12 August 2009: Smurfit Kappa Group plc ("SKG" or the "Group"), one of the world's largest integrated manufacturers of paper-based packaging products, with operations in Europe and Latin America, today announced results for the 3 months and 6 months ending 30 June 2009.

2009 Second Quarter & First Half | Key Financial Performance Measures

€m	H1 2009	H1 2008	change	Q2 2009	Q2 2008	change	Q1 2009	change
Revenue	€3,002	€3,678	(18%)	€1,498	€1,846	(19%)	€1,504	0%
EBITDA before Exceptional Items and Share-based Payment (1)	€363	€514	(29%)	€184	€257	(29%)	€180	2%
EBITDA Margin	12.1%	14.0%	-	12.3%	13.9%	-	11.9%	-
Operating Profit before Exceptional Items	€170	€312	(46%)	€87	€156	(44%)	€82	6%
Profit Before Income Tax	€39	€145	(73%)	€19	€83	(77%)	€20	(5%)
Basic Earnings Per Share (€ cts)	6.7	56.7	(88%)	3.0	38.3	(92%)	3.8	(21%)
Return on Capital Employed	7.5%	11.3%	-	-	-	-	-	-
Free Cash Flow (2)	€18	€77	(77%)	€18	€76	(76%)	€-	-
Net Debt				€3,164	€3,285	(4%)	€3,187	(1%)
Net Debt to EBITDA (LTM)				4.0x	3.1x	-	3.7x	-

(1) EBITDA before exceptional items and share-based payment expense is denoted by EBITDA throughout the remainder of the management commentary for ease of reference. A reconciliation of net profit for the period to EBITDA before exceptional items and share-based payment expense is set out on page 31.
(2) Free cash flow is set out on page 8. The IFRS cash flow is set out on page 17.

Key points

– Resilient EBITDA margins in the first half of 2009, and continued net debt reduction

– Continued strong delivery of Cost Take-Out programmes

– Amendments to Senior Credit Facility finalised in July significantly strengthen financing position

- Announcing containerboard price increase for application on 1st September 2009

Performance Review & Outlook

Gary McGann, Smurfit Kappa Group CEO, commented: "SKG is pleased to report a comparatively strong EBITDA margin of 12.1% in the first half of the year, with a 12.3% margin in quarter two. The increasing number of capacity closures across the industry since the beginning of the year demonstrates the level of stress for higher cost and non-integrated producers. Against a backdrop of difficult business conditions, the resilience of SKG's integrated operating model complemented the benefits of our continued cost reductions and ongoing actions to rationalise our less-efficient capacity.

Compared to the first quarter of the year, the Group's small EBITDA growth for the 3 months to June 2009 primarily reflects lower energy costs, the increasing benefit of our cost reduction programmes and some seasonal pick-up in demand, offset by downward pressure on pricing. While there is growing evidence that the rate of demand decline levelled off in quarter two, as yet tangible signs of economic recovery are limited despite the improvement in confidence indicators.

To further strengthen its financing position in light of the ongoing challenging environment, early in July the Group secured amendments to its Senior Credit Facility. The amendments extend SKG's long-term debt profile, with no material maturity until December 2013, and provide it with increased covenant headroom for the next three years.

This amended capital structure increases the Group's financial flexibility, enabling it to continue to maintain its leadership position, focus on operating efficiency through the industry cycle and sustain its superior margins.

In the context of increasing input cost pressures, SKG is today announcing a price increase of €60 per tonne for all brown containerboard grades with effect from 1st September. Materially reduced containerboard inventories and the progressively deteriorating condition of the containerboard industry in Europe are significant factors that support this price increase. Given the usual time lag necessary for price increases to get through to the end market, the price increases announced today are expected to have limited impact on SKG's profitability in 2009 but will influence price levels for early 2010.

Looking towards the second half of the year, demand is expected to remain stable at current levels, while raw material costs are on an increasing trend. Those factors should be somewhat mitigated by the Group's ongoing operating discipline, additional benefits from the cost take-out programme and upside from the announced containerboard price increase. SKG remains focused on maintaining its industry leading EBITDA margins, and maximising free cash flow generation for continued net debt reduction."

About Smurfit Kappa Group

Smurfit Kappa Group is a world leader in paper-based packaging with operations in Europe and Latin America. Smurfit Kappa Group operates in 22 countries in Europe and is the European leader in containerboard, solidboard, corrugated and solidboard packaging and has a key position in several other packaging and paper market segments, including graphicboard, sack paper and paper sacks. Smurfit Kappa Group also has a good base in Eastern Europe and operates in 9 countries in Latin America where it is the only pan-regional operator.

Forward Looking Statements

Some statements in this announcement are forward-looking. They represent expectations for the Group's business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward–looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

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2009 Second Quarter & First Half | Performance Overview

While down 1.6 percentage points year-on-year, SKG's EBITDA margin of 12.3% in the second quarter of the year was broadly comparable with the 11.9% delivered in the first quarter of 2009 and the 12.0% delivered in the fourth quarter of 2008.

Although pricing and volumes remained under pressure, this resilient outcome reflects, amongst other things, the greater margin stability of the Group's integrated system through the cycle, and a lower cost base year-on-year. In the second quarter, the Group benefited from lower energy costs somewhat offset by increasing recovered fibre costs.

The Group's solid performance in the current environment also reflects the continuing benefits of the €180 million of sustainable annual synergies achieved between 2006 and 2008, and additional proceeds from SKG's subsequent 3-year cost take-out programme launched early in 2008. In the first half of 2009, this programme generated an incremental €60 million of cost savings, having delivered €72 million of savings in 2008.

As a result of its continuing focus on cost reduction and performance improvement, the Group has an increasingly optimised network of corrugated operations and a lower-cost integrated containerboard system, allowing it to maximise customer service across a wide geographic base and to deliver strong margin performance through the cycle.

Compared to the first quarter of 2009, the marginally higher absolute level of EBITDA in quarter two also reflects a 1% sequential growth in European corrugated volumes, mainly reflecting seasonal strength. Year-on-year, the Group's deliveries were down 12% in quarter two, in line with the result for the first quarter.

SKG's Latin American business was a material contributor to the Group's performance in the first half of the year, with the region reporting a 6% increase in EBITDA in euro terms year-on-year. However, Latin America is not immune from the impact of the global downturn, and was impacted by weak demand throughout the first half of the year, together with increasing price pressure in the second quarter. This was mitigated by management action in the areas of operating efficiency and cost reduction.

Despite the significant earnings decline year-on-year, the Group continued to deliver positive free cash flow in the second quarter, benefiting from lower debt servicing costs, reducing capital expenditure and continued strong working capital management. In the 12 months to June 2009, SKG's ongoing cash generation contributed to reduce net debt by €121 million, the equivalent of 4%.

2009 Second Quarter | Financial performance

At €1,498 million for the second quarter of 2009, sales revenue was 19% lower than in the second quarter of 2008. While plant closures had a minimal impact, currency accounted for €41 million of the year-on-year decline, giving an underlying decrease of €299 million, the equivalent of just over 16%.

At €184 million for the second quarter, EBITDA was €73 million lower than in 2008. Allowing for the negative impact of currency of €5 million and for the benefit of closed loss-making operations of €2 million, the underlying decrease in EBITDA was €70 million, the equivalent of 27%.

Compared to the first quarter of 2009, EBITDA in the second quarter was €4 million higher. The impact of currency was negligible quarter-on-quarter. The higher EBITDA margins of 12.3% in the second quarter reflects the Group's continuing focus on operating efficiency and a lower cost base, supported by the incremental €30 million of cost take-out benefits delivered over the period.

At €87 million, operating profit for the second quarter of 2009 was €68 million lower than in 2008, a decrease of approximately 44%.

Net finance costs of €68 million were €1 million higher year-on-year and included an exceptional gain of €2 million on the Group's debt buy-back. The modest year-on-year increase reflected mainly a net fair value loss on derivatives in 2009 where there had been a net gain in 2008, which offset a €14 million reduction in the net cash interest charge.

Including the Group's share of associates' loss, total profit before tax was €19 million in the second quarter of 2009 compared to €83 million (after an exceptional disposal loss of €7 million) in 2008. The exceptional loss related to the disposal of the Group's associate shareholding in Duropack AG during the second quarter of 2008. The absence of Duropack in 2009 resulted in the year-on-year decrease in earnings from associates.

2009 First Half | Financial performance

Revenue of €3.0 billion in the first half of 2009 represents an 18% decrease on the first half of 2008. However, allowing for the impact of currency, acquisitions and closures, revenue shows an approximately 15% underlying decrease of €563 million.

EBITDA of €363 million in the first half of 2009 was €151 million, or 29% lower than in the comparable period in 2008. Currency reduced comparable EBITDA by €14 million, while the absence of loss-making operations added €1 million, leading to an adjusted decrease of €138 million (27%). The lower earnings primarily reflect reduced demand and significant margin pressure within SKG's total system, offset by the continuing aggressive cost reduction programme.

Pre-exceptional operating profit for the first half of the year decreased by approximately 46% to €170 million compared to €312 million in 2008. With no exceptional items charged within operating profit in 2009, the total operating profit was unchanged at €170 million. In 2008, however, exceptional items of €28 million were charged, reducing the total operating profit to €283 million. These exceptional items arose in the first quarter and were related entirely to the announced closure of the Valladolid recycled containerboard mill in Spain. The costs provided included €11 million in respect of the impairment of fixed asset values.

Net finance costs of €130 million in 2009 included an exceptional gain of €8 million on the Group's debt buy-back and compared with €134 million for the same period in 2008. Despite a decrease of €22 million year-on-year in net cash interest, net finance costs were only €4 million lower in 2009 due mainly to fair value losses on derivatives in 2009 compared to a gain in 2008.

Including the Group's share of associates' loss of €1 million in 2009, total profit before tax was €39 million in the first six months of 2009 compared to €145 million in 2008. The year-on-year decrease in its share of associates' earnings mainly reflected the absence of Duropack in 2009.

2009 Second Quarter and First Half | Debt Reduction

At the end of June 2009, the Group's net debt reduced by €23 million compared to March 2009 levels, to just over €3.16 billion. Year-on-year, the Group reduced its net debt by €121 million, the equivalent of 4%. The Group's financial priority continues to be to maximise free cash flow generation and debt reduction through the cycle.

2009 Second Quarter and First Half | Capital structure

In order to enhance its financial flexibility in light of the ongoing uncertainty of the global economic environment, and reflecting an improvement in credit markets, the Group sought amendments to its Senior Credit Facility Agreement early in June. On 3 July, the Group announced that lenders comprising in excess of 98% of the facility consented to the proposed amendments, compared to the required level of 66.66%.

The amendments further extend SKG's long-term debt maturity profile, and enable the Group to raise up to €1 billion of longer dated bonds, as and when market conditions are considered optimal, to repay bank debt at par.

The amendments also provide SKG with significantly increased covenant headroom for the next three years, and extend the maturity of a major portion of its Revolving Credit Facility, previously maturing in December 2012, by one year. As a result, the Group's next material debt maturity is over four years away, in December 2013.

The upfront cost of the amendments amounted to approximately €29 million. The amendments are also expected to increase the Group's interest cost by approximately €36 million per annum, primarily reflecting the 1.25% margin increase on all bank debt tranches. Despite the higher margin, SKG expects its cash interest cost for the full year of 2009 to be lower than in 2008, primarily reflecting the benefits of the lower interest rate environment and a lower average net debt year-on-year.

At the end of June 2009, the Group had €649 million in cash on its balance sheet, compared to €712 million at the end of March 2009. The reduced cash position primarily reflects the Group's debt buy-back process reported in our quarter one results, and debt amortisation payments in the second quarter. As part of the Senior Credit Facility amendments agreed with its lenders, the Group will use €100 million of this cash to repay bank debt at par during the second half of 2009.

As these amendments became effective early in July, the consequences will be reflected in the Group's second half financial statements. For further details on the amendments, please refer to the Group's related press releases and amendment request letter, available for download from SKG's website at www.smurfitkappa.com.

Following the amendments, the Group enjoys increased financial flexibility, with no material debt maturities in the next four years, a significant amount of cash on its balance sheet and undrawn committed credit facilities of approximately €525 million, of which €373 million mature in December 2013, with the remainder maturing a year earlier.

2009 Second Quarter and First Half | Free Cash Flow

While EBITDA in the first half of 2009 was €151 million lower than in the same period in 2008, free cash flow at €18 million was down by only €59 million. This cash flow outcome primarily reflects a significantly lower working capital outflow, as well as lower cash interest and capital expenditure.

Cash interest of €100 million in the first half of 2009 was €22 million lower than in the same period in 2008. Despite the 1.25% increase in margins that will arise in the second half of 2009 following completion of the Group's bank amendment, SKG expects its cash interest cost for the full year of 2009 to be lower than the €243 million paid in 2008, benefiting from the lower interest rate environment, a lower average net debt as a result of continued free cash flow generation, and the repayment of €100 million of debt at par in the second half of 2009.

Working capital increased by €9 million in the first half of 2009 compared to an €83 million increase in the first half of 2008. This reflects the Group's continued focus on working capital management, lower end-product pricing and a positive one-off inflow of approximately €25 million in the first half of 2009 as a result of a change in payment terms regulations in France. Working capital of €584 million at June 2009 represented 9.8% of annualised net revenue, compared to 10.4% at June 2008 and 9.3% at March 2009.

Capital expenditure of €53 million in the second quarter represented approximately 62% of depreciation compared to 75% in the second quarter of 2008. In the first half of 2009, capital expenditure represented 67% of depreciation. The Group remains committed to reducing its level of expenditure towards 60% of depreciation in the near-term as a response to the current conditions prevailing in the industry and the economy in general.

Tax payments in the first half of 2009 were €7 million higher than in the first half of 2008, with the increase arising largely from some one-off events. For the full year 2009, the Group expects a cash tax of approximately €75 million.

2009 Second Quarter and First Half | Cost Take-Out programme

Early in 2008, the Group initiated a cost take-out programme to further strengthen the competitiveness of SKG's operations in the challenging circumstances facing the Group and the industry at that time. In the full year of 2008, this programme delivered €72 million of sustainable cost savings.

In light of the further deteriorating economic environment that prevailed in late 2008 and into 2009, the Group has deepened its cost take-out efforts even further, and increased its cost take-out objective from €200 million over the years 2008-2010 to €250 million.

In the first half of 2009, SKG delivered €60 million of cost take-out, and expects to deliver approximately €130 million for the full year of 2009. In addition to its formal cost take-out programme, the Group is also focusing on curtailing all expenditure within its system in 2009, which resulted in a further reducton in costs, excluding raw materials, of €80 million below the same period in 2008.

The combination of these actions, together with the impact of the overall deflationary environment on raw material and energy prices, contributed to reduce the Group's cost base by 17% in the first half of 2009 compared to the same period in 2008, while deliveries decreased by approximately 12%.

2009 Second Quarter and First Half | Performance Review

Packaging: Europe

Despite ongoing pressure on pricing and volumes, the Group's resilient EBITDA margin in the first half of the year is supported by a material reduction in its overall cost base. In the first quarter, lower recovered fibre prices delivered an important cost benefit for SKG. In the second quarter, energy and wood prices reduced materially as anticipated, but were somewhat offset by a €10 per tonne increase in recovered paper prices.

SKG's lower cost base also reflects the benefits of its intensified cost take-out efforts. Cost take-out sources include reduction of production waste, optimisation of distribution flows within SKG's integrated system and closure or rationalisation of underperforming operations.

The Group closed three corrugated box plants in the first half of 2009 in Spain, the Netherlands and Denmark, and announced the rationalisation of an operation in Ireland in July. These restructuring initiatives form part of the Group's ongoing focus on maximising operating efficiency, as reflected through the permanent closure of 38 less-efficient operating units since the end of 2005 (including 8 recycled containerboard mills and 23 corrugated operations). These actions, together with the integration activity from acquisitions made to date underpin SKG's leadership position in the paper packaging industry.

The cost movements in the first half were offset by lower deliveries year-on-year, lower average corrugated prices, and significant downtime within the Group's recycled containerboard system. In addition to the temporary closure of its Nanterre paper mill in France for 6 months from 30 April 2009, which reduced production output by approximately 30,000 tonnes in the second quarter, the Group took a further 65,000 tonnes of market-related downtime in the quarter across its wider system.

In total, the Group idled approximately 13% of its recycled containerboard capacity in the second quarter of 2009, which resulted in its inventory levels reducing by approximately 25% in the period, thereby contributing to maintaining working capital at a relatively low level. The Group continues to have lower than industry average inventories in its packaging system.

While stable since March 2009, recycled containerboard prices remained at an unsustainably low level in the second quarter. Notwithstanding this, the Group's resilient operating performance in the first half benefited from its integrated lower cost containerboard capacity. The increasing number of capacity closures across the industry since the beginning of the year demonstrates the level of stress for higher cost and/or non-integrated producers.

In the year-to-date, eleven recycled containerboard mills have been permanently closed or idled indefinitely, and to date, one further closure has been announced for the second half of the year. In total, those closures are expected to remove circa 1.6 million tonnes from the market, the equivalent of 8% of European capacity. In addition to those closures, widespread temporary downtime was taken across the industry in the first half of 2009.

Notwithstanding the start-up of two new containerboard machines in quarter three, with a combined rated capacity of approximately 0.9 million tonnes, the significant production curtailments from SKG and other market players in the first half of the year are clearly a positive for the overall market balance. As a result of this improved supply management, inventory levels in May in the total European market reduced to below the level of a year ago, for the first time in 18 months. A further decline was experienced in June.

On the kraftliner side, pricing was under continued pressure in the first 6 months of 2009 as a result of the weak fundamentals in the recycled containerboard market. SKG's kraftliner margins remained more resilient than those of other paper grades over the period primarily supported by reducing wood costs. Entering the third quarter, kraftliner prices are stabilising, reflecting an improving supply demand balance position, following significant market-related downtime and lower imports into Europe.

Latin America

The Group's relatively strong earnings in the first half also reflect the ongoing benefits of its geographical diversity, as its Latin American business continues to deliver a good performance. The Group's operations in the region reported EBITDA growth of 6% year-on-year in euro terms in the first 6 months of 2009.

The region is not immune from the global weak economic environment, however, as reflected in the fact that the Group's Latin American corrugated volumes declined by about 11% year-on-year in the second quarter. This pace of demand decline was similar to the trend experienced in the first quarter, and is showing signs of levelling off.

After solid EBITDA growth in the first quarter, the Group's Latin American earnings showed a 5% year-on-year decline in the second quarter in euro terms. The lower earnings in quarter two primarily reflect pricing pressure, particularly in the Group's Colombian business as a result of the strengthening local currency, offset by lower input costs and increased export volumes.

The disimproved Colombian performance in quarter two was partially offset by an improved performance by the Group's Mexican operations, which benefited from lower energy costs in the quarter and stronger demand in June.

In Venezuela, reduced demand and increasing costs were partly offset by commercial and operating efficiencies. SKG continues to work with the Venezuelan government in relation to its forestry activities.

In Argentina, the Group's business was affected by reduced pricing for all grades in quarter two, reflecting the continuing challenges facing the Argentine economy. Operating efficiencies and cost reductions continue to be a major focus in Argentina, as in all our Latin American countries during this economic downturn.

Overall, while Latin America is also being impacted by the global economic slowdown, SKG maintains a strong focus on profitability in the region, through its ongoing efficiency and cost take-out efforts. Latin America represented 16% of the Group's revenue in the first half of 2009 and 24% of its EBITDA.

Specialties: Europe

In the first half of 2009, profitability in the Group's sacks and solidboard businesses declined significantly year-on-year, somewhat offset by higher earnings in our bag-in-box business.

The improved performance of our bag-in-box division reflects a particularly strong second quarter, benefiting from some market share gains at the expense of other liquid packaging solutions, especially for wine applications in France, Russia and Canada.

On the negative side, one of the Group's poorer performers is its sack division, primarily driven by lower sack kraft paper prices and very weak converting volumes, which have declined further in 2009 compared to an already weak first half in 2008.

The Group's solidboard business also suffered from lower volumes on the converting side, but the solidboard mills reported a satisfactory result in the first half, benefiting from lower recovered paper prices and significant benefits from SKG's continuing cost take-out activity.

Summary Cash Flows

Summary cash flows for the second quarter and six months are set out in the following table.

	3 months to 30-Jun-09 €Million	3 months to 30-Jun-08 €Million	**6 months to 30-Jun-09 €Million**	6 months to 30-Jun-08 €Million
Pre-exceptional EBITDA	**184**	257	**363**	514
Cash interest expense	**(48)**	(62)	**(100)**	(122)
Working capital change	**(2)**	(8)	**(9)**	(83)
Current provisions	**(1)**	(11)	**(11)**	(23)
Capital expenditure	**(53)**	(65)	**(113)**	(128)
Change in capital creditors	**(14)**	(6)	**(47)**	(19)
Sale of fixed assets	**1**	2	**3**	3
Tax paid	**(28)**	(15)	**(37)**	(30)
Other	**(21)**	(16)	**(31)**	(35)
Free cash flow	**18**	76	**18**	77
Gain on debt buyback	**2**	-	**9**	-
Sale of businesses and investments	**-**	55	**-**	56
Derivative termination (payments)/receipts	**(4)**	-	**1**	(3)
Dividends	**(2)**	(40)	**(3)**	(40)
Net cash inflow	**14**	91	**25**	90
Deferred debt issue costs amortised	**(4)**	(4)	**(9)**	(8)
Currency translation adjustments	**13**	1	**5**	37
Decrease in net borrowing	**23**	88	**21**	119

(1) The summary cash flow is prepared on a different basis to the cash flow statement under IFRS.

The principal difference is that the summary cash flow details movements in net borrowing while the IFRS cash flow details movement in cash and cash equivalents. In addition, the IFRS cash flow has different sub-headings to those used in the summary cash flow. A reconciliation of the free cash flow to cash generated from operations in the IFRS cash flow is set out below.

		6 months to 30-Jun-09 €Million	6 months to 30-Jun-08 €Million
Free cash flow		**18**	77
Add back:	Cash interest	**100**	122
	Capital expenditure	**113**	128
	Change in capital creditors	**47**	19
	Tax payments	**37**	30
Less:	Sale of fixed assets	**(3)**	(3)
	Profit on sale of assets and businesses – non exceptional	**(4)**	(10)
	Receipt of capital grants (in “Other”)	**(1)**	(1)
	Dividends received from associates (in “Other”)	**(1)**	(4)
Cash generated from operations		**306**	358

Capital Resources

The Group's primary sources of liquidity are cash flow from operations and borrowings under the revolving credit facility. The Group's primary uses of cash are for debt service and capital expenditure.

At 30 June 2009 Smurfit Kappa Funding plc had outstanding €217.5 million 7.75% senior subordinated notes due 2015 and US$200 million 7.75% senior subordinated notes due 2015. In addition Smurfit Kappa Treasury Funding Limited had outstanding US$292.3 million 7.50% senior debentures due 2025 and the Group had outstanding €210 million floating rate notes issued under an accounts receivable securitisation programme maturing in 2011.

Smurfit Kappa Acquisitions and certain subsidiaries are party to a senior credit facility. The senior credit facility comprises a €371 million amortising A Tranche maturing in 2012, a €1,270 million B Tranche maturing in 2013 and a €1,268 million C Tranche maturing in 2014. In addition, as at 30 June 2009, the facility included a €600 million revolving credit facility of which there were €16.4 million in letters of credit issued in support of other liabilities. (See Senior Credit Facility Amendment below).

The following table provides the range of interest rates as of 30 June 2009 for each of the drawings under the various senior credit facility term loans.

Borrowing arrangement	Currency	Interest Rate
Term Loan A	EUR	2.69% - 3.08%
Term Loan B	EUR	2.66% - 3.34%
	USD	3.03%
Term Loan C	EUR	2.82% - 3.39%
	USD	3.28%

Borrowings under the revolving credit facility are available to fund the Group's working capital requirements, capital expenditures and other general corporate purposes.

Senior Credit Facility Amendment

On 2 July 2009 an amendment to the terms of the senior credit facility became effective. Lenders comprising in excess of 98% of the facility consented to the proposed amendments, providing the Group with (i) the ability to raise longer dated financing, as and when market conditions are attractive, to refinance a portion of its existing bank facilities and (ii) increased leverage and interest cover covenant headroom.

In addition, lenders holding 75% of the Group’s revolving credit facility (“RCF”) elected to extend their commitments by one year. The original €600 million RCF maturing in December 2012 has therefore been converted into two tranches totalling €525 million of which €152 million (“RCF1”) matures in December 2012 and €373 million (“RCF2”) in December 2013 (SKG had targeted a minimum RCF amount of €200 million to be extended to December 2013).

Effective on the date of the amendment the margins applicable to the senior credit facility have been amended to the following:

Debt/EBITDA ratio	Tranche A and RCF1	Tranche B	Tranche C	RCF2
Greater than 4 : 1	3.25%	3.375%	3.625%	3.50%
4 : 1 or less but more than 3.5 : 1	3.00%	3.125%	3.375%	3.25%
3.5 : 1 or less but more than 3.0 : 1	2.75%	3.125%	3.375%	3.00%
3.0 : 1 or less	2.50%	3.125%	3.375%	2.75%

Market Risk and Risk Management Policies

The Group is exposed to the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Interest rate risk exposure is managed by achieving an appropriate balance of fixed and variable rate funding. At 30 June 2009 the Group had fixed an average of 67% of its interest cost on borrowings over the following twelve months.

Our fixed rate debt comprised mainly €217.5 million 7.75% senior subordinated notes due 2015, US$200 million 7.75% senior subordinated notes due 2015 and US$292.3 million 7.50% senior debentures due 2025. In addition the Group also has €1,950 million in interest rate swaps with maturity dates ranging from October 2009 to July 2014.

Our earnings are affected by changes in short-term interest rates as a result of our floating rate borrowings. If LIBOR interest rates for these borrowings increase by one percent, our interest expense would increase, and income before taxes would decrease, by approximately €13 million over the following twelve months. Interest income on our cash balances would increase by approximately €5 million assuming a one percent increase in interest rates earned on such balances over the following twelve months.

The Group uses foreign currency borrowings, currency swaps, options and forward contracts in the management of its foreign currency exposures.

Principal Risks and Uncertainties

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies are implemented at each level.

The key business risks are identified by the senior management team. The Board in conjunction with senior management identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The principal risks and uncertainties faced by the Group were outlined in our 2008 annual report on page 39. The annual report is available on our website www.smurfitkappa.com.

The principal risks and uncertainties remain substantially the same for the remaining six months of the financial year, and are summarised below:

- The cyclical nature of the packaging industry and/or excessive capacity additions could result in overcapacity and consequently threaten the Group's pricing structure
- If the effects of the current economic slowdown exacerbate or the slowdown is sustained over any significant length of time it could adversely affect the Group's financial position and results of operations
- If operations at any of the Group's facilities (in particular its key mills) were interrupted for any significant length of time it could adversely affect the Group's financial position and results of operations
- Price fluctuations in raw materials and energy costs would adversely affect the Group's manufacturing costs
- The Group is exposed to currency exchange rate fluctuations
- The Group may not be able to attract and retain suitably qualified employees as required for its business
- The Group is subject to a growing number of environmental laws and regulations, and the cost of compliance with current and future laws and regulations may negatively affect the Group's business
- The Group is exposed to potential risks in relation to its Venezuelan operations
- The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates
- Substantial future sales of shares by the existing major shareholders may depress the share price.

The Board regularly monitors all of the above risks and appropriate actions are taken to mitigate those risks or address the potential adverse consequences.

Group Income Statement – Six Months

	Unaudited			Unaudited		
	6 Months to 30-Jun-09			6 Months to 30-Jun-08		
	Pre-Exceptional 2009	**Exceptional 2009**	**Total 2009**	Pre-Exceptional 2008	Exceptional 2008	Total 2008
	€000	**€000**	**€000**	€000	€000	€000
Continuing operations						
Revenue	**3,001,644**	**-**	**3,001,644**	3,678,006	-	3,678,006
Cost of sales	**(2,152,030)**	**-**	**(2,152,030)**	(2,607,723)	(10,950)	(2,618,673)
Gross profit	**849,614**	**-**	**849,614**	1,070,283	(10,950)	1,059,333
Distribution costs	**(253,349)**	**-**	**(253,349)**	(296,056)	-	(296,056)
Administrative expenses	**(428,102)**	**-**	**(428,102)**	(463,394)	-	(463,394)
Other operating income	**1,638**	**-**	**1,638**	845	-	845
Other operating expenses	**-**	**-**	**-**	-	(17,318)	(17,318)
Operating profit	**169,801**	**-**	**169,801**	311,678	(28,268)	283,410
Finance costs	**(190,043)**	**-**	**(190,043)**	(240,984)	-	(240,984)
Finance income	**51,816**	**8,428**	**60,244**	106,951	-	106,951
Loss on disposal of associate	**-**	**-**	**-**	-	(6,905)	(6,905)
Share of associates' (loss)/profit (after tax)	**(718)**	**-**	**(718)**	2,551	-	2,551
Profit before income tax	**30,856**	**8,428**	**39,284**	180,196	(35,173)	145,023
Income tax expense			**(17,566)**			(14,912)
Profit for the financial period			**21,718**			130,111
Attributable to:						
Equity holders of the Company			**14,712**			123,603
Minority interest			**7,006**			6,508
Profit for the financial period			**21,718**			130,111
Earnings per share:						
Basic earnings per share (cent per share)			**6.7**			56.7
Diluted earnings per share (cent per share)			**6.7**			55.9

The notes to the condensed interim Group Financial Statements on pages 18 to 29 form an integral part of this financial information.

Group Income Statement – Second Quarter

	Unaudited			Unaudited		
	3 Months to 30-Jun-09			3 Months to 30-Jun-08		
	Pre-Exceptional 2009	**Exceptional 2009**	**Total 2009**	Pre-Exceptional 2008	Exceptional 2008	Total 2008
	€000	**€000**	**€000**	€000	€000	€000
Continuing operations						
Revenue	**1,497,564**	**-**	**1,497,564**	1,845,990	-	1,845,990
Cost of sales	**(1,067,640)**	**-**	**(1,067,640)**	(1,308,388)	-	(1,308,388)
Gross profit	**429,924**	**-**	**429,924**	537,602	-	537,602
Distribution costs	**(128,326)**	**-**	**(128,326)**	(149,209)	-	(149,209)
Administrative expenses	**(214,988)**	**-**	**(214,988)**	(232,914)	-	(232,914)
Other operating income	**821**	**-**	**821**	442	-	442
Operating profit	**87,431**	**-**	**87,431**	155,921	-	155,921
Finance costs	**(73,074)**	**-**	**(73,074)**	(103,319)	-	(103,319)
Finance income	**3,064**	**2,029**	**5,093**	36,679	-	36,679
Loss on disposal of associate	**-**	**-**	**-**	-	(6,905)	(6,905)
Share of associates' (loss)/profit (after tax)	**(264)**	**-**	**(264)**	1,094	-	1,094
Profit before income tax	**17,157**	**2,029**	**19,186**	90,375	(6,905)	83,470
Income tax expense			**(9,948)**			3,800
Profit for the financial period			**9,238**			87,270
Attributable to:						
Equity holders of the Company			**6,526**			83,440
Minority interest			**2,712**			3,830
Profit for the financial period			**9,238**			87,270
Earnings per share:						
Basic earnings per share (cent per share)			**3.0**			38.3
Diluted earnings per share (cent per share)			**3.0**			37.6

Group Statement of Comprehensive Income

	Unaudited	Unaudited
	6 months to	6 months to
	30-Jun-09	30-Jun-08
	€000	€000
Profit for the financial period	**21,718**	130,111
Other comprehensive income:		
Foreign currency translation adjustments	**26,176**	(14,153)
Defined benefit pension schemes:		
- Actuarial (loss)/gain	**(54,686)**	31,004
- Movement in deferred tax	**16,981**	(7,377)
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	**4,238**	(7,678)
- New fair value adjustments into reserve	**(17,415)**	16,791
- Movement in deferred tax	**1,045**	-
Change in fair value of available-for-sale financial assets	**172**	(300)
Total other comprehensive income	**(23,489)**	18,287
Comprehensive income and expense for the financial period	**(1,771)**	148,398
Attributable to:		
Equity holders of the Company	**(10,555)**	145,341
Minority interest	**8,784**	3,057
	(1,771)	148,398

The notes to the condensed interim Group Financial Statements on pages 18 to 29 form an integral part of this financial information.

Group Balance Sheet

	Unaudited	Unaudited	Audited
	30-Jun-09	30-Jun-08	31-Dec-08
	€000	€000	€000
		Restated	Restated
Assets			
Non-current assets			
Property, plant and equipment	**2,989,668**	3,171,818	3,038,207
Goodwill and intangible assets	**2,148,267**	2,391,938	2,154,212
Available-for-sale financial assets	**30,726**	43,196	30,651
Investment in associates	**12,305**	15,456	14,038
Biological assets	**82,081**	75,910	78,166
Trade and other receivables	**4,641**	4,781	4,098
Derivative financial instruments	**1,266**	8,966	153
Deferred income tax assets	**256,079**	259,050	228,061
	5,525,033	5,971,115	5,547,586
Current assets			
Inventories	**568,088**	708,562	623,185
Biological assets	**7,881**	6,712	8,122
Trade and other receivables	**1,178,138**	1,473,748	1,210,631
Derivative financial instruments	**3,645**	31,435	14,681
Restricted cash	**43,175**	14,144	19,408
Cash and cash equivalents	**605,800**	453,704	699,554
	2,406,727	2,688,305	2,575,581
Non-current assets held for sale	**10,482**	10,999	10,482
Total assets	**7,942,242**	8,670,419	8,133,649
Equity			
Capital and reserves attributable to the equity holders of the Company			
Equity share capital	**229**	228	229
Capital and other reserves	**2,343,809**	2,542,310	2,329,613
Retained earnings	**(702,217)**	(373,896)	(679,224)
Total equity attributable to equity holders of the Company	**1,641,821**	2,168,642	1,650,618
Minority interest	**150,839**	135,588	144,723
Total equity	**1,792,660**	2,304,230	1,795,341
Liabilities			
Non-current liabilities			
Borrowings	**3,669,007**	3,613,960	3,751,361
Employee benefits	**564,974**	431,608	516,665
Derivative financial instruments	**112,144**	137,993	107,463
Deferred income tax liabilities	**316,631**	427,225	324,563
Non-current income tax liabilities	**19,068**	28,256	18,538
Provisions for liabilities and charges	**39,453**	60,123	48,343
Capital grants	**13,045**	14,076	13,026
Other payables	**3,708**	2,302	3,591
	4,738,030	4,715,543	4,783,550
Current liabilities			
Borrowings	**143,519**	139,082	152,193
Trade and other payables	**1,166,547**	1,418,447	1,311,012
Current income tax liabilities	**19,290**	31,542	24,926
Derivative financial instruments	**42,901**	4,733	20,671
Provisions for liabilities and charges	**39,295**	56,842	45,956
	1,411,552	1,650,646	1,554,758
Total liabilities	**6,149,582**	6,366,189	6,338,308
Total equity and liabilities	**7,942,242**	8,670,419	8,133,649

The notes to the condensed interim Group Financial Statements on pages 18 to 29 form an integral part of this financial information.

Group Statement of Changes in Equity *(Unaudited)*

		Capital and other reserves										
	Equity share capital €000	Share premium €000	Reverse acquisition reserve €000	Available-for-sale reserve €000	Cash flow hedging reserve €000	Foreign currency translation reserve €000	Reserve for share-based payment €000	Retained earnings €000	Total equity attributable to equity holders of the Company €000	Minority interests €000	Total equity €000
At 1 January 2009	229	1,928,066	575,427	(214)	(27,037)	(204,165)	57,536	(679,224)	1,650,618	144,723	1,795,341
Total comprehensive income and expense	-	-	-	172	(12,132)	24,398	-	(22,993)	(10,555)	8,784	(1,771)
Share-based payment expense	-	-	-	-	-	-	1,758	-	1,758	-	1,758
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(2,668)	(2,668)
At 30 June 2009	**229**	**1,928,066**	**575,427**	**(42)**	**(39,169)**	**(179,767)**	**59,294**	**(702,217)**	**1,641,821**	**150,839**	**1,792,660**
At 1 January 2008	228	1,927,947	575,427	585	15,538	(34,613)	53,163	(486,126)	2,052,149	137,443	2,189,592
Shares issued	-	102	-	-	-	-	-	-	102	-	102
Total comprehensive income and expense	-	-	-	(300)	9,113	(10,702)	-	147,230	145,341	3,057	148,398
Dividends paid to shareholders	-	-	-	-	-	-	-	(35,000)	(35,000)	-	(35,000)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(4,912)	(4,912)
Share-based payment expense	-	-	-	-	-	-	6,050	-	6,050	-	6,050
At 30 June 2008	**228**	**1,928,049**	**575,427**	**285**	**24,651**	**(45,315)**	**59,213**	**(373,896)**	**2,168,642**	**135,588**	**2,304,230**

The notes to the condensed interim Group Financial Statements on pages 18 to 29 form an integral part of this financial information.

Group Cash Flow Statement

	Unaudited	Unaudited
	6 months to 30-Jun-09	6 months to 30-Jun-08
	€000	€000
Cash flows from operating activities		
Profit for the financial period	**21,718**	130,111
Adjustment for		
Income tax expense	**17,566**	14,912
Profit on sale of assets and businesses – continuing operations	**(3,875)**	(10,411)
Amortisation of capital grants	**(1,638)**	(844)
Impairment of property, plant and equipment	**-**	10,950
Equity settled share-based payment transactions	**1,758**	6,050
Amortisation of intangible assets	**22,573**	22,302
Share of loss/profit of associates & loss on disposal of associates	**718**	4,354
Depreciation charge	**165,199**	171,741
Net finance costs	**129,799**	134,033
Change in inventories	**58,701**	(29,504)
Change in biological assets	**3,897**	2,406
Change in trade and other receivables	**39,856**	(100,613)
Change in trade and other payables	**(107,429)**	46,798
Change in provisions	**(18,402)**	(21,902)
Change in employee benefits	**(24,600)**	(21,236)
Foreign currency translation adjustments	**(166)**	(1,401)
Cash generated from operations	**305,675**	357,746
Interest paid	**(111,231)**	(145,674)
Income taxes paid:		
Irish corporation tax paid	**(2,510)**	(1,499)
Overseas corporation tax (net of tax refunds) paid	**(34,005)**	(28,471)
Net cash inflow from operating activities	**157,929**	182,102
Cash flows from investing activities		
Interest received	**6,487**	19,529
Business disposals	**-**	580
Purchase of property, plant and equipment and biological assets	**(154,644)**	(142,588)
Purchase of intangible assets	**(5,020)**	(3,634)
Receipt of capital grants	**1,264**	789
Purchase of available-for-sale financial assets	**(3)**	(4)
(Increase) in restricted cash	**(23,530)**	(1,048)
Disposal of property, plant and equipment	**6,814**	13,768
Disposal of investments	**70**	-
Dividends received from associates	**1,112**	4,382
Investments in/disposal of associates	**(30)**	54,969
Purchase of subsidiaries and minorities	**104**	(148)
Deferred and contingent acquisition consideration paid	**(28)**	-
Net cash outflow from investing activities	**(167,404)**	(53,405)
Cash flow from financing activities		
Proceeds from issue of new ordinary shares	**-**	102
(Decrease) in interest-bearing borrowings	**(81,316)**	(15,650)
Repayment of finance lease liabilities	**(7,359)**	(7,506)
Derivative termination receipts/(payments)	**496**	(2,841)
Deferred debt issue costs	**(25)**	-
Dividends paid to shareholders	**-**	(35,000)
Dividends paid to minority interests	**(2,668)**	(4,913)
Net cash (outflow) from financing activities	**(90,872)**	(65,808)
(Decrease)/increase in cash and cash equivalents	**(100,347)**	62,889
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at 1 January	**682,692**	375,390
Currency translation adjustment	**9,905**	(6,925)
(Decrease)/increase in cash and cash equivalents	**(100,347)**	62,889
Cash and cash equivalents at 30 June	**592,250**	431,354

The notes to the condensed interim Group Financial Statements on pages 18 to 29 form an integral part of this financial information.

1. General Information

Smurfit Kappa Group plc ("SKG plc") ("the Company") and its subsidiaries (together "the Group") manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products such as solidboard and graphicboard. The Company is a public limited company incorporated and tax resident in Ireland. The address of its registered office is Beech Hill, Clonskeagh, Dublin 4, Ireland.

On 14 March 2007 SKG plc completed an IPO with the placing to institutional investors of 78,787,879 new ordinary shares. This offering, together with the issue of an additional 11,818,181 ordinary shares, generated gross proceeds of €1,495 million. The additional shares were issued on admission by Deutsche Bank acting as stabilising manager under an over-allocation option and represent the permitted maximum 15% of the total number of shares in the IPO. The issue proceeds, net of costs, were used to repay certain debt obligations of the Group and to repay the shareholders PIK note issued in connection with the Group's 2005 acquisition of Kappa Packaging. Trading in the shares on the Irish Stock Exchange and the London Stock Exchange commenced on 20 March 2007.

2. Basis of Preparation

The condensed interim Group financial information included in this report has been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as adopted by the European Union. Certain quarterly information and the balance sheet as at 30 June 2008 have been included in this report; this information is supplementary and not subject to the requirements of IAS 34. This report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2008 included in the Group's 2008 annual report which is available on the Group website (www.smurfitkappa.com). The accounting policies and methods of computation and presentation adopted in the preparation of the interim Group financial information are consistent with those applied in the annual report for the financial year ended 31 December 2008 and are described in those financial statements; with the exception of the application of the standards described below.

IFRS 8 *Operating Segments* replaces IAS 14 *Segment Reporting* and is mandatory for the Group from the beginning of 2009. IFRS 8 sets out the requirements for disclosure of financial and descriptive information about the Group's operating segments, products, the geographical areas in which we operate and major customers. This new standard changes the requirements for identification of reportable segments. As more fully explained in Note 3, under IAS 14 the Group had two reportable segments - Packaging and Specialties, however, under IFRS 8 the Group has identified three reportable segments – Packaging Europe, Specialties Europe and Latin America. IFRS 8 is a disclosure standard and does not affect the measurement of the Group's reported financial position or financial performance.

IAS 1 *Presentation of Financial Statements*, as amended requires the presentation of all owner changes in equity in a statement of changes in equity. In addition all non-owner changes in equity (or comprehensive income) may be presented either in one statement of comprehensive income or, in two statements – a separate income statement and a statement of comprehensive income. The Group has elected the two statement option. IAS 1 does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. IAS 1 was also amended to clarify the classification of certain financial assets and liabilities. The effect of this amendment is that non-hedging derivatives are not required to be classified as current simply because they fall in the 'held for trading' category in IAS 39. This means that financial assets/liabilities should only be presented as current if realisation/settlement within 12 months is expected; otherwise they should be classified as non-current. Previously the Group accounted for all non-hedging derivatives as current. Non-hedging derivatives are now accounted for as current or non-current based on realisation/settlement. As a result of this amendment the Group have reclassified €88 million of derivative liabilities from current to non-current at 31 December 2008 (30 June 2008: €138 million).

IAS 23 *Borrowing Costs,* as amended requires capitalisation of borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of the asset. Qualifying assets are those assets that take a substantial period of time to get ready for use. The Group has applied IAS 23 as amended from 1 January 2009. To date no material amount of borrowing costs has been capitalised.

The following new standards, amendments to standards and interpretations became effective in the current financial year, however, they do not have an effect on the Group Financial Statements or are not currently relevant for the Group:

- IFRS 2 (amendment), *Share-based payment*
- IAS 32 (amendment), *Financial instruments: Presentation*
- IAS 41 (amendment), *Agriculture*
- IAS 19 (amendment), *Employee Benefits*
- IAS 29 (amendment), *Reporting in Hyperinflationary Economies*
- IFRIC 13, *Customer loyalty programmes*
- IFRIC 15, *Agreements for the construction of real estate*
- IFRIC 16, *Hedges of a net investment in a foreign operation*

As discussed more fully in our 2008 annual report, the following new or amended standards will become effective for the Group from 1 January 2010. They do not have an effect on the Group interim financial information.

- IFRS 3 (revision), *Business Combinations*
- IAS 39 (amendment), *Financial instruments: Recognition and measurement*
- IFRIC 17, *Distributions of Non-cash Assets to Owners*
- IFRIC 18, *Transfers of Assets from Customers*. This interpretation was issued in 2009 and is effective for transfers of assets received on or after 1 July 2009. It is not expected to have a material affect on the Group financial statements.

The condensed interim Group financial information includes all adjustments that management considers necessary for a fair presentation of such financial information. All such adjustments are of a normal recurring nature.

The Group's auditors have not audited or reviewed the interim Group financial information contained in this report.

The condensed financial information presented does not constitute full group accounts within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with all of the disclosure and other requirements of those Regulations. Full Group accounts for the year ended 31 December 2008 have been filed with the Irish Registrar of Companies. The audit report on those Group accounts was unqualified.

3. Segmental Analyses

IFRS 8 *Operating Segments* applies to the Group's 2009 annual financial statements. IFRS 8 sets out the requirements for disclosure of financial and descriptive information about the Group's operating segments, products, the geographical areas in which we operate and major customers. In accordance with IFRS 8 the Group has identified three operating segments on the basis of which performance is assessed and resources are allocated: 1) Packaging Europe, 2) Specialties Europe and 3) Latin America.

The Packaging segment is highly integrated. It includes a system of mills and plants that produces a full line of containerboard that is converted into corrugated containers. Our Specialties segment comprises activities dedicated to the needs of specific and sometimes niche markets. These include bag-in-box, solidboard and paper sacks. The Latin America segment comprises all forestry, paper, corrugated and folding carton activities in a number of Latin American countries. Inter segment revenue is not material.

Segment disclosures in accordance with IAS 34, and based on operating segments identified under IFRS 8, are made in this half-yearly report. Segment profit is measured based on earnings before interest, tax, depreciation, amortisation, exceptional items and share-based payment expense (pre-exceptional EBITDA). Segmental assets consist primarily of property, plant and equipment, biological assets, goodwill and intangible assets, inventories, trade and other receivables, and cash and equivalents.

The Group previously identified Packaging and Specialties as its primary format (business segmentation) in accordance with IAS 14 *Segment Reporting*.

	6 months to 30-Jun-09				6 months to 30-Jun-08			
	Packaging Europe	**Specialties Europe**	**Latin America**	**Total**	Packaging Europe	Specialties Europe	Latin America	Total
	€000	**€000**	**€000**	**€000**	€000	€000	€000	€000
Revenue and Results								
Third party revenue	**2,116,644**	**404,304**	**480,696**	**3,001,644**	2,717,916	487,632	472,458	3,678,006
EBITDA before exceptional items	**246,795**	**39,410**	**87,051**	**373,256**	394,890	55,380	82,118	532,388
Exceptional items	**-**	**-**	**-**	**-**	(17,318)	-	-	(17,318)
EBITDA after exceptional items	**246,795**	**39,410**	**87,051**	**373,256**	377,572	55,380	82,118	515,070
Unallocated centre costs				**(10,028)**				(18,211)
Share-based payment expense				**(1,758)**				(6,050)
Depreciation and depletion (net)				**(169,096)**				(174,147)
Amortisation				**(22,573)**				(22,302)
Impairment of assets				**-**				(10,950)
Share of associates' (loss)/profit (after tax)				**(718)**				2,551
Loss on disposal of associate				**-**				(6,905)
Finance costs				**(190,043)**				(240,984)
Finance income				**60,244**				106,951
Profit before income tax				**39,284**				145,023
Income tax expense				**(17,566)**				(14,912)
Profit for the financial period				**21,718**				130,111
Assets								
Segment assets	**5,253,240**	**991,735**	**1,005,902**	**7,250,877**	5,951,173	1,038,160	957,123	7,946,456
Investment in associates	**1,771**	**-**	**10,534**	**12,305**	2,964	-	12,492	15,456
Group centre assets				**679,060**				708,507
Total assets				**7,942,242**				8,670,419

	3 months to 30-Jun-09				3 months to 30-Jun-08			
	Packaging Europe	**Specialties Europe**	**Latin America**	**Total**	Packaging Europe	Specialties Europe	Latin America	Total
	€000	**€000**	**€000**	**€000**	€000	€000	€000	€000
Revenue and Results								
Third party revenue	**1,048,328**	**212,656**	**236,580**	**1,497,564**	1,352,210	257,904	235,876	1,845,990
EBITDA	**124,423**	**25,037**	**38,888**	**188,348**	193,719	33,943	41,055	268,717
Unallocated centre costs				**(4,677)**				(11,799)
Share-based payment expense				**(521)**				(2,368)
Depreciation and depletion (net)				**(84,346)**				(87,459)
Amortisation				**(11,373)**				(11,170)
Share of associates' (loss)/profit (after tax)				**(264)**				1,094
Loss on disposal of associate				**-**				(6,905)
Finance costs				**(73,074)**				(103,319)
Finance income				**5,093**				36,679
Profit before income tax				**19,186**				83,470
Income tax expense				**(9,948)**				3,800
Profit for the financial period				**9,238**				87,270

4. Exceptional Items

The following items are regarded as exceptional in nature:	**6 Months to 30-Jun-09 €000**	6 Months to 30-Jun-08 €000
Reorganisation and restructuring costs	**-**	(17,318)
Impairment of property, plant and equipment	**-**	(10,950)
Total exceptional items included in operating costs	**-**	(28,268)
Exceptional items included in finance income	**8,428**	-
Loss on disposal of associate	**-**	(6,905)

The exceptional financial income of €8 million relates to the gain on the Group's debt buy-back. In February, the Group launched an auction process to buy-back up to €100 million of its Senior bank debt. In total, just over €100 million of offers were received, of which €43 million were accepted at an average discount of 24% to par.

The reorganisation and restructuring costs and impairment of property, plant and equipment in 2008, related entirely to the closure of our Valladolid recycled containerboard mill in Spain.

The loss on disposal of associate in 2008 resulted from the sale of the Group's investment in Duropack AG.

5. Finance Costs and Income

	6 Months to 30-Jun-09 €000	6 Months to 30-Jun-08 €000
Finance costs		
Interest payable on bank loans and overdrafts	**83,626**	114,215
Interest payable on finance leases and hire purchase contracts	**2,176**	2,813
Interest payable on other borrowings	**28,823**	32,164
Impairment loss on available-for-sale financial assets	**25**	-
Unwinding of discount element of provisions	**389**	1,099
Foreign currency translation loss on debt	**8,746**	9,320
Fair value loss on other derivatives not designated as hedges	**18,030**	29,929
Interest cost on employee benefit plan liabilities	**48,228**	51,444
Total finance cost	**190,043**	240,984
Finance income		
Other interest receivable	**6,487**	19,529
Foreign currency translation gain on debt	**9,467**	35,153
Gain on debt buy-back	**8,428**	-
Fair value gain on commodity derivatives not designated as hedges	**1,667**	652
Fair value gain on other derivatives not designated as hedges	**-**	7,156
Expected return on employee benefit plan assets	**34,195**	44,461
Total finance income	**60,244**	106,951
Net finance cost	**129,799**	134,033

6. Income Tax Expense

Income tax expense recognised in the Group Income Statement

	6 Months to 30-Jun-09 €000	6 Months to 30-Jun-08 €000
Current taxation:		
Europe	**6,942**	26,680
United States and Canada	**24**	18
Latin America	**18,163**	16,188
	25,129	42,886
Deferred taxation	**(7,563)**	(27,974)
Income tax expense	**17,566**	14,912
Current tax is analysed as follows:		
Ireland	**3,658**	2,802
Foreign	**21,471**	40,084
	25,129	42,886

Income tax recognised directly in equity

	6 Months to 30-Jun-09 €000	6 Months to 30-Jun-08 €000
Arising on actuarial gains and losses on defined benefit plans	**(16,981)**	7,377
Arising on qualifying derivative cash flow hedges	**1,045**	-
	(15,936)	7,377

The deferred tax credit to the Group Income Statement in 2009 of €8 million was €20 million lower than the same period in 2008. This was due to the recognition in 2008 of deferred tax assets in relation to losses in a number of European countries, not previously recognised.

7. Employee Post Retirement Schemes – Defined Benefit Expense

The table below sets out the components of the defined benefit expense for the period:

	6 Months to 30-Jun-09 €000	6 Months to 30-Jun-08 €000
Current service cost	**19,094**	21,222
Past service cost	**2,292**	608
(Gain) on settlements and curtailments	**(141)**	(326)
Actuarial gains and losses arising on long-term employee benefits other than defined benefit schemes	**116**	839
	21,361	22,343
Expected return on scheme assets	**(34,195)**	(44,461)
Interest cost on scheme liabilities	**48,228**	51,444
Net financial expense	**14,033**	6,983
Defined benefit expense	**35,394**	29,326

Included in cost of sales, distribution costs and administrative expenses is a defined benefit expense of €21 million for the first six months of 2009 (2008: €22 million). Expected return on scheme assets of €34 million (2008: €44 million) is included in finance income and interest cost on scheme liabilities of €48 million (2008: €51 million) is included in finance costs in the Group Income Statement.

The amounts recognised in the Group Balance Sheet were as follows:

	30-Jun-09 €000	31-Dec-08 €000
Present value of funded or partially funded obligations	**(1,286,346)**	(1,210,486)
Fair value of plan assets	**1,108,021**	1,080,129
Deficit in funded or partially funded plans	**(178,325)**	(130,357)
Present value of wholly unfunded obligations	**(386,649)**	(386,308)
Net employee benefit liabilities	**(564,974)**	(516,665)

The employee benefits provision has increased from €517 million at 31 December 2008 to €565 million at 30 June 2009. The rise in the provision was mainly as a result of Group pension assets not achieving their expected return over that period.

8. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	3 Months to 30-Jun-09 €000	3 Months to 30-Jun-08 €000	**6 Months to 30-Jun-09 €000**	6 Months to 30-Jun-08 €000
Profit attributable to equity holders of the Company	**6,526**	83,440	**14,712**	123,603
Weighted average number of ordinary shares in issue ('000)	**218,023**	218,022	**218,023**	218,008
Basic earnings per share (cent per share)	**3.0**	38.3	**6.7**	56.7

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares which comprise convertible shares issued under the Management Equity Plan and the Share Incentive Plan.

	3 Months to 30-Jun-09 €000	3 Months to 30-Jun-08 €000	**6 Months to 30-Jun-09 €000**	6 Months to 30-Jun-08 €000
Profit attributable to equity holders of the Company	**6,526**	83,440	**14,712**	123,603
Weighted average number of ordinary shares in issue ('000)	**218,023**	218,022	**218,023**	218,008
Potential dilutive ordinary shares assumed	**329**	3,948	**329**	3,041
Diluted weighted average ordinary shares	**218,352**	221,970	**218,352**	221,049
Diluted earnings per share (cent per share)	**3.0**	37.6	**6.7**	55.9

9. Property, Plant and Equipment

	Land and Buildings €000	**Plant and Equipment €000**	**Total €000**
Six months ended 30 June 2009			
Opening net book amount	1,108,189	1,930,018	3,038,207
Reclassification	10,859	(12,278)	(1,419)
Acquisitions	-	14	14
Additions	1,113	99,938	101,051
Depreciation charge for the period	(23,177)	(142,022)	(165,199)
Retirements and disposals	(2,032)	(890)	(2,922)
Foreign currency translation adjustment	8,182	11,754	19,936
At 30 June 2009	**1,103,134**	**1,886,534**	**2,989,668**
Year ended 31 December 2008			
Opening net book amount	1,176,694	2,074,785	3,251,479
Reclassification	28,867	(30,594)	(1,727)
Additions	10,019	312,900	322,919
Depreciation charge for the year	(49,719)	(294,763)	(344,482)
Impairment losses recognised in the Group Income Statement	(12,977)	(53,009)	(65,986)
Retirements and disposals	(2,728)	(2,908)	(5,636)
Foreign currency translation adjustment	(41,967)	(76,393)	(118,360)
At 31 December 2008	**1,108,189**	**1,930,018**	**3,038,207**

10. Dividends

During 2008, a final dividend for 2007 of 16.05 cent per share was paid to the holders of ordinary shares.

11. Investment in Associates

	6 Months to 30-Jun-09 €000	12 Months to 31-Dec-08 €000
At 1 January	**14,038**	79,307
Additions	**45**	-
Share of (loss)/profit for the period	**(718)**	2,731
Dividends received from associates	**(1,112)**	(4,528)
Loss on disposal of associate	**-**	(6,905)
Disposals	**(15)**	(55,418)
Foreign currency translation adjustment	**67**	(1,149)
At end of period	**12,305**	14,038

12. Share-based Payment

In March 2007 upon the IPO becoming effective, all of the then class A, E, F and H convertible shares and 80% of the class B convertible shares vested and were converted into D convertible shares. The class C, class G and 20% of the class B convertible shares did not vest and were re-designated as A1, A2 and A3 convertible shares.

The A1 and A2 convertible shares vested on the first and second anniversaries respectively of the IPO. The A3 convertible shares will automatically convert on a one-to-one basis into D convertible shares on the third anniversary of the IPO, provided their holder remains an employee of the Group at the relevant anniversary. The D convertible shares resulting from these conversions are convertible on a one-to-one basis into ordinary shares, at the instance of the holder, upon the payment by the holder of the agreed conversion price. The life of the D convertible shares arising from the vesting of these new classes of convertible share ends on 20 March 2014.

The plans provide for equity settlement only, no cash settlement alternative is available.

In March 2007, SKG plc adopted the 2007 Share Incentive Plan (the “2007 SIP”). Incentive awards under the 2007 SIP are in the form of new class B and new class C convertible shares issued in equal proportions to participants at a nominal value of €0.001 per share. On satisfaction of specified performance criteria the new class B and new class C convertible shares will automatically convert on a one-to-one basis into D convertible shares. The D convertibles may be converted by the holder into ordinary shares upon payment of the agreed conversion price. The conversion price for each D convertible share is the market value of an ordinary share on the date the participant was invited to subscribe less the nominal subscription price. Each award has a life of ten years from the date of issuance of the new class B and new class C convertible shares. Current market conditions will make it extremely difficult for the Company to satisfy the performance conditions applicable to those awards.

As of 30 June 2009 SKG plc had a total of 15,310,509 convertible shares in issue in total, 10,114,029 under the 2002 Plan, as amended and 5,196,480 under the 2007 SIP.

A summary of the activity under the 2002 Plan, as amended, for the period from 31 December 2008 to 30 June 2009 is presented below.

Shares 000's	Class of Convertible shares				
	D	A1	A2	A3	Total
Balance December 2008	9,035.0	-	539.5	539.5	10,114.0
Vested into D	561.6	-	(539.5)	(22.1)	-
Balance June 2009	**9,596.6**	**-**	**-**	**517.4**	**10,114.0**
Exercisable June 2009	**9,596.6**	**-**	**-**	**-**	**9,596.6**

The weighted average exercise price for all D, A2 and A3 convertible shares at 30 June 2009 was €4.56. The weighted average remaining contractual life of all the awards issued under the 2002 Plan, as amended, at 30 June 2009 was 3.47 years.

A summary of the activity under the 2007 SIP, for the period from 31 December 2008 to 30 June 2009 is presented below:

Shares 000's	Class of Convertible shares		
	New B	New C	Total
Balance December 2008	2,598.2	2,598.2	5,196.5
Balance June 2009	**2,598.2**	**2,598.2**	**5,196.5**

As at 30 June 2009 the weighted average exercise price for all new B and new C convertible shares upon conversion would be €13.68. The weighted average remaining contractual life of all the awards issued under the 2007 SIP at 30 June 2009 was 8.28 years. No shares were exercisable at June 2009 or December 2008.

13. Analysis of Net Debt

	30-Jun-09	31-Dec-08
	€000	€000
Senior credit facility		
Revolving credit facility[1]—interest at relevant interbank rate + 1.75%[6]	(7,499)	(8,506)
Tranche A term loan[2a]—interest at relevant interbank rate + 1.75%[6]	371,484	405,410
Tranche B term loan[2b]—interest at relevant interbank rate + 1.875%[6]	1,269,660	1,289,194
Tranche C term loan[2c]—interest at relevant interbank rate + 2.125%[6]	1,268,454	1,287,839
Yankee bonds (including accrued interest)[3]	207,063	210,246
Bank loans and overdrafts/(cash)	(566,826)	(628,899)
Receivables securitisation floating rate notes 2011[4]	207,340	206,882
	2,749,676	2,762,166
2015 cash pay subordinated notes (including accrued interest)[5]	360,230	361,982
Net debt before finance leases	3,109,906	3,124,148
Finance leases	48,595	54,369
Net debt including leases – Smurfit Kappa Funding plc	3,158,501	3,178,517
Balance of revolving credit facility reclassified to debtors	7,501	8,506
Total debt after reclassification – Smurfit Kappa Funding plc	3,166,002	3,187,023
Net (cash) in parents of Smurfit Kappa Funding plc	(2,451)	(2,431)
Net Debt including leases – Smurfit Kappa Group plc	3,163,551	3,184,592

(1) Revolving credit facility of €600 million (available under senior facility) to be repaid in full 2012. (Revolver Loans – Nil, drawn under ancillary facilities and facilities supported by letters of credit – €0.09 million, letters of credit issued in support of other liabilities - €16.4 million). Effective 2 July the Revolving Credit Facility converted into two tranches – RCF1 and RCF2. RCF1 amounts to €152 million, maturing in December 2012 and RCF2 amounts to €373 million, maturing in December 2013.

(2a) Term loan A due to be repaid in certain instalments up to 2012

(2b) Term loan B due to be repaid in full in 2013

(2c) Term loan C due to be repaid in full in 2014

(3) 7.50% senior debentures due 2025 of $292.3 million

(4) Receivables securitisation floating rate notes mature September 2011

(5) €217.5 million 7.75% senior subordinated notes due 2015 and $200 million of 7.75% senior subordinated notes due 2015

(6) Effective 2 July the margins applicable to the Senior Credit Facility have been amended to the following:

Debt/EBITDA ratio	Tranche A and RCF1	Tranche B	Tranche C	RCF2
Greater than 4 : 1	3.25%	3.375%	3.625%	3.50%
4 : 1 or less but more than 3.5 : 1	3.00%	3.125%	3.375%	3.25%
3.5 : 1 or less but more than 3.0 : 1	2.75%	3.125%	3.375%	3.00%
3.0 : 1 or less	2.50%	3.125%	3.375%	2.75%

14. Related Party Transactions

Details of related party transactions in respect of the year ended 31 December 2008 are contained in Note 31 of our 2008 Annual Report. The Group continued to enter into transactions in the normal course of business with its associates and other related parties during the period. There were no transactions with related parties in the first half of 2009 or changes to transactions with related parties disclosed in the 2008 financial statements that had a material effect on the financial position or the performance of the Group.

15. Post Balance Sheet Events

On 1 July 2009, the Group announced the rationalisation of its operations in Togher, Cork.

On 2 July 2009 an amendment to the terms of the senior credit facility became effective. Lenders comprising in excess of 98% of the facility consented to the proposed amendments, providing the Group with (i) the ability to raise longer dated financing, as and when market conditions are attractive, to refinance a portion of its existing bank facilities and (ii) increased leverage and interest cover covenant headroom.

In addition, lenders holding 75% of the Group's revolving credit facility ("RCF") elected to extend their commitments by one year. The original €600 million RCF maturing in December 2012 has therefore been converted into two tranches totalling €525 million of which €152 million ("RCF1") matures in December 2012 and €373 million ("RCF2") in December 2013 (SKG had targeted a minimum RCF amount of €200 million to be extended to December 2013).

16. Board Approval

This interim management report and condensed interim financial statements were approved by the Board of Directors on 11 August 2009.

17. Distribution of Interim Management Report

The 2009 interim management report and condensed interim financial statements are available on the Group's website (www.smurfitkappa.com). A printed copy will be posted to shareholders and will be available to the public from that date at the Company's registered office.

Responsibility Statement in Respect of the Six Months Ended 30 June 2009

The Directors are responsible for preparing this interim management report and the condensed interim financial information in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the condensed interim Group financial information for the half year ended 30 June 2009 has been prepared in accordance with the international accounting standard applicable to interim financial reporting, IAS 34, adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed interim Group financial information for the half year ended 30 June 2009, and a description of the principal risks and uncertainties for the remaining six months;

- the interim management report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

G.W. McGann, Director and Chief Executive Officer

I.J. Curley, Director and Chief Financial Officer

11 August 2009

Supplemental Financial Information

Reconciliation of net income to EBITDA, before exceptional items & share-based payment expense

	3 months to 30-Jun-09 €000	3 months to 30-Jun-08 €000	**6 months to 30-Jun-09 €000**	6 months to 30-Jun-08 €000
Profit for the financial period	**6,526**	83,440	**14,712**	123,603
Equity minority interests	**2,712**	3,830	**7,006**	6,508
Income tax expense	**9,948**	(3,800)	**17,566**	14,912
Share of associates' operating loss/(profit)	**264**	(1,094)	**718**	(2,551)
Loss on disposal of associate	**-**	6,905	**-**	6,905
Reorganisation and restructuring costs	**-**	-	**-**	17,318
Impairment of fixed assets	**-**	-	**-**	10,950
Net finance costs	**67,981**	66,640	**129,799**	134,033
Share-based payment expense	**521**	2,368	**1,758**	6,050
Depreciation, depletion (net) and amortisation	**95,719**	98,629	**191,669**	196,449
EBITDA before exceptional items and share-based payment expense	**183,671**	256,918	**363,228**	514,177

Supplemental Historical Financial Information

€Million	**Q2, 2008**	**Q3, 2008**	**Q4, 2008**	**FY 2008**	**Q1, 2009**	**Q2, 2009**
Group and third party revenue	2,696	2,570	2,384	10,351	2,268	2,250
Third party revenue	1,846	1,753	1,631	7,062	1,504	1,498
EBITDA before exceptional items and share-based payment expense	257	231	195	941	180	184
EBITDA margin	13.9%	13.2%	12.0%	13.3%	11.9%	12.3%
Operating profit/(loss)	156	131	(133)	282	82	87
Profit/(loss) before tax	83	61	(218)	(11)	20	19
Free cashflow	76	149	55	281	-	18
Basic earnings/(loss) per share (cent per share)	38.3	16.8	(96.3)	(22.8)	3.8	3.0
Weighted average number of shares used in EPS calculation ('000)	218,022	218,023	218,023	218,015	218,023	218,023
Net debt	3,285	3,192	3,185	3,185	3,187	3,164
Net debt to EBITDA (LTM)	3.1	3.1	3.4	3.4	3.7	4.0