

August 6, 2003: JSG Funding plc (the 'Group') today announced results for the quarter ended June 30, 2003.

	Q2 '03 € m	Q2 '02 € m	Change %	H1 '03 € m	H1 '02 € m	Change %
Net sales	1,217	1,282	(5.1%)	2,396	2,363	1.4%
EBITDA*	176	160	9.7%	331	288	15.1%
Pre-tax profit	26	90	(71.4%)	31	148	(78.8%)

*Pre-exceptional EBITDA

2003 second quarter results reflect material changes to the Group's capital structure relative to the comparable period in 2002. The composition of the Group's 2003 second quarter earnings reflects the higher interest charges associated with a leveraged capital structure, the absence of significant associate earnings (principally Smurfit-Stone Container Corporation or 'SSCC') and the completion of an asset swap with SSCC at the end of the first quarter of 2003.

Second Quarter, 2003: Year-on-year performance

Second quarter net sales of €1,217 million decreased 5% against €1,282 million in the second quarter of 2002. Excluding the effect of acquisitions, disposals and currency movements, sales decreased €29 million or approximately 2% on the comparable period in 2002.

Second quarter EBITDA, before exceptional items, of €176 million increased 10% against €160 million in the second quarter of 2002. Excluding the effect of acquisitions, disposals and currency movements, EBITDA, before exceptional items, increased €15 million on the comparable period in 2002. Second quarter EBITDA includes a one time gain of approximately €18 million in the non-core specialities division. EBITDA, before exceptional items, of €176 million represents a margin of 14.4% on net sales (13% adjusting for the one time gain) against 12.5% in the second quarter of 2002.

Second Quarter, 2003: Quarter-on-quarter performance

Second quarter net sales increased €39 million or 3% on the first quarter of 2003. Excluding the effect of acquisitions, disposals and currency movements, second quarter sales decreased €3 million on the first quarter of 2003. Second quarter EBITDA, before exceptional items, of €176 million increased €20 million or 13% on the first quarter of 2003. The EBITDA margin on net sales of 14.4% (13% adjusting for the one time gain) compares to 13.2% in the first quarter of 2003. Excluding the effect of acquisitions, disposals and currency movements, EBITDA, before exceptional items, increased €13 million on the first quarter of 2003. Excluding the effect of one time gains, acquisitions, disposals and currency movements, EBITDA decreased €5 million or 3% on the first quarter.

First Half, 2003: Year-on-year performance

First half net sales of €2,396 million increased 1% against €2,363 million in the first half of 2002. Excluding the effect of acquisitions, disposals and currency movements, sales decreased €21 million or approximately 1% on the first half of 2002.

First half EBITDA, before exceptional items, of €331 million increased 15% against €288 million in the first half of 2002. Excluding the effect of acquisitions, disposals and currency movements, EBITDA, before exceptional items, increased €21 million or 7% on the comparable period in 2002. Excluding the effect of one time gains, acquisitions, disposals and currency movements, EBITDA, before exceptional items, increased €3 million or 1% on the first half of 2002. First half EBITDA represents a margin of 13.8% on sales (13% excluding one time gains) against 12.2% in the first half of 2002.

2003 first half sales and EBITDA were positively impacted year-on-year by the acquisition of Munksjö at the end of the first quarter of 2002. The financial impact of other acquisitions and disposals (principally the SSCC/Smurfit MBI asset swap) is broadly neutral.

Second quarter pre-tax profit: Year-on-year performance

Profit before tax, for the second quarter, was €26 million compared to €90 million in 2002. The decline reflects the Group's leveraged capital structure following the acquisition by Madison Dearborn. Subsidiaries contributed €22 million and associates €4 million to pre-tax profit against €75 million and €15 million in 2002 respectively. There were no exceptional charges in the second quarter of 2003.

Cash Flows and Capital Structure

Free cash flow in the second quarter of €45 million compares to €2 million in 2002. Free cash flow, in the second quarter of 2002, reflects tax payments of €66 million and exceptional items of €16 million relating to the sale of operations which distort year-on-year comparisons. The absence of exceptional items, lower tax payments and capital expenditure in the second quarter of 2003 offset the impact of lower subsidiary pre-tax profits.

Depreciation and amortisation increased from €69 million in the second quarter of 2002 to €76 million reflecting additional goodwill amortisation following the changed capital structure of the Group. Capital expenditure in the second quarter represents 72% of depreciation compared to 82% in the second quarter of 2002. Capital expenditure, for the first half of 2003, represents 62% of depreciation against 73% in the first half of 2002. The full year capital expenditure target is approximately 80% of depreciation and is more than adequate for our current business needs. Investments of €6 million in the second quarter of 2003 compare to €149 million in the second quarter of 2002 when JSG paid for the outstanding equity in Munksjö which is now a wholly-owned subsidiary.

Net borrowing at June 2003 was €3,177 million (including approximately €32 million in respect of capital leases) compared to €3,269 million (including approximately €34 million in respect of capital leases) at March 2003 and €3,135 million (including approximately €23 million in respect of capital leases) at December 2002. The relative strengthening of the euro year-on-year resulted in the decrease in value of non-euro debt and a consequent currency gain of €41 million in the quarter to June 2003. Net debt to capitalisation of 78% at June 2003 compares to 79% at March 2003 and 78% at December 2002. Net debt to capitalisation, at June 2002, was 37%.

Summary cash flows for the second quarter and first half of 2003 are set out in the following table.

	JSG Funding Q2 2003 € Million	JSG* Q2 2002 € Million	JSG Funding H1 2003 € Million	JSG* H1 2002 € Million
Profit before tax – subsidiaries	22	75	26	124
Exceptional items	-	(16)	-	(16)
Depreciation and amortisation	76	69	148	128
Non cash interest expense	15	-	29	-
Working capital change	(19)	(13)	(42)	(25)
Capital expenditure	(50)	(55)	(90)	(96)
Sales of fixed assets	-	1	1	1
Tax paid	(7)	(66)	(24)	(79)
Dividends from associates	-	3	-	3
Other	8	4	8	5
<i>Free cash flow</i>	45	2	56	45
Investments	(6)	(149)	(94)	(281)
Sale of businesses and investments	5	24	12	26
Share issues	-	2	-	4
Transaction related movements	2	-	(22)	-
Dividends	-	(56)	(4)	(59)
<i>Net cash inflow / (outflow)</i>	46	(177)	(52)	(265)
Net cash/(debt) acquired/disposed	14	-	55	(152)
SSCC debt repaid	-	-	(97)	-
Non-cash interest accrued	(10)	-	(20)	-
Currency translation adjustments	41	125	82	106
(Increase) / decrease in net borrowing (excluding leases)	91	(52)	(32)	(311)

* For comparison purposes, the financial results of Jefferson Smurfit Group Limited and subsidiary companies (JSG) for the periods prior to its acquisition on September 3, 2002 have been shown above as comparative figures for those of JSG Funding plc for periods following such acquisition.

Company name changes

During the second quarter, the registered names of a number of companies within the JSG portfolio were changed. Details of these changes are outlined below and became effective in June 2003. These changes have no impact on any securities issued under the former company names.

Former name	New name
MDCP Acquisitions Ltd	Jefferson Smurfit Group Ltd
MDP Acquisitions plc	JSG Funding plc
MDCP Acquisitions I	JSG Acquisitions

Performance Review and Outlook

Gary McGann, Chief Executive Officer, commented "As 2003 unfolds, the operating environment continues to be a challenging one. Uncertain economic developments and heightened geopolitical concerns make meaningful predictions about the possibility or timing of broad-based economic recovery virtually impossible.

As we continue to successfully execute each corporate and financial objective, we improve the sustainable cashflow characteristics and focus of our business. Current business conditions necessitate increasingly active management of the factors within our control."

Website access to reports

The Registrant's annual report on Form 20-F, current reports on Form 6-K, the April 2003 registration statement on Form F-4 and all amendments to those reports are made available free of charge through the Registrant's website (www.smurfit-group.com) as soon as practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

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JSG Funding plc

Summary Group Profit and Loss Account

	JSG Funding 3 months to 30 Jun 2003 € 000 Unaudited	JSG* 3 months to 30 Jun 2002 € 000 Unaudited	JSG Funding 6 months to 30 Jun 2003 € 000 Unaudited	JSG* 6 months to 30 Jun 2002 € 000 Unaudited
Turnover				
Continuing Operations	1,041,923	1,124,249	2,115,898	2,042,094
Acquisitions	175,259	-	175,259	-
Disposals	-	157,786	104,355	321,336
	1,217,182	1,282,035	2,395,512	2,363,430
Cost of sales	874,693	923,829	1,733,803	1,704,230
Gross profit	342,489	358,206	661,709	659,200
Net operating expenses	243,255	267,451	479,686	500,714
Reorganisation and restructuring costs	-	13,569	5,346	13,569
Operating profit subsidiaries				
Continuing Operations	84,278	69,490	154,095	130,022
Acquisitions	14,956	-	14,956	-
Disposals	-	7,696	7,626	14,895
	99,234	77,186	176,677	144,917
Share of associates' operating profit	4,672	43,276	6,654	86,800
Share of associates' restructuring costs	-	(1,911)	-	(4,130)
Total operating profit	103,906	118,551	183,331	227,587
Profit on sale of operations subsidiaries	-	20,440	-	20,440
Group net interest	(76,922)	(22,026)	(150,599)	(41,023)
Share of associates' net interest	(1,107)	(26,505)	(1,351)	(58,752)
Total net interest	(78,029)	(48,531)	(151,950)	(99,775)
Profit before taxation	25,877	90,460	31,381	148,252
Taxation				
Group	15,658	27,161	39,730	44,541
Share of associates	946	7,376	1,029	12,237
	16,604	34,537	40,759	56,778
Profit after taxation	9,273	55,923	(9,378)	91,474
Equity minority interests	3,634	9,413	9,300	17,259
Retained profits	€5,639	€46,510	€(18,678)	€74,215

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JSG Funding plc

Segmental Analyses

Sales - third party

	JSG Funding		JSG*		JSG Funding		JSG*	
	3 months to 30 Jun 2003		3 months to 30 Jun 2002		6 months to 30 Jun 2003		6 months to 30 Jun 2002	
	€ 000	%	€000	%	€ 000	%	€000	%
Packaging	789,248	64.8	659,208	51.4	1,444,278	60.3	1,270,022	53.7
Specialities	251,920	20.7	253,231	19.8	509,341	21.3	363,727	15.4
Europe	1,041,168	85.5	912,439	71.2	1,953,619	81.6	1,633,749	69.1
United States and Canada	-	-	157,786	12.3	104,355	4.3	321,336	13.6
Latin America	176,014	14.5	211,810	16.5	337,538	14.1	408,345	17.3
	€1,217,182	100.0	€1,282,035	100.0	€2,395,512	100.0	€2,363,430	100.0
Associates' third party sales	€69,746		€2,355,464		€126,670		€4,743,015	
Share of associates' third party sales	€27,615		€700,127		€50,624		€1,413,602	

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Segmental Analyses

Profit before taxation

	JSG Funding		JSG*		JSG Funding		JSG*	
	3 months to 30 Jun 2003		3 months to 30 Jun 2002		6 months to 30 Jun 2003		6 months to 30 Jun 2002	
	€ 000	%	€000	%	€ 000	%	€000	%
Packaging	59,698	51.7	49,249	36.2	116,026	55.3	96,149	38.5
Specialities	33,354	28.9	22,972	16.8	50,394	24.0	28,110	11.2
Associates	2,848	2.4	4,654	3.4	5,130	2.4	15,405	6.2
Europe	95,900	83.0	76,875	56.4	171,550	81.7	139,664	55.9
Packaging	-	-	7,232	5.3	7,775	3.7	14,496	5.8
Associates	-	-	36,327	26.7	-	-	66,874	26.8
United States and Canada	-	-	43,559	32.0	7,775	3.7	81,370	32.6
Packaging	23,746	20.5	25,395	18.6	40,918	19.5	48,164	19.3
Associates	254	0.2	1,369	1.0	(46)	-	2,810	1.1
Latin America	24,000	20.7	26,764	19.6	40,872	19.5	50,974	20.4
Asia (Associates)	1,570	1.4	926	0.7	1,570	0.7	1,711	0.7
Unallocated central costs	(5,948)	(5.1)	(11,899)	(8.7)	(11,863)	(5.6)	(23,989)	(9.6)
Profit before unallocated goodwill, interest, exceptional items and taxation	115,522	100.0	136,225	100.0	209,904	100.0	249,730	100.0
Unallocated goodwill	(11,616)		(2,194)		(21,227)		(4,444)	
Group net interest	(76,922)		(22,026)		(150,599)		(41,023)	
Share of associates' net interest	(1,107)		(26,505)		(1,351)		(58,752)	
Profit before exceptional items	25,877		85,500		36,727		145,511	
Reorganisation and restructuring costs	-		(13,569)		(5,346)		(13,569)	
Profit on the sale of operations	-		20,440		-		20,440	
Share of associates' exceptional costs	-		(1,911)		-		(4,130)	
Profit before taxation	€25,877		€90,460		€31,381		€148,252	

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JSG Funding plc

Summary Group Balance Sheet

	JSG Funding 30 Jun 2003 € 000 Unaudited	JSG* 30 Jun 2002 € 000 Unaudited
Assets Employed		
Fixed Assets		
Intangible assets	1,813,436	246,432
Tangible assets	2,184,969	2,352,820
Amounts due by fellow subsidiaries (newcos)	236,573	-
Amounts due by Parent	3,579	-
Financial assets	108,014	1,428,240
	4,346,571	4,027,492
Current Assets		
Stocks	507,821	496,648
Debtors	1,065,115	1,162,109
Amounts due by fellow subsidiaries (newcos)	11,577	-
Cash at bank and in hand	195,129	216,531
	1,779,642	1,875,288
Creditors (amounts falling due within one year)	1,299,978	1,343,417
Net current assets	479,664	531,871
Total assets less current liabilities	€4,826,235	€4,559,363
Financed by		
Creditors (amounts falling due after more than one year)	3,093,530	1,543,875
Government grants	34,664	11,630
Provisions for liabilities and charges	570,715	393,412
Pension liabilities (net of deferred tax)	93,598	-
	3,792,507	1,948,917
Capital and Reserves		
Called up share capital	40	333,472
Share premium	-	105,183
Revaluation reserve	-	10,579
Other reserves	904,747	137,539
Profit and loss account	(6,008)	1,857,742
Group shareholders' funds (equity interests)	898,779	2,444,515
Minority interests (equity interests)	134,949	165,931
	1,033,728	2,610,446
	€4,826,235	€4,559,363

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JSG Funding plc

Reconciliation of Retained Profits to EBITDA, before exceptional items

	JSG Funding	JSG*	JSG Funding	JSG*
	3 months to	3 months to	6 months to	6 months to
	30 Jun 2003	30 Jun 2002	30 Jun 2003	30 Jun 2002
	€ 000	€ 000	€ 000	€ 000
	Unaudited	Unaudited	Unaudited	Unaudited
Retained profits	5,639	46,510	(18,678)	74,215
Equity minority interests	3,634	9,413	9,300	17,259
Taxation	16,604	34,537	40,759	56,778
Share of associates' operating profit	(4,672)	(43,276)	(6,654)	(86,800)
Share of associates' restructuring costs	-	1,911	-	4,130
Profit on sale of operations – subsidiaries	-	(20,440)	-	(20,440)
Reorganisation and restructuring costs	-	13,569	5,346	13,569
Total net interest	78,029	48,531	151,950	99,775
Depreciation, depletion and amortisation	76,325	69,217	148,981	129,208
EBITDA, before exceptional items	€ 175,559	€ 159,972	€ 331,004	€ 287,694

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