

DS Smith is an international packaging supplier and office products wholesaler. It has revenue of £2.1 billion and employs over 11,000 people in 18 countries.

The Group's strong market positions combined with our focus on cost competitiveness and cash generation provide a robust base from which to confront today's challenging business environment and benefit from future economic recovery.

CONTENTS

BUSINESS REVIEW

- 1 Highlights
- 2 Our Activities
- 4 Strength and Action
- 6 Chairman's Statement
- 7 Chief Executive's Review
- 10 Strategy
- 11 Our Key Performance Indicators
- 12 Description of the Group
- 14 Operating Review
- 22 Financial Review
- 27 Risk Management
- 30 Corporate Responsibility Review

GOVERNANCE

- 36 Directors and Company Secretary
- 38 Corporate Governance
- 41 Remuneration Report
- 49 Directors' Report and Directors' Responsibilities Statement

FINANCIAL STATEMENTS

- 52 Index to the Financial Statements and Five-Year Financial Summary
- 53 Independent Auditors' Report
- 54 Consolidated Financial Statements and Notes
- 101 Company Balance Sheet and Notes
- 107 Five-Year Financial Summary

NOTICE OF MEETING

- 108 Notice of Annual General Meeting 2009
- 112 Shareholder Information
- 113 Principal Offices

Front cover photographs, clockwise from top left:

- Retail-ready packaging: DS Smith is a leader in this growth sector of the market.
- High-quality printing: the Group has a strong capability to supply packaging with high visual impact.
- Continental European growth: the strong service proposition of Spicers Germany is assisting our continued development.
- Innovative market development: our bag-in-box packaging is being used by fast-food outlets to sell multiple servings of coffee.

BUSINESS REVIEW

HIGHLIGHTS

- Adjusted profits down: a robust performance given the economic conditions
- Strong cash generation
- Packaging: good results in Corrugated Packaging; profits in Paper well down
- Office Products Wholesaling: continental European profit advance offset by lower results in the UK
- Action programme implemented to secure future results
- Full-year dividend reduced: one of a range of measures to underpin financial strength

FINANCIAL SUMMARY

	2008/09	2007/08
Revenue – £m	2,106.6	1,967.5
Adjusted profit before tax ¹ – £m	72.5	111.0
Profit before tax – £m	16.8	109.1
Adjusted earnings per share ¹ – pence	12.6	19.9
(Loss)/earnings per share – pence	(3.0)	19.6
Adjusted return on average capital employed ¹ – %	9.3%	12.9%
Free cash inflow ² – £m	59.9	84.8
Net debt/adjusted EBITDA ³ – times	1.8x	1.4x
Total dividend per share – pence	4.4	8.8

¹ before exceptional charge of £55.7m (2007/08: net exceptional charge of £1.9m)

² before exceptional cash costs, dividends and net acquisitions

³ adjusted for exceptional charge of £50.6m (2007/08: £1.9m)

REVENUE

£million



2008/09 REVENUE

£million



2008/09 ADJUSTED OPERATING PROFIT

£million

