 16%. Performance in the acquired businesses has been good, with expected synergies ahead of our initial assessment, as previously announced in our trading update in September.

Since the period end, we have entered into an agreement to acquire Milas Ambalaj, a high quality producer of specialist corrugated packaging and displays in Turkey. The business is focused on international FMCG customers, and is well positioned for the large Istanbul market as well as European export. The business has revenue of c. $25 million and c. 240 employees. Completion, which is subject to customary conditions, is expected by the end of our financial year 2015/16.

For the half-year period, reported revenues increased on a constant currency basis by 6%, principally reflecting good corrugated box volume growth ahead of our targets and the benefit of acquired businesses. These factors are impacted by the disposal of the StePac business and a reduction in sales to third parties of unconverted corrugated sheet and paper volumes, as we continue to focus on higher value-added revenues from our converting facilities and increase the level of integration between our paper and packaging operations.

Adjusted operating profit was up £20 million, or 12%, on a constant currency basis, reflecting both our good organic growth and the contribution from acquired businesses. The rise in input costs in the summer is being recovered as expected.

We have continued to focus on cash and return on capital, demonstrated by a further significant improvement in our ROACE, now at 15.0%. We have continued with our working capital initiatives with a further inflow of £32 million in the period. Net debt stands at £906 million, with the benefit from strong operating cashflow of £187 million offset principally by expenditure on acquisitions of £253 million and the associated acquired debt of £105 million. Net debt benefitted from net proceeds of £24 million from the disposal of the StePac business and surplus property assets.

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 2015	Half year ended 31 October 2014	Change
Revenue	£444m	£465m	(5)%
Operating profit*	£47m	£46m	2%
Return on sales*	10.6%	9.9%	+70bps

*Adjusted, before amortisation and exceptional items

In the UK revenues decreased 5% to £444 million (H1 2014/15: £465 million) while adjusted operating profit has improved 2% to £47 million (H1 2014/15: £46 million). Corrugated box volumes in the period, whilst positive, reflect a competitive consumer and retailer market. The UK market is a leading adopter of innovation and our business has been at the forefront of this, particularly in the area of high quality digital printing. Our ability to generate meaningful value added products is reflected in higher adjusted operating profit and a 70 bps improvement in operating margin. Revenues declined in line with greater integration of our paper mill in Kemsley and lower external sales of recyclate from our recycling business, as we have focused more on higher quality old corrugated containers ("OCC").

Western Europe

	Half year ended 31 October 2015	Half year ended 31 October 2014	Change – reported	Change – constant currency
Revenue	£489m	£481m	2%	12%
Operating profit*	£36m	£37m	(3)%	6%
Return on sales*	7.4%	7.7%	-30bps	-40bps

*Adjusted, before amortisation and exceptional items

In Western Europe organic corrugated box volumes in the period were good, reflecting a solid performance in France and strong growth in the newly acquired Iberian businesses with customers switching to our new offer, resulting in a turn-around in the market share growth of the acquired business. Revenue increased by 12% driven by the acquired businesses. Adjusted operating profit grew by 6%, reflecting both organic and inorganic growth. Margin reduced by 40 basis points reflecting both the new acquisitions and continuation of the challenging consumer and retailer environment.

DCH and Northern Europe

	Half year ended 31 October 2015	Half year ended 31 October 2014	Change – reported	Change – constant currency
Revenue	£412m	£486m	(15)%	(7)%
Operating profit*	£44m	£48m	(8)%	-
Return on sales*	10.7%	10.0%	+70bps	+80bps

*Adjusted, before amortisation and exceptional items

DCH and Northern Europe has seen positive volume growth in Germany and Switzerland, counterbalanced by difficult conditions in northern Europe as the impact of the Russian trade sanctions are felt, resulting in broadly flat volume for the region over the period. In a competitive market, we have continued our focus on pan-European customers and are building on our strengths in the point of sale and display business.

Central Europe and Italy

	Half year ended 31 October 2015	Half year ended 31 October 2014	Change – reported	Change – constant currency
Revenue	£471m	£379m	24%	37%
Operating profit*	£42m	£32m	31%	50%
Return on sales*	8.9%	8.4%	+50bps	+70bps

*Adjusted, before amortisation and exceptional items

Organic corrugated box volumes in central and eastern Europe have grown strongly compared to the Group average, reflecting very good performance from both the existing and acquired business in an attractive market where we now have a leading position. Our corrugated box volumes in Italy have also continued to grow well, particularly with our pan-European customers. Revenues increase by 37%, reflecting very good organic growth and the contribution for five months of the Duropack businesses. Adjusted operating profit increased 50% reflecting both organic growth and the results of the acquired business.

Plastics

	Half year ended 31 October 2015	Half year ended 31 October 2014	Change – reported	Change – constant currency
Revenue	£137m	£160m	(14)%	(11)%
Operating profit*	£15m	£13m	15%	25%
Return on sales*	10.9%	7.8%	+310bps	+310bps

*Adjusted, before amortisation and exceptional items

Plastics has seen revenue reduce by 11%, principally due to the impact of the disposal of our StePac business in May 2015, while operating profit grew 25% as the benefits of the restructuring undertaken over the past two years in our European Flexible packaging operations performed to our investment case.

Acquisitions and disposals in the period

Our vision five years ago was to become the leader in recycled packaging for consumer goods. In order to achieve this, we needed to win market share and expand into new markets. In the current period we have completed another three acquisitions, extending our presence in corrugated packaging in Iberia (included in our Western Europe region), and in south eastern Europe (included in our Central Europe and Italy region). This has substantially extended our pan-European reach in a number of important and growing regions. The opportunity to build on this leadership position over the next five years is clear and we are extremely focused on taking it. At the same time, we have also continued to review our portfolio, in particular our exposure to manufacturing paper. To this extent, we went through a consultation process in relation to a small paper mill in the UK, which has resulted in the decision to close the mill at the end of this year. This will further reduce our level of testliner production.

On 18 May 2015 we sold StePac, a modified atmosphere packaging business that had been part of our Plastics business, for US$31 million (£20 million). This business was outside our core strategy and a greater value was obtained through sale than would have been achieved by retaining it.

On 31 May 2015 we acquired Duropack, the leading corrugated packaging business in the south eastern Europe region with 14 corrugated packaging sites across nine countries.

On 31 July 2015 we acquired Grupo Lantero, a Spanish corrugated packaging business with eight corrugated sites, substantially expanding our presence in the Iberia region.

On 13 October 2015 we acquired Cartonpack, the corrugated packaging assets of Cukurova, in Greece.

Outlook

The outlook remains positive as the business continues to grow, despite the ongoing challenging economic environment in some of our markets. The progress we have made over the year, combined with the opportunities available for further growth, gives the Board confidence in the prospects for the business, in line with the Group's medium term financial targets.

Financial Review

Group revenue for the half-year to 31 October 2015 declined 1% to £1,953 million (H1 2014/15: £1,971 million), reflecting a substantial adverse currency translation effect (£128 million). On a constant currency basis, revenue increased by 6% with the net effect of acquisitions and disposals versus the prior period being £101 million. The remaining increase of £9 million represents organic growth, comprised of organic corrugated box volume growth and an increase from sales price and mix. This is partially offset by a reduction in external sales in recycling and an increase in integration between our paper and packaging operations.

Adjusted operating profit increased 5% to £184 million (H1 2014/15: £176 million). On a constant currency basis, growth was 12%. Translation of our mainly euro based earnings into sterling continues to have an impact on our results, reducing operating profit by £12 million. This foreign exchange translation effect was outweighed by the net benefit from organic growth (£11 million) and from acquisitions and disposals (£9 million). Organic growth was driven by the increase in corrugated box volumes, partially offset by the net negative impact of increased input costs, which were largely recovered in the period.

Free cash flow (being EBITDA plus the cash flow effect of working capital, pension payments, capital expenditure (net of proceeds), tax and interest) was £143 million (H1 2014/15: £151 million), driven by EBITDA of £244 million and a further positive contribution from working capital, offset by capital expenditure, tax and interest.

Net capital expenditure was £74 million in the period (H1 2014/15: £63 million) with a total of c. £170 million expected to be spent in the full financial year, as previously indicated.

Amortisation for the period was £24 million (H1 2014/15: £23 million), with a similar charge expected in the second half of the year. Depreciation for the period was £60 million (H1 2014/15: £57 million), with the charge for the full financial year expected to be c. £126 million.

Return on average capital employed of 15.0% for the 12 month period to 31 October 2015 (12 months to 31 October 2014: 13.8%) represents a 110 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.

Exceptional costs of £48 million in the period were incurred. The charge principally comprised a £20 million non-cash impairment charge and a £9 million cash cost relating to the decision to close the Wansbrough paper mill, following consultation which concluded in October 2015. The remainder of the exceptional charge relates to restructuring in the UK and DCH and Northern Europe, as previously announced, netted with gains on the sale of StePac. Total exceptional costs for the year are expected to be circa £77 million, comprising c. £30 million in relation to Wansbrough (of which £20 million is non-cash) and £47 million in relation to restructuring and the acquisition of Lantero, as previously announced.

Net interest expense was £18 million (H1 2014/15: £17 million), reflecting the increase in debt over the period due to consideration paid for acquisitions and the existing debt of the businesses acquired. The charge for the second half is expected to be materially higher with the full effect of financing the new acquisitions. 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.

Tax on profits has been charged at a rate on continuing operations before amortisation and exceptional items of 22.2% (H1 2014/15: 22.8%), similar to the full year 2014/15.

Profit after tax for continuing operations after exceptional items was £71 million (H1 2014/15: £95 million).

Earnings per share for continuing operations before amortisation and exceptional items increased 5% to 13.5 pence (H1 2014/15: 12.9 pence) or 13% on a constant currency basis, reflecting the growth in operating profit and reduction in tax rate. Total earnings per share was 7.6 pence (H1 2014/15: 10.2 pence).

Foreign exchange translation

Approximately 63% of the Group's EBITA is earned in euros. The results for the full year 2015/16 will be influenced by foreign exchange translation, where the euro is currently weaker than the average rate over the full year 2014/15 of 1.2895. A change of 1c impacts full year EBITA by approximately £1.8 million and PBT by approximately £1.1 million.

Financial position

Net debt at 31 October 2015 was £906 million (30 April 2015: £651 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, net of business disposals during the period, was £233 million and borrowings of £105 million were also assumed. The Group maintains tight capital discipline, and constant attention to working capital where a further reduction has been achieved, bringing average working capital as a percentage of sales down to 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 recommends an interim dividend for this half year of 4.0 pence per share (H1 2014/15: 3.7 pence per share). This represents an increase of 8%, demonstrating the confidence of the Board in the outlook for the Group. The dividend will be paid on 3 May 2016 to ordinary shareholders on the register at the close of business on 1 April 2016.

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 39 to 43 of the 2015 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 risks;
- Integration risks;
- Acquisition strategy risks;
- Capital market and liquidity risks;
- Eurozone macro-economic and deflationary risks;
- Market consolidation risks;
- Legal, regulatory and governance risks;
- Security of supply risks; and
- Sustainability risks.

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 2015 there was significant headroom on the Group's committed debt facilities of c. £609 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

2 December 2015

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 2015 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 2015 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
2 December 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

		Half year ended 31 October 2015			Half year ended 31 October 2014			Year ended 30 April 2015		
		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	1,953	–	1,953	1,971	–	1,971	3,820	–	3,820
Operating costs		(1,769)	(61)	(1,830)	(1,795)	(9)	(1,804)	(3,485)	(31)	(3,516)
Operating profit before amortisation, acquisitions and disposals	2	184	(61)	123	176	(9)	167	335	(31)	304
Amortisation of intangible assets, acquisitions and disposals		(24)	14	(10)	(23)	4	(19)	(46)	(9)	(55)
Operating profit	2	160	(47)	113	153	(5)	148	289	(40)	249
Finance income	4	1	–	1	1	–	1	3	–	3
Finance costs	4	(19)	(1)	(20)	(18)	(4)	(22)	(35)	(4)	(39)
Employment benefit net finance expense	5	(3)	–	(3)	(3)	–	(3)	(6)	–	(6)
Net financing costs		(21)	(1)	(22)	(20)	(4)	(24)	(38)	(4)	(42)
Profit after financing costs		139	(48)	91	133	(9)	124	251	(44)	207
Share of loss of equity accounted investments, net of tax		-	–	-	–	(1)	(1)	–	(7)	(7)
Profit before income tax		139	(48)	91	133	(10)	123	251	(51)	200
Income tax (expense)/credit	6	(29)	9	(20)	(30)	2	(28)	(54)	10	(44)
Profit for the period from continuing and total operations		110	(39)	71	103	(8)	95	197	(41)	156

Profit for the period attributable to:										
Owners of the parent		110	(39)	71	104	(8)	96	197	(41)	156
Non-controlling interests		–	–	–	(1)	–	(1)	–	–	–

Earnings per share		Half year ended 31 October 2015		Half year ended 31 October 2014		Year ended 30 April 2015	
Adjusted from continuing and total operations [1]							
Basic	7	13.5p		12.9p		24.5p	
Diluted	7	13.4p		12.7p		24.3p	
From continuing and total operations							
Basic	7		7.6p		10.2p		16.6p
Diluted	7		7.5p		10.1p		16.4p

1 Adjusted for amortisation and exceptional items

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Profit for the period	**71**	95	156
Items which will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on employee benefits	42	(6)	(65)
Income tax on items which will not be reclassified subsequently to profit or loss	(4)	-	10
Items which may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(44)	(47)	(105)
Movements in cash flow hedges	3	(4)	5
Income tax on items which may be reclassified subsequently to profit or loss	(3)	(6)	(22)
Other comprehensive expense for the period, net of tax	**(6)**	(63)	(177)
Total comprehensive income/(expense) for the period	**65**	32	(21)
Total comprehensive income/(expense) attributable to:			
Owners of the parent	65	33	(21)
Non-controlling interests	-	(1)	-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 October 2015 £m	At 31 October 2014 £m	At 30 April 2015 £m
Assets				
Non-current assets				
Intangible assets		960	896	855
Property, plant and equipment		1,485	1,347	1,342
Equity accounted investments		18	20	17
Other investments		3	6	3
Deferred tax assets		49	43	58
Other receivables		2	3	5
Derivative financial instruments		21	7	24
Total non-current assets		2,538	2,322	2,304
Current assets				
Inventories		310	270	256
Other investments		-	-	1
Income tax receivable		32	33	38
Trade and other receivables		699	631	548
Cash and cash equivalents	10	140	90	95
Derivative financial instruments		19	2	13
Assets held for sale	11	4	36	46
Total current assets		1,204	1,062	997
Total assets		3,742	3,384	3,301
Liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	10	(903)	(765)	(781)
Employee benefits	5	(154)	(146)	(200)
Other payables		(7)	(5)	(5)
Provisions		(6)	(21)	(7)
Deferred tax liabilities		(140)	(119)	(121)
Derivative financial instruments		(19)	(25)	(13)
Total non-current liabilities		(1,229)	(1,081)	(1,127)
Current liabilities				
Bank overdrafts	10	(25)	(34)	(13)
Interest-bearing loans and borrowings	10	(180)	(1)	(2)
Trade and other payables		(1,069)	(940)	(927)
Income tax liabilities		(133)	(134)	(147)
Provisions		(47)	(38)	(34)
Derivative financial instruments		(14)	(11)	(18)
Liabilities held for sale	11	-	(12)	(15)
Total current liabilities		(1,468)	(1,170)	(1,156)
Total liabilities		(2,697)	(2,251)	(2,283)
Net assets		1,045	1,133	1,018
Equity				
Issued capital		94	94	94
Share premium		715	715	715
Reserves		237	326	210
Total equity attributable to owners of the parent		1,046	1,135	1,019
Non-controlling interests		(1)	(2)	(1)
Total equity		1,045	1,133	1,018

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 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
At 1 May 2014	94	715	(31)	4	–	350	1,132	(1)	1,131
Profit for the period	–	–	–	–	–	96	96	(1)	95
Actuarial loss on employee benefits	–	–	–	–	–	(6)	(6)	–	(6)
Foreign currency translation differences	–	–	–	(47)	–	–	(47)	–	(47)
Cash flow hedges fair value changes	–	–	(4)	–	–	–	(4)	–	(4)
Income tax on other comprehensive income	–	–	1	(7)	–	–	(6)		(6)
Total comprehensive (expense)/income	–	–	(3)	(54)	–	90	33	(1)	32
Share-based payment expense (net of tax)	–	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	(30)	(30)	–	(30)
Other changes in equity in the period	–	–	–	–	–	(30)	(30)	–	(30)
At 31 October 2014	94	715	(34)	(50)	–	410	1,135	(2)	1,133

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Continuing operations	Note	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Operating activities				
Cash generated from operations	9	222	219	463
Interest received		–	–	3
Interest paid		(18)	(17)	(37)
Tax paid		(17)	(6)	(28)
Cash flows from operating activities		187	196	401
Investing activities				
Acquisition of subsidiary businesses, net of cash and cash equivalents	14	(253)	(13)	(28)
Divestment of subsidiary and equity accounted businesses, net of cash and cash equivalents	14	20	22	18
Capital expenditure		(80)	(69)	(167)
Proceeds from sale of property, plant and equipment and intangible assets		6	6	18
Decrease in restricted cash		–	2	3
Loan to associate		–	(2)	(2)
Cash flows used in investing activities		(307)	(54)	(158)
Financing activities				
Decrease in borrowings		(306)	(351)	(352)
Increase in borrowings		506	234	233
Dividends paid to Group shareholders	8	(35)	(30)	(94)
Other		(10)	–	–
Cash flows from/(used in) financing activities		155	(147)	(213)
Increase/(decrease) in cash and cash equivalents		35	(5)	30
Net cash and cash equivalents at 1 May		82	64	64
Reclassification to held for sale		–	–	(6)
Exchange losses on cash and cash equivalents		(2)	(3)	(6)
Net cash and cash equivalents	10	115	56	82

1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the half year ended 31 October 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the disclosure requirements of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. These interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2015, 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 2015, 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 2015:

- IFRIC 21 *Levies*
- Annual Improvements to IFRSs 2011 – 2013 cycle
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
- Annual Improvements to IFRSs 2010 – 2012 cycle

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 and standards or interpretations adopted by the Group as of 1 May 2015.

The information presented for the year ended 30 April 2015 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 2015 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 significant exchange rates applied during the period:

	Half year ended 31 October 2015		Half year ended 31 October 2014		Year ended 30 April 2015	
	Average	Closing	Average	Closing	Average	Closing
euro	1.386	1.402	1.260	1.277	1.290	1.368

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 2015, being impairments, pensions and other employee benefits, provisions and taxation.

2. Segment reporting

Operating segments

There has been a minor change in operating segments, with Austria moving from the 'DACH and Northern Europe' segment into the 'Central Europe and Italy' segment. 'DACH and Northern Europe' has been renamed 'DCH and Northern Europe' to accommodate this change. No restatement has been deemed necessary on the grounds of materiality.

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

Half year ended 31 October 2014	UK £m	Western Europe £m	DCH and Northern Europe £m	Central Europe and Italy £m	Plastics £m	Total Continuing Operations £m
External revenue	465	481	486	379	160	1,971
Operating profit [1]	46	37	48	32	13	176
Unallocated items:						
Amortisation						(23)
Exceptional items						(5)
Total operating profit (continuing operations)						148

[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 2015 £m**	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Integration costs	(3)	–	–
Acquisition related costs	(5)	(1)	(4)
Other restructuring costs	(29)	(4)	(31)
Impairment of assets	(20)	–	(4)
Gains/(losses) on acquisitions and divestments	19	5	(5)
Other	(9)	(5)	4
Total pre-tax exceptional items (recognised in operating profit)	(47)	(5)	(40)
Income tax credit on exceptional items	9	2	10
Share of exceptional loss of associate, net of tax	–	(1)	(7)
Exceptional interest expense	(1)	(4)	(4)
Total post-tax exceptional items	(39)	(8)	(41)

Half year ended 31 October 2015

Integration costs relate to integration projects underway to achieve cost synergies from the Duropack and Lantero acquisitions.

Acquisition costs of £5m relate to professional advisory, legal and consultancy fees and attributable salary costs relating to the review of potential deals, and deals completed during the period, including the acquisition of Duropack, Lantero and the Greek corrugated packaging business of Cukurova Group (note 14).

Of the £29m other restructuring costs, £9m relates to the closure of the Wansbrough paper mill in the UK, announced in October 2015 after the completion of a consultation process. The majority of the remainder relates to reorganisation and restructuring in DCH and Northern Europe (£9m) and Western Europe (£6m).

Impairment of assets of £20m is primarily associated with the announced closure of the Wansbrough paper mill in the UK.

Gains on acquisitions and divestments of £19m comprise the profit on sale of StePac of £10m, with the majority of the remainder relating to a gain on the step acquisition of the Lantero business (where previously the Group held an associate interest).

Other exceptional items of £9m principally relate to European centralisation and optimisation projects of £4m, site remediation costs of £3m, and the continuing costs of UK centralisation projects of £1m.

Year ended 30 April 2015 and half year ended 31 October 2014

Acquisition costs related to professional advisory, legal and consultancy fees relating to the review of potential deals, and deals completed during the periods.

Of the £31m other restructuring costs in the year ended 30 April 2015, £10m relates to the UK site closures and reorganisations, £11m relates to restructuring of businesses in the DCH and Northern Europe region, and £3m relates to restructuring of businesses in the Recycling division. Restructuring projects in the UK and DCH made up the majority of the £4m other restructuring costs in the half year ended 31 October 2014.

The gains on acquisitions and divestments of £5m in the half year ended 31 October 2014 comprised a £3m gain on the disposal of the foam business in Denmark and Sweden in September 2014, and a gain of £2m on the step acquisition of the Italian Recycling business from 50% to 100% in July 2014. The result for the full year ended 30 April 2015 additionally included a loss of £9m on the divestment of the Nantes paper mill in France in January 2015 and other losses on divestment of £1m.

Other exceptional items of £4m for the year ended 30 April 2015 principally related to the release of acquisition related provisions of £16m, partially offset by the costs of continuing UK centralisation projects of £9m (which made up the majority of the £5m expense for the half year ended 31 October 2014).

Exceptional interest expense of £4m relates to the write-off of unamortised finance costs relating to the SCA acquisition following the refinancing of borrowings in May 2014.

The share of exceptional loss of associate relates to the Group's share of post-tax foreign exchange losses recognised in the Group's Ukrainian associate Rubezhansk as a result of the significant decline in the value of the Ukrainian currency, Hryvnia, during the local geopolitical crisis.

4. Finance income and costs

Continuing operations	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Interest income from financial assets	–	–	(1)
Other	(1)	(1)	(2)
Finance income	(1)	(1)	(3)
Interest on loans and overdrafts	17	16	37
Other	3	6	2
Finance costs	20	22	39

5. Employee benefits

Movements in the net liability for employee benefit plans' obligations recognised in the statement of financial position.

	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Opening employee benefit deficit	(200)	(151)	(151)
Expense recognised in operating profit	(2)	(2)	(4)
Employment benefit net finance expense	(3)	(3)	(6)
Employer contributions	8	10	17
Other payments and contributions	3	3	8
Actuarial gains/(losses)	42	(6)	(65)
Acquisition	(6)	–	–
Reclassification	–	–	(9)
Currency translation	4	3	10
Employee benefit deficit	(154)	(146)	(200)
Deferred tax asset	33	38	48
Net employee benefit deficit	(121)	(108)	(152)

Acquisition movement of £6m primarily relates to schemes acquired as part of the Duropack acquisition.

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 22.2% (half year ended 31 October 2014: 22.8%; year ended 30 April 2015: 22.6%) being the expected full year rate.

The tax credit on amortisation was £7m (half year ended 31 October 2014: £6m; year ended 30 April 2015: £12m).

7. Earnings per share

Basic earnings per share from continuing operations

	Half year ended 31 October 2015	Half year ended. 31 October 2014	Year ended 30 April 2015
Profit from continuing operations attributable to ordinary shareholders	£71m	£96m	£156m
Weighted average number of ordinary shares	943m	940m	941m
Basic earnings per share	7.6p	10.2p	16.6p

Diluted earnings per share from continuing operations

	Half year ended 31 October 2015	Half year ended. 31 October 2014	Year ended 30 April 2015
Profit from continuing operations attributable to ordinary shareholders	£71m	£96m	£156m
Weighted average number of ordinary shares	943m	940m	941m
Potentially dilutive shares issuable under share-based payment arrangements	9m	8m	9m
Weighted average number of ordinary shares (diluted)	952m	948m	950m
Diluted earnings per share	7.5p	10.1p	16.4p

The number of shares excludes the weighted average number of the Company's own shares held as treasury shares during the period of £1m (half year ended 31 October 2014: £nil, year ended 30 April 2015: £nil).

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 2015			Half year ended 31 October 2014			Year ended 30 April 2015		
	£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	71	7.6p	7.5p	96	10.2p	10.1p	156	16.6p	16.4p
Add back amortisation, after tax	17	1.8p	1.8p	17	1.8p	1.8p	34	3.6p	3.6p
Add back exceptional items, after tax	39	4.1p	4.1p	8	0.9p	0.8p	41	4.3p	4.3p
Adjusted earnings	127	13.5p	13.4p	121	12.9p	12.7p	231	24.5p	24.3p

8. Dividends proposed and paid

	Pence per share	£m	Pence per share	£m
2013/14 interim dividend - paid			3.2p	30
2013/14 final dividend - paid			6.8p	64
2014/15 interim dividend - paid	3.7p	35		
2014/15 final dividend - paid	7.7p	73		
2015/16 interim dividend - proposed	4.0p	38		

	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Paid in the period	35	30	94

The final dividend in respect of 2014/15 of 7.7 pence per share (£73m) was paid after the half year end on 2 November 2015. The 2014/15 interim dividend was paid during the half year. An interim dividend in respect of the half year ended 31 October 2015 of 4.0p per share (£38m) has been proposed by the Directors after the reporting date.

9. Cash generated from operations

Continuing operations	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Profit for the period	71	95	156
Adjustments for:			
Pre-tax integration costs and other exceptional items	61	9	31
Amortisation of intangible assets and acquisitions and disposals	10	19	55
Cash outflow for exceptional items	(30)	(18)	(49)
Depreciation	60	57	117
Profit on sale of non-current assets	(7)	(2)	(8)
Share of loss of equity accounted investments, net of tax	-	1	7
Employment benefit net finance expense	3	3	6
Share-based payment expense	3	2	5
Finance income	(1)	(1)	(3)
Finance costs	20	22	39
Other non-cash items (including other deposits)	(4)	(2)	(7)
Income tax expense	20	28	44
Change in provisions	(4)	(6)	(15)
Change in employee benefits	(12)	(11)	(16)
Cash generation before working capital movements	190	196	362
Changes in:			
Inventories	(16)	(17)	(13)
Trade and other receivables	(31)	1	65
Trade and other payables	79	39	49
Working capital movement	32	23	101
Cash generated from continuing operations	222	219	463

10. Net debt

	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Cash and cash equivalents	140	90	95
Overdrafts	(25)	(34)	(13)
Net cash and cash equivalents	115	56	82
Restricted cash – receivable after one year	–	4	–
Other deposits	40	27	33
Interest-bearing loans and borrowings due – after one year	(891)	(760)	(776)
Interest-bearing loans and borrowings due – within one year	(179)	–	(1)
Finance leases	(13)	(6)	(6)
Derivative financial instruments			
– assets	23	8	21
– liabilities	(1)	(23)	(4)
	(1,021)	(750)	(733)
Net debt	(906)	(694)	(651)

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

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

On 16 September 2015, the Company issued its debut public Eurobond in the debt capital markets. The amount of the issue was €500 million with a tenor of 7 years and a coupon of 2.25%. Part of the proceeds were used to prepay a bank term loan facility of €300 million.

11. Assets and liabilities held for sale

	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Intangible assets	–	–	1
Property, plant and equipment	4	19	20
Inventories	–	7	7
Cash	–	–	6
Trade and other receivables	–	10	12
Total assets held for sale	4	36	46
Trade and other payables	–	(12)	(15)
Total liabilities held for sale	–	(12)	(15)

Assets and liabilities held for sale at 31 October 2015 primarily relate to land and buildings in Germany.

Assets and liabilities held for sale at 31 October 2014 primarily related to assets in the UK. At 30 April 2015 they primarily related to assets in the UK and the StePac business in the Plastics division.

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

	Half year ended 31 October 2015 £m	Half year ended 31 October 2014 £m	Year ended 30 April 2015 £m
Continuing operations			
Operating profit before amortisation and exceptional items	184	176	335
Depreciation	60	57	117
Adjusted EBITDA	244	233	452
Working capital movement	32	23	101
Change in provisions	(4)	(6)	(15)
Change in employee benefits	(12)	(11)	(16)
Other	(8)	(2)	(4)
Cash generated from operations before exceptional cash items	252	237	518
Capital expenditure	(80)	(69)	(167)
Proceeds from sale of property, plant and equipment and other investments	6	6	18
Tax paid	(17)	(6)	(28)
Net interest paid	(18)	(17)	(34)
Free cash flow	143	151	307
Cash outflow for exceptional items	(30)	(18)	(49)
Dividends paid	(35)	(30)	(94)
Acquisition of subsidiary businesses, net of cash and cash equivalents	(253)	(13)	(28)
Divestment of subsidiary and equity accounted businesses, net of cash and cash equivalents	20	22	18
Other	(10)	–	–
Net cash flow	(165)	112	154
Loans and borrowings acquired	(105)	–	(30)
Reclassification	–	(7)	(9)
Net movement on debt	(270)	105	115
Foreign exchange and fair value movements	15	28	61
Net debt movement – continuing operations	(255)	133	176
Opening net debt	(651)	(827)	(827)
Closing net debt	(906)	(694)	(651)

13. 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 2015		30 April 2015	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets				
Cash and cash equivalents	140	140	95	95
Available for sale – other investments	3	3	4	4
Loans and receivables	701	701	553	553
Derivative financial instruments	40	40	37	37
Total financial assets	884	884	689	689
Financial liabilities				
Trade and other payables	(1,076)	(1,076)	(932)	(932)
Bank and other loans	(314)	(314)	(368)	(368)
Note purchase agreements	(404)	(491)	(409)	(500)
Medium-term note	(352)	(402)	–	–
Finance lease liabilities	(13)	(13)	(6)	(6)
Bank overdrafts	(25)	(25)	(13)	(13)
Derivative financial instruments	(33)	(33)	(31)	(31)
Total financial liabilities	(2,217)	(2,354)	(1,759)	(1,850)

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 note purchase agreements are within effective cash flow and net investment hedges, 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 book values.

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, where inputs are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

14. Acquisitions and disposals

(a) 2015/16 acquisitions and disposals

During the half year ended 31 October 2015, the Group acquired Duropack (see (b) below) and Lantero (see (c) below).

In the half year ended 31 October 2015, Duropack and Lantero contributed combined revenue of £119m and operating profit before amortisation and exceptional items of £15m to the Group's results. If the acquisitions had occurred on 1 May 2015, estimated revenue and operating profit before amortisation and exceptional items for the combined entity would have been £2,005m and £186m respectively.

In addition to the acquisitions detailed above, 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, subject to customary working capital adjustments, and 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 (subject to regulatory approval) to the Cukurova Group.

(b) Acquisition of Duropack

On 31 May 2015, the Group acquired the Duropack business. The acquisition was 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. This is subject to customary post-completion adjustments.

Duropack, a recycled corrugated board packaging business, has market-leading positions across South Eastern Europe, holding the number one or two position in many of the geographies in which it operates. It is well invested with high quality assets and operates a "short paper, long fibre" model similar to that of the Group.

The Group expects that this acquisition will improve its position in higher-growth South Eastern European geographies, further strengthening pan-European capabilities to our existing customer base in addition to providing access to new customers.

The following table summarises the consideration paid for the Duropack business and provisional fair value of assets acquired and liabilities assumed.

	Carrying values before acquisition £m	**Provisional fair values £m**
Intangible assets	**2**	**44**
Property, plant and equipment	**95**	**96**
Other non-current assets	**3**	**3**
Net deferred tax assets/(liabilities)	**5**	**(2)**
Inventories	**22**	**21**
Trade and other receivables	**53**	**53**
Interest bearing loans and borrowings	**(70)**	**(73)**
Employee benefits	**(6)**	**(6)**
Cash and cash equivalents	**15**	**15**
Trade and other payables	**(29)**	**(33)**
Other non-current liabilities	**(2)**	**(2)**
Provisions	**(1)**	**(3)**
Total identifiable net assets acquired	**87**	**113**
Goodwill		**39**
Total consideration		**152**
Satisfied by:		
Cash consideration		**152**

Net cash flow arising on acquisition	
Cash consideration	**152**
Bank break fees paid	**3**
Cash consideration paid subsequent to the period end	**(5)**
Cash and cash equivalents acquired	**(15)**
Total cash outflow	**135**

A detailed exercise has been undertaken to assess the fair value of assets acquired and liabilities assumed, with the use of third party experts where appropriate. The fair value of intangible assets and property, plant and equipment has been assessed by reference to work performed by an independent valuation specialist. The intangible assets acquired as part of the acquisition relate to customer relationships.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Deferred tax is recognised on the temporary timing differences created by the fair value adjustments.

The trade and other receivables comprise gross contractual amounts due of £56m. At the acquisition date, it is estimated that contractual cash flows of £3m will not be collected.

Goodwill of £39m arising on the acquisition of Duropack (which is not expected to be tax deductible) includes anticipated synergies from integrating Duropack into the Group, and the skills and technical talent of the Duropack workforce.

(c) Acquisition of Lantero

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 business is a well-invested Iberian corrugated producer with a strong focus in the FMCG sector, operating eight corrugated sites. This acquisition significantly strengthens the Group's operations in Spain, an important and growing market for corrugated packaging, increasing market share to approximately 10%. This acquisition significantly increases the Group's offering to pan-European customers in this large and growing market. The acquisition was effected by the purchase of equity, and the total consideration, including the assumption of debt, was €190m.

The following table summarises the consideration paid for the Lantero business and provisional fair value of assets acquired and liabilities assumed.

	Carrying values before acquisition £m	Provisional fair values £m
Intangible assets	**1**	**31**
Property, plant and equipment	**69**	**69**
Net deferred tax assets/(liabilities)	**1**	**(8)**
Inventories	**10**	**10**
Trade and other receivables	**65**	**65**
Interest bearing loans and borrowings	**(34)**	**(34)**
Cash and cash equivalents	**4**	**4**
Trade and other payables	**(49)**	**(49)**
Total identifiable net assets acquired	**67**	**88**
Less fair value of pre-existing interest in Lantero		**(9)**
Goodwill		**22**
Total consideration		**101**
Satisfied by:		
Cash consideration		**101**

Net cash flow arising on acquisition	
Cash consideration	**101**
Cash and cash equivalents acquired	**(4)**
Total cash outflow	**97**

Given that the Lantero acquisition was completed on 31 July 2015, balance sheet and certain income statement items have been determined on a provisional basis, pending completion of an independent valuation and an internal review. The intangible assets acquired as part of the acquisition relate to customer relationships.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Deferred tax is recognised on the temporary timing differences created by the fair value adjustments.

The trade and other receivables comprise gross contractual amounts due of £67m. At the acquisition date, it is estimated that contractual cash flows of £2m will not be collected.

The remeasurement to fair value of the Group's existing 25% interests in certain Lantero Group entities resulted in a gain of £9m. This gain has been included in exceptional items (note 3).

Goodwill of £22m arising on the acquisition of Lantero (which is not expected to be tax deductible) includes anticipated synergies from integrating Lantero into the Group, and the skills and technical talent of the Lantero workforce.

(d) 2014/15 acquisitions and disposals

For various business combinations completed in the year ended 30 April 2015, certain fair values assigned to the net assets at the dates of acquisition were provisional and, in accordance with IFRS 3 *Business Combinations,* the Group has adjusted the fair values attributable to these acquisitions during the half year ended 31 October 2015, resulting in a net increase in goodwill of £2m. Neither the acquisitions nor disposals during the year ended 30 April 2015 were considered material to the Group individually or in aggregate.

15. Subsequent events

Subsequent to the period end, the Group entered into an agreement to acquire Milas Ambalaj, a high quality producer of specialist corrugated packaging and displays in Turkey. The business is focused on international FMCG customers, and is well positioned for the large Istanbul market as well as European export. The business has revenue of c. $25 million and c. 240 employees. Completion, which is subject to customary conditions, is expected by the end of our financial year 2015/2016.

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