CLONDALKIN
a group with focus

Clondalkin Industries B.V.

Quarterly Report

For the three months ended June 30, 2010

FIRST HALF YEAR 2010 RESULTS AT A GLANCE

- **Revenue for the half year was €422.9 million (2009: €397.9 million)**
- **Profit from operations for the half year was €25.2 million (2009: €23.9 million)**
- **Profit from operations of our specialist packaging businesses was €10.9 million (2009: €6.7 million)**
- **Profit from operations of our flexible packaging businesses was €18.3 million (2009: €20.6 million)**
- **EBITDA for the half year was €40.9 million (2009: €39.2 million)**
- **Net cash interest costs for the half year were €15.5 million (2009: €17.8 million)**
- **Cash and cash equivalents at June 30, 2010 were €75.4 million (2009: €72.7 million)**

FINANCIAL SUMMARY

In thousands of euro	For the three months ended June 30, 2010	For the three months ended June 30, 2009	For the six months ended June 30, 2010	For the six months ended June 30, 2009
Revenue	218,175	196,990	422,935	397,894
Gross profit	35,569	33,118	69,669	65,552
EBITDA	20,998	20,076	40,900	39,218
Profit from operations	12,885	12,358	25,209	23,854
Capital expenditures	7,402	3,777	13,151	9,526
Gross profit (in %)	16.3	16.8	16.5	16.5
EBITDA margin (in %)	9.6	10.2	9.7	9.9

Ratios	June 30, 2010	June 30, 2009
LTM EBITDA / Cash interest	2.5x	2.2x
Net Floating Rate Note Debt / LTM EBITDA	4.2x	4.1x
Net Floating Rate and Fixed Rate Note Debt / LTM EBITDA	6.3x	6.2x

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INTRODUCTION

Presentation of financial information

The historical consolidated financial information presented in this Quarterly Report is that of Clondalkin Industries B.V. ("CIBV") and its subsidiaries, including Clondalkin Acquisition B.V. ("CABV"). Separate consolidated financial statements are not prepared for CABV.

Clondalkin Group Holdings B.V. ("CGHBV") owns 100% of CIBV and has no other subsidiaries. CIBV owns 100% of CABV and has no other subsidiaries. CABV owns, through intermediate holding companies, all the subsidiaries in Clondalkin Group. Reflecting this ownership structure and the financing arrangements for CGHBV, CIBV and CABV, (described in note 10, Loans and Borrowings, in these interim consolidated financial statements), the consolidated financial statements of CABV, if they were prepared, would be substantially the same as the consolidated financial statements of CIBV, because both CABV and CIBV are holding and finance companies with no trading activities and because all of CIBV's subsidiaries, apart from CABV, are also subsidiaries of CABV.

In particular, the only difference between CABV's and CIBV's financial affairs relates to the €170.0 million Euro denominated fixed rate notes issued by CIBV in March, 2004. The annual interest rate on these notes is fixed at 8% until their maturity in March, 2014. CIBV advanced the proceeds of the fixed rate notes issuance to CABV by way of an intercompany loan bearing the same interest rate. In CIBV's consolidated financial statements, these fixed rate notes are reported as third party debt, whereas the debt would be reflected as intercompany debt in CABV's separate consolidated financial statements, if such consolidated financial statements were prepared. Apart from this difference in the classification of these fixed rate notes, we believe there would be no other differences between CABV's and CIBV's consolidated financial statements.

Therefore, we present the consolidated financial statements of CIBV in this Quarterly Report. These consolidated financial statements are, for the reasons explained above, substantially the same as would be presented by CABV, if CABV presented consolidated financial statements.

Quarterly Report

The accompanying condensed consolidated interim financial statements have been prepared to show the results of CIBV and its subsidiaries (collectively referred to as "the Group") for the three months and six months ended June 30, 2010 compared to the three months and six months ended June 30, 2009 and to show the financial condition of the Group as at June 30, 2010 compared to December 31, 2009.

These condensed consolidated interim financial statements are unaudited.

Forward-looking statements

CIBV and its affiliates and representatives may from time to time make written or verbal statements which, to the extent that they are not historical fact, constitute "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are many different factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

OPERATING AND FINANCIAL REVIEW FOR THE THREE MONTHS ENDED JUNE 30, 2010

Introduction

The following operating and financial review relates to our financial condition and results for the three months ended June 30, 2010 compared to the three months ended June 30, 2009.

For management, control and reporting purposes, we divide our businesses into two segments; namely flexible packaging and specialist packaging. The flexible packaging businesses include our plastic and polymer, foil and laminate, and paper packaging businesses. The specialist packaging businesses include our folding cartons, labels, leaflets and inserts and printing businesses.

Revenue

Revenue increased by €21.2 million, or by 10.8%, from €197.0 million in the three months ended June 30, 2009 to €218.2 million in the three months ended June 30, 2010.

Flexible packaging

Flexible packaging revenue increased by €11.7 million, or by 8.2%, from €142.7 million in the three months ended June 30, 2009 to €154.4 million in the three months ended June 30, 2010. The increase comprises the following main items:

- Revenue in our plastic and polymer based businesses increased by €8.1 million in the three months ended June 30, 2010 compared to the three months ended June 30, 2009. This increase is due to higher selling prices reflecting higher raw material costs of approximately €6.9 million and acquisition effects of €2.9 million. These increases were partly offset by the impact of volume reductions of approximately 2% compared to the three months ended June 30, 2009 which caused revenue to decrease by approximately €1.7 million; and
- These revenue increases were offset by a decrease in revenue in our foil and laminate and paper packaging businesses of €0.8 million due mainly to reduced material costs, on volumes for the three months ended June 30, 2010 which were in line with the three months ended June 30, 2009.
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the three months ended June 30, 2010 compared to the corresponding exchange rates used for the three months ended June 30, 2009 caused revenue to increase by €4.5 million.

Specialist packaging

Specialist packaging revenue increased by €9.5 million, or by 17.4%, from €54.3 million in the three months ended June 30, 2009 to €63.8 million in the three months ended June 30, 2010. The increase comprises the following main items:

- Revenue in our specialist packaging businesses increased by €4.0 million due mainly to volume increases of approximately 8% and increased value added content in the three months ended June 30, 2010 compared to the three months ended June 30, 2009, reflecting advances in our North American and European pharmaceutical packaging businesses and in our European consumer branded products businesses;
- The acquisition effects in the quarter were €1.9 million; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the three months ended June 30, 2010 compared to the corresponding exchange rates used for the three months ended June 30, 2009 caused revenue to increase by €3.6 million.

Cost of sales

Cost of sales increased by €18.7 million, or by 11.4%, from €163.9 million, representing 83.2% of revenue in the three months ended June 30, 2009 to €182.6 million, representing 83.7% of revenue in the three months ended June 30, 2010. The increase comprises the following main items:

- In our flexible packaging division, higher raw material costs in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 caused cost of sales to increase by €7.4 million. These increases were offset by decreases due to lower sales activity in our flexible packaging businesses which caused costs of sales to decrease by €1.9 million in the three months ended June 30, 2010 compared to the three months ended June 30, 2009;
- Specialist packaging businesses' cost of sales increased by €2.0 million in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 primarily reflecting increased activity;
- Acquisition effects caused cost of sales to increase by €4.5 million in the three months ended June 30, 2010; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the three months ended June 30, 2010 compared to the corresponding exchange rates used for the three months ended June 30, 2009 caused cost of sales to increase by €6.7 million.

Distribution costs and administrative expenses

The following table provides an analysis of our distribution costs and administrative expenses for the three months ended June 30, 2010 compared to the three months ended June 30, 2009.

	For the three months ended			
	June 30, 2010		June 30, 2009	
	in thousands of euro	% of revenue	in thousands of euro	% of revenue
Distribution costs	(9,483)	(4.3)	(8,460)	(4.3)
Administrative expenses	(12,400)	(5.7)	(11,641)	(5.9)
Profit / (loss) on disposal of property, plant and equipment	56	0.0	(5)	(0.0)
Distribution costs and administrative expenses	(21,827)	(10.0)	(20,106)	(10.2)

Distribution costs and administrative expenses of €21.8 million, equivalent to 10.0% of revenue, in the three months ended June 30, 2010, increased by €1.7 million, compared to €20.1 million, equivalent to 10.2% of revenue, in the three months ended June 30, 2009. The increase comprises the following main items:

- Distribution costs and administrative expenses increased by €0.8 million in the three months ended June 30, 2010 compared to the three months ended June 30, 2009. Approximately €0.5 million of this increase is due to expanding our marketing and sales resources and €0.3 million reflects acquisition effects; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the three months ended June 30, 2010 compared to the corresponding exchange rates used for the three months ended June 30, 2009 caused reported total distribution costs and administrative expenses to increase by €0.9 million.

Restructuring costs

We incurred restructuring costs of €0.9 million in the three months ended June 30, 2010 compared to €0.7 million in the three months ended June 30, 2009. These restructuring costs mainly relate to employment reductions.

Profit from operations and EBITDA

The net effect of the above revenue and cost developments caused profit from operations to increase by €0.5 million or by 4.3% from €12.4 million in the three months ended June 30, 2009 to €12.9 million in the three months ended June 30, 2010. Profit from operations excluding restructuring costs increased by €0.7 million or by 5.6% from €13.0 million in the three months ended June 30, 2009 to €13.7 million in the three months ended June 30, 2010.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") in the three months ended June 30, 2010 was €21.0 million, an increase of €0.9 million or 4.6%, compared to the three months ended June 30, 2009 EBITDA of €20.1 million.

Flexible packaging

Profit from operations reported by our flexible packaging businesses decreased by €1.2 million, or by 11.3%, from €10.7 million in the three months ended June 30, 2009 to €9.5 million in the three months ended June 30, 2010. The decrease comprises the following main items:

- Our plastic and polymer based businesses reported a decrease in profit from operations of €1.1 million, mainly reflecting the business disruptive effects caused by significantly increasing raw material costs experienced in the three months ended June 30, 2010, with costs up between 30% and 50% compared to the corresponding prior year three months; and
- Our foil and laminate and paper packaging businesses reported a decrease in profit from operations of €0.3 million in the three months ended June 30, 2010 compared with the three months ended June 30, 2009, reflecting more tentative demand conditions, albeit overall volumes were maintained in line with the prior year period.
- These decreases were offset by stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the three months ended June 30, 2010 compared to the corresponding exchange rates used for the three months ended June 30, 2009 which caused our profit from operations to increase by €0.2 million.

Specialist packaging

Profit from operations reported by our specialist packaging businesses increased by €2.1 million, or by 60.7%, from €3.5 million in the three months ended June 30, 2009 to €5.6 million in the three months ended June 30, 2010. The increase comprises the following main items:

- Volume increases of approximately 8% and improved value added content mainly in our pharmaceutical businesses account for €1.8 million of the increased profit from operations; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the three months ended June 30, 2010 compared to the corresponding exchange rates used for the three months ended June 30, 2009 caused our profit from operations to increase by €0.3 million.

Net finance costs

In thousands of euro	For the three months ended June 30, 2010	2009
Interest on floating rate notes, net of interest income on cash deposits	(4,434)	(5,131)
Interest on fixed rate notes	(3,400)	(3,400)
Cash interest expense, net of interest income on cash deposits	(7,834)	(8,531)
Non cash interest expense on subordinated shareholders' loans	(4,700)	(4,365)
Net interest expense before finance amortisation charge	(12,534)	(12,896)
Finance amortisation charge	(705)	(705)
Net finance costs	(13,239)	(13,601)

Our gross borrowings at June 30, 2010, excluding shareholders' loans, were €592.2 million (2009: €576.1 million) comprising floating rate notes of €300.0 million and U.S. $150.0 million (€113.0 million at the draw down exchange rate and €122.2 million at the June 30, 2010 exchange rate) and the fixed rate notes of €170.0 million. The shareholders' loans at June 30, 2010 were €174.9 million (2009: €175.2 million).

Our cash and cash equivalent balances at June 30, 2010 were €75.4 million (2009: €72.7 million).

The interest rate on the floating rate notes is 2% over the three month inter-bank offer rate and is payable quarterly in arrears in March, June, September and December. The floating rate note interest expense decreased from €5.1 million in the three months ended June 30, 2009 to €4.5 million in the three months ended June 30, 2010 reflecting lower market and hedged interest rates. The average interest rate on the floating rate notes, inclusive of our interest hedging arrangements, for the three months ended June 30, 2010 was approximately 4.3% compared to 5.8% for the three months ended June 30, 2009. We have hedged 60% of our floating rate debt from June 2010 to June 2012 using interest rate swaps at effective annual interest rates of 4.5% for the Euro denominated debt and 4.8% for the U.S. dollar denominated debt.

The €3.4 million fixed rate notes' interest expense for the three months ended June 30, 2010 is the same as the three months ended June 30, 2009 as the loan amount of €170.0 million and the fixed interest coupon of 8% are unchanged. Interest is payable semi annually in arrears on the fixed rate notes in March and September.

The interest expense on the shareholders' loans of €174.9 million, which is non cash payable, was €4.7 million for the three months ended June 30, 2010. The shareholders' loan interest expense is rolled up every six months and these roll-up amounts qualify for interest. The interest on these roll-up effects since the loans were issued in March 2004 has caused the interest charge to increase by €0.3 million in the three months ended June 30, 2010 compared to the three months ended June 30, 2009.

Finance fees' amortisation costs were €0.7 million in the three months ended June 30, 2010 and are unchanged from the three months ended June 30, 2009.

Taxation

The corporation tax credit for the three months ended June 30, 2010 of €0.1 million approximates an effective tax rate of 24%, compared to the corporation tax credit for the three months ended June 30, 2009 of €0.4 million which approximated an effective tax rate of 28%.

OPERATING AND FINANCIAL REVIEW FOR THE SIX MONTHS ENDED JUNE 30, 2010

Introduction

The following operating and financial review relates to our financial condition and results for the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

For management, control and reporting purposes, we divide our businesses into two segments; namely flexible packaging and specialist packaging. The flexible packaging businesses include our plastic and polymer, foil and laminate, and paper packaging businesses. The specialist packaging businesses include our folding cartons, labels, leaflets and inserts and printing businesses.

Revenue

Revenue increased by €25.0 million, or by 6.3%, from €397.9 million in the six months ended June 30, 2009 to €422.9 million in the six months ended June 30, 2010.

Flexible packaging

Flexible packaging revenue increased by €10.2 million, or by 3.6%, from €287.5 million in the six months ended June 30, 2009 to €297.7 million in the six months ended June 30, 2010. The increase comprises the following main items:

- Revenue in our plastic and polymer based businesses in the six months ended June 30, 2010 increased by €11.6 million compared to the six months ended June 30, 2009. This increase is due to higher selling prices reflecting higher raw material costs of €11.0 million and acquisition effects of €5.8 million. These increases were partly offset by volume reductions of approximately 3% compared to the six months ended June 30, 2009 which caused revenue to decrease by €5.2 million.
- Revenue in our foil and laminate and paper packaging businesses decreased by €5.2 million. This decrease is mainly due to lower volumes, down approximately 3% in the six months ended June 30, 2010 compared to the six months ended June 30, 2009.
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the six months ended June 30, 2010 compared to the corresponding exchange rates used for the six months ended June 30, 2009 caused revenue to increase by €3.8 million.

Specialist packaging

Specialist packaging revenue increased by €14.8 million, or by 13.4%, from €110.4 million in the six months ended June 30, 2009 to €125.2 million in the six months ended June 30, 2010. The increase comprises the following main items:

- Revenue in our specialist packaging businesses increased by €7.9 million due mainly to volume increases of approximately 7% and increased value added content in the six months ended June 30, 2010 compared to the six months ended June 30, 2009, reflecting advances in our North American and European pharmaceutical packaging businesses;
- The acquisition effect for the six months ended June 30, 2010 is €4.2 million; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the six months ended June 30, 2010 compared to the corresponding exchange rates used for the six months ended June 30, 2009 caused revenue to increase by €2.7 million.

Cost of sales

Cost of sales increased by €20.9 million, or by 6.3%, from €332.3 million, representing 83.5% of revenue in the six months ended June 30, 2009 to €353.3 million, also representing 83.5% of revenue in the six months ended June 30, 2010. The increase comprises the following main items:

Cost of sales – continued

- Our flexible packaging businesses incurred higher raw material costs in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 causing cost of sales to increase by €9.8 million. These increases were offset by decreases due to lower sales activity in our flexible packaging businesses which caused costs of sales to decrease by €7.5 million in the six months ended June 30, 2010 compared to the six months ended June 30, 2009;
- Specialist packaging businesses' cost of sales increased by €4.0 million in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 mainly reflecting increased activity;
- Acquisition effects caused cost of sales to increase by approximately €9.2 million in the six months ended June 30, 2010; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the six months ended June 30, 2010 compared to the corresponding exchange rates used for the six months ended June 30, 2009 caused cost of sales to increase by €5.4 million.

Distribution costs and administrative expenses

The following table provides an analysis of our distribution costs and administrative expenses for the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

	For the six months ended			
	June 30, 2010		June 30, 2009	
	in thousands of euro	% of revenue	in thousands of euro	% of revenue
Distribution costs	(18,494)	(4.4)	(17,266)	(4.3)
Administrative expenses	(24,717)	(5.8)	(23,691)	(6.0)
Profit on disposal of property, plant and equipment	134	0.0	397	0.1
Distribution costs and administrative expenses	(43,077)	(10.2)	(40,560)	(10.2)

Distribution costs and administrative expenses of €43.1 million, equivalent to 10.2% of revenue, in the six months ended June 30, 2010, increased by €2.5 million, compared to €40.6 million, equivalent to 10.2% of revenue, in the six months ended June 30, 2009. The increase comprises the following main items:

- Distribution costs and administrative expenses increased by €1.4 million in the six months ended June 30, 2010 compared to the six months ended June 30, 2009. Approximately €0.8 million of this increase is due to expanding our marketing and sales resources and €0.6 million reflects acquisition effects;
- Profit on disposal of property, plant and equipment in the six months ended June 30, 2010 was €0.3 million lower than in the six months ended June 30, 2009; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the six months ended June 30, 2010 compared to the corresponding exchange rates used for the six months ended June 30, 2009 caused reported total distribution costs and administrative expenses to increase by €0.7 million.

Restructuring costs

We incurred restructuring costs of €1.4 million in the six months ended June 30, 2010 compared to €1.1 million in the six months ended June 30, 2009. These restructuring costs mainly relate to employment reductions.

Profit from operations and EBITDA

The net effect of the above revenue and cost developments caused profit from operations to increase by €1.4 million or by 5.7% from €23.9 million in the six months ended June 30, 2009 to €25.2 million in the six months ended June 30, 2010. Profit from operations excluding restructuring costs increased by €1.6 million or by 6.4% from €25.0 million in the six months ended June 30, 2009 to €26.6 million in the six months ended June 30, 2010.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") in the six months ended June 30, 2010 was €40.9 million, an increase of €1.7 million or 4.3%, compared to the six months ended June 30, 2009 EBITDA of €39.2 million.

Flexible packaging

Profit from operations reported by our flexible packaging businesses decreased by €2.3 million, or by 11.0%, from €20.6 million in the six months ended June 30, 2009 to €18.3 million in the six months ended June 30, 2010. The decrease comprises the following main items:

- Our plastic and polymer based businesses reported a decrease in profit from operations of €1.9 million, mainly reflecting the business disruptive effects caused by significantly increasing raw material costs experienced throughout the six months ended June 30, 2010; and
- Our foil and laminate and paper packaging businesses reported a decrease in profit from operations in the six months ended June 30, 2010 of €0.5 million compared to the six months ended June 30, 2009, reflecting more tentative demand conditions.
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the six months ended June 30, 2010 compared to the corresponding exchange rates used for the six months ended June 30, 2009 caused our profit from operations to increase by €0.1 million.

Specialist packaging

Profit from operations reported by our specialist packaging businesses increased by €4.2 million, or by 62.0%, from €6.7 million in the six months ended June 30, 2009 to €10.9 million in the six months ended June 30, 2010. The increase comprises the following main items:

- Our specialist packaging businesses reported increased profit from operations of €3.9 million reflecting both increased volumes and increased value added content mainly in our North American and European pharmaceutical businesses; and
- Stronger foreign currency exchange translation rates due to the stronger U.S. dollar and sterling translation rates against the Euro for the six months ended June 30, 2010 compared to the corresponding exchange rates used for the six months ended June 30, 2009 caused our profit from operations to increase by €0.3 million.

Net finance costs

In thousands of euro	For the six months ended June 30, 2010	2009
Interest on floating rate notes, net of interest income on cash deposits	(8,708)	(11,016)
Interest on fixed rate notes	(6,800)	(6,800)
Cash interest expense, net of interest income on cash deposits	(15,508)	(17,816)
Non cash interest expense on subordinated shareholders' loans	(9,352)	(8,682)
Net interest expense before finance amortisation charge	(24,860)	(26,498)
Finance amortisation charge	(1,410)	(1,410)
Net finance costs	(26,270)	(27,908)

In our commentary on interest costs, comparing the three months ended June 30, 2010 with the three months ended June 30, 2009, we have explained the significant terms and conditions, including interest rates, attaching to our financial arrangements and we refer you to that commentary. The main interest components are as follows:

- The floating rate notes' interest charge of €8.7 million reflects an average interest rate on these borrowings in the six months ended June 30, 2010 of 4.3% compared to an interest charge of €11.0 million for the corresponding prior year six months which reflected an average interest rate of 5.3%;
- The fixed rate notes interest of €6.8 million is unchanged between the six months ended June 30, 2010 and June 30, 2009 as the loan amount of €170.0 million and the interest coupon of 8% are fixed for the borrowing period to maturity in March 2014; and
- The interest charge on shareholders' loans, which is non cash payable, was €9.4 million for the six months ended June 30, 2009. The shareholders' loan interest charges are rolled up every six months and these roll-up amounts qualify for interest. The roll-up effects since the loans were issued in March 2004 caused non cash interest payable accrued on shareholders' loans to increase by €0.7 million in the six months ended June 30, 2009 compared to the corresponding prior year' charge of €8.7 million.

Taxation

The corporation tax credit for the six months ended June 30, 2010 of €0.3 million approximates an effective tax rate of 25%, compared to the corporation tax credit for the six months ended June 30, 2009 of €1.1 million which approximated an effective tax rate of 28%.

Liquidity and capital resources

Interest payments due under our floating rate note and fixed rate note borrowings represent significant liquidity requirements for the Group.

At June 30, 2010 interest rates and currency exchange rates, and reflecting the interest hedge arrangements we have entered into, we estimate our floating rate note annual interest charge for 2010 at approximately €17.9 million.

Our fixed rate note annual interest charge is €13.6 million.

The floating rate notes and the fixed rate notes are repayable in December 2013 and March 2014 respectively and before these dates at our option upon payment of various specified premiums in respect of the fixed rate notes and at par in respect of the floating rate notes.

As at June 30, 2010 our cash balances were €75.4 million (2009: €72.7 million).

Our main source of liquidity is our operating cash flow. The net cash generated from operating activities was €36.1 million for the six months ended June 30, 2010 compared to €37.4 million for the six months ended June 30, 2009.

In the six months ended June 30, 2010, our investment in working capital increased by €43.7 million compared to €20.1 million in the six months ended June 30, 2009. The increase in working capital requirements in the first half of the year reflects normal seasonal patterns as our working capital requirements are higher at June compared to December. The higher working capital investment in the six months ended June 30, 2010 compared to the six months ended June 30, 2009, mainly reflects the effects of higher raw material input costs and the corresponding higher onward selling prices which increased our inventory and receivable positions respectively.

The other main non debt related cash outflows in the three months ended June 30, 2010, were as follows:

- Our investments in existing businesses were €13.2 million in the six months ended June 30, 2010 compared to €9.5 million in the six months ended June 30, 2009; and
- We paid €3.0 million in taxes in the six months ended June 30, 2010 under preliminary assessment payment rules compared to €3.7 million paid in the six months ended June 30, 2009.

We realised gross proceeds on disposal of assets in the six months ended June 30, 2009 of €0.2 million, compared to proceeds realised in the six months ended June 30, 2009 of €0.9 million.

Principal risks and uncertainties

In the Clondalkin Industries B.V. Annual Report for the year ended December 31, 2009, we described the principal risks and uncertainties that could have a material adverse effect on our financial position and results. In our view, the nature and potential impact of the principal risks and uncertainties are not materially different from those described in our Annual Report.

Additional risks not known to us, or currently believed not to be material, could later turn out to have a material impact on our businesses, objectives, revenue, income, assets, liquidity or capital resources.

Director's responsibility statement

We have prepared the condensed consolidated interim financial statements of Clondalkin Industries B.V. and the undertakings included in the consolidation taken as a whole in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In accordance with the requirements with respect to half year reporting as stipulated in section 5:25d (2c) of the Dutch Act on Financial Supervision ("the Act"), the Directors confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position at June 30, 2010 and of the result of our consolidated operations the six months then ended; and
- the operating and financial review for the six months ended June 30, 2010 gives a fair review of the information required pursuant to section 5.25d(8) of the Act.

The undersigned has been authorised by the board of directors of Clondalkin Industries B.V. to sign this statement on behalf of the company.

For and on behalf of

Clondalkin Industries B.V.

By: /s/ Colman O'Neill

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Finance Director

September 9, 2010

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated income statement

In thousands of euro	Note	For the three months ended June 30, 2010	For the three months ended June 30, 2009	For the six months ended June 30, 2010	For the six months ended June 30, 2009
Revenue	7	218,175	196,990	422,935	397,894
Cost of sales		(182,606)	(163,872)	(353,266)	(332,342)
Gross profit		35,569	33,118	69,669	65,552
Distribution costs		(9,483)	(8,460)	(18,494)	(17,266)
Administrative expenses		(12,400)	(11,641)	(24,717)	(23,691)
Profit on disposal of property, plant and equipment		56	(5)	134	397
Restructuring costs		(857)	(654)	(1,383)	(1,138)
Profit from operations		12,885	12,358	25,209	23,854
Net finance costs		(13,239)	(13,601)	(26,270)	(27,908)
Loss before income tax		(354)	(1,243)	(1,061)	(4,054)
Income tax credit	8	85	353	265	1,132
Loss for the period		(269)	(890)	(796)	(2,922)

Consolidated statement of comprehensive income

In thousands of euro	For the three months ended June 30, 2010	For the three months ended June 30, 2009	For the six months ended June 30, 2010	For the six months ended June 30, 2009
Profit / (loss) for the period	(269)	(890)	(796)	(2,922)
Other comprehensive income				
Foreign currency translation differences for foreign operations	17,227	(1,571)	26,544	3,193
Effective portion of changes in fair value of cash flow hedges	(171)	200	(1,607)	(318)
Defined benefit plan actuarial gain	-	1,075	-	1,075
Income tax on other comprehensive income	44	(51)	410	81
Other comprehensive income for the period	17,100	(347)	25,347	4,031
Total comprehensive income for the period	16,831	(1,237)	24,551	1,109

The notes on pages 18 to 20 are an integral part of these financial statements.

Consolidated balance sheet

In thousands of euro	Note	Jun 30, 2010	Dec 31, 2009
Assets			
Intangible assets	9	565,393	537,318
Property, plant and equipment		205,349	194,298
Deferred tax assets		22,229	20,684
Total non-current assets		792,971	752,300
Inventories		91,516	74,847
Trade and other receivables		118,896	90,774
Cash and cash equivalents		75,386	111,989
Total current assets		285,798	277,610
Total assets		1,078,769	1,029,910
Equity			
Share capital		7,123	7,123
Other reserves		(8,394)	(33,741)
Retained earnings		46,132	46,928
Total equity		44,861	20,310
Liabilities			
Loans and borrowings	10	853,360	824,461
Derivatives		3,613	1,795
Retirement benefit obligations		10,575	12,181
Deferred tax liabilities		26,087	24,484
Total non-current liablities		893,635	862,921
Interest due on floating and fixed rate notes		4,839	4,813
Derivatives		4,122	4,333
Trade and other payables		131,312	137,533
Total current liablities		140,273	146,679
Total liabilities		1,033,908	1,009,600
Total equity and liabilities		1,078,769	1,029,910

The notes on pages 18 to 20 are an integral part of these financial statements.

Consolidated statement of changes in equity

For the six months ended June 30, 2009
In thousands of euro

	Share capital	Other reserves	Retained earnings	Total equity
At January 1, 2009	7,123	(36,826)	52,209	22,506
Total comprehensive income for the period				
Loss for the period	-	-	(2,922)	(2,922)
Other comprehensive income				
Foreign currency translation differences	-	3,193	-	3,193
flow hedges, net of tax	-	(237)	-	(237)
Defined benefit plan actuarial gains, net of tax	-	1,075	-	1,075
Other comprehensive income for the period	-	4,031	-	4,031
Total comprehensive income for the period	-	4,031	(2,922)	1,109
At June 30, 2009	7,123	(32,795)	49,287	23,615

For the six months ended June 30, 2010
In thousands of euro

	Share capital	Other reserves	Retained earnings	Total equity
At January 1, 2010	7,123	(33,741)	46,928	20,310
Total comprehensive income for the period				
Loss for the period	-	-	(796)	(796)
Other comprehensive income				
Foreign currency translation differences	-	26,544	-	26,544
flow hedges, net of tax	-	(1,197)	-	(1,197)
Other comprehensive income for the period	-	25,347	-	25,347
Total comprehensive income for the period	-	25,347	(796)	24,551
At June 30, 2010	7,123	(8,394)	46,132	44,861

The notes on pages 18 to 20 are an integral part of these financial statements

Consolidated statement of cash flows

In thousands of euro	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Cash flow from operating activities				
Loss for the period	(269)	(899)	(796)	(2,922)
Adjustments for:				
Net finance costs	13,239	13,601	26,270	27,908
Restructuring costs charged	857	654	1,383	1,138
Restructuring costs paid	(259)	(1,471)	(1,870)	(1,471)
Settlement of employee benefits	(2,841)	-	(2,841)	-
Profit on disposal of property, plant and equipment	(57)	4	(134)	(397)
Income tax credit	(85)	(310)	(265)	(1,132)
Depreciation	7,256	7,064	14,308	14,226
Net cash generated from operating activities	17,841	18,643	36,055	37,350
(Increase) / decrease in working capital	(8,485)	2,698	(43,652)	(20,092)
Operating cash flow after working capital changes	9,356	21,341	(7,597)	17,258
Income tax paid	(1,861)	(1,681)	(3,035)	(3,666)
Net cash from operating activities	7,495	19,660	(10,632)	13,592
Cash flows from investing activities				
Interest received	77	129	200	327
Acquisition of subsidiaries, net of cash acquired	-	3	-	(1,501)
Acquisition of property, plant and equipment	(7,402)	(4,850)	(13,151)	(9,526)
Proceeds from sale of purchase, plant and equipment	151	83	242	925
Net cash used in investing activities	(7,174)	(4,635)	(12,709)	(9,775)
Cash flow from financing activities				
Interest paid	(4,327)	(5,336)	(15,576)	(18,238)
Repayment of borrowings	-	(9,321)	-	(9,321)
Other	(100)	97	(339)	(26)
Net cash used in financing activities	(4,427)	(14,560)	(15,915)	(27,585)
Net decrease in cash and cash equivalents	(4,106)	465	(39,256)	(23,768)
Cash and cash equivalents at start of period	77,720	71,823	111,989	95,927
Effect of exchange rate fluctuations on cash held	1,769	392	2,650	521
Cash and cash equivalents at June 30	75,383	72,680	75,383	72,680

The notes on pages 18 to 20 are an integral part of these financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Clondalkin Industries B.V. ("CIBV") is domiciled in the Netherlands and has its registered office at Raadhuisstraat 15, 1016 DB Amsterdam, The Netherlands.

The condensed consolidated interim financial statements of CIBV comprise CIBV and its subsidiaries (together referred to as "the Group").

The Group is an international producer of flexible and specialist packaging products, with operations in Europe and North America.

Clondalkin Holdings B.V. ("CGHBV") is the parent of CIBV, which is the parent of Clondalkin Acquisition B.V. ("CABV"). These three companies, all Dutch incorporated, were formed to facilitate CABV's acquisition of all the shares in Clondalkin Group Holdings Limited which acquisition was completed effective February 28, 2004.

2. Statement of compliance

These condensed consolidated interim financial statements, which are unaudited, have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2009.

These condensed consolidated interim financial statements were approved by the directors of CIBV on September 9, 2010.

3. Accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2009.

The Group has adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for business combinations occurring in the financial year starting January 1, 2010. All business combinations occurring on or after January 1, 2010 are accounted for by applying the acquisition method. The change in accounting policy will be applied prospectively.

In the six months ended June 30, 2010, the Group did not enter into any business combination.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2009.

5. Seasonality

The interim operations of the Group are impacted by modest seasonality effects from quarter to quarter.

6. Reconciliation of financial summary to income

In thousands of euro	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Profit from operations	12,885	12,358	25,209	23,854
Depreciation	7,256	7,064	14,308	14,226
Restructuring costs	857	654	1,383	1,138
EBITDA	20,998	20,076	40,900	39,218

7. Operating segments

The Group has two reportable segments which are the Group's strategic businesses. The businesses offer different products and are managed separately because they require different technology, equipment and marketing strategies. Information regarding the revenue and profit from operations of each strategic business is set out below.

Performance is measured based on segment profit for flexible packaging and specialist packaging. The directors review internal management reports on financial and operating results of these strategic businesses on a regular basis.

In thousands of euro	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Revenue				
Flexible packaging	154,406	142,683	297,741	287,507
Specialist packaging	63,769	54,307	125,194	110,387
Revenue	218,175	196,990	422,935	397,894
Profit from operations				
Flexible packaging	9,490	10,700	18,301	20,567
Specialist packaging	5,551	3,455	10,908	6,734
Unallocated corporate expenses	(1,299)	(1,143)	(2,617)	(2,309)
	13,742	13,012	26,592	24,992
Restructuring costs	(857)	(654)	(1,383)	(1,138)
Profit from operations	12,885	12,358	25,209	23,854

Prior year comparative numbers in our segmental revenue and profit from operations analysis have changed modestly to reflect reclassification of businesses.

8. Taxation

The income tax credits reported for the three and six months ended June 30, 2010 are recognised based on management's best estimate of the weighted average annual effective income tax rate expected for the full financial year, applied to the interim period results. The Group's applied consolidated effective tax rate for the three and six months ended June 30, 2010 was 24% and 25% respectively (for the three and six months ended June 30, 2009: 28% and 28% respectively).

9. Intangible assets

Intangible assets consist of goodwill incurred in business combinations.

10. Loans and borrowings

In thousands of euro	Jun 30, 2010	Dec 31, 2009
Floating rate notes, due December 2013	422,240	404,123
Fixed rate notes, due March 2014	170,000	170,000
Third party borrowings	592,240	574,123
Shareholders' loans, due March 2015	174,925	174,985
Gross borrowings	767,165	749,108
Accrued interest on shareholders' loans	96,086	86,737
Finance costs, net of amortisation	(9,891)	(11,384)
Loans and borrowings	853,360	824,461

In June 2007, CIBV's wholly owned subsidiary, issued €300.0 million Euro denominated floating rate notes and $150.0 million U.S. dollar denominated floating rate notes (together "the floating rate notes") at 100% of par value. The floating rate notes, which mature in December 2013, bear interest at 2% above the three month inter-bank offer rate, payable quarterly in arrears in March, June, September and December each year. The floating rate notes are guaranteed on a senior basis by CGHBV, and also by CIBV and by CABV, and furthermore by most of CABV's subsidiaries ("the subsidiary Guarantors"). The subsidiary Guarantors account for more than 95% of each of the Group's tangible assets, revenue and earnings before interest, tax, depreciation and amortisation. The obligations of CABV and the subsidiary Guarantors under the Guarantees are secured by liens over substantially all of the assets of CABV and CABV's subsidiaries.

The fixed rate notes of €170.0 million, which are Euro denominated, were issued in March 2004 by CIBV to part finance the acquisition of Clondalkin Group Holdings Limited ("CGHL") at that time. The fixed rate notes mature in March 2014. The annual interest rate on these notes is fixed at 8% until maturity. Interest is payable in arrears in two equal annual instalments in March and September each year. The fixed rate notes are unsecured obligations of CIBV. CIBV's parent company, CGHBV, and most of CIBV's wholly owned subsidiaries, being the same subsidiaries that have guaranteed the floating rate notes have also guaranteed the fixed rate notes on a subordinated basis to the floating rate notes.

Under the borrowing terms governing the floating rate notes and the fixed rate notes, the Group has entered into various covenants which place restrictions on the incurrence of additional indebtedness and on dividend payments and on other shareholder payments and also place restrictions on the granting of liens over the Group's assets.

Also, to part finance the acquisition of CGHL in March 2004, CGHBV, CIBV's parent company, raised approximately €180.0 million of finance, comprising share capital of €21.1 million, shareholders' loans of €149.3 million and options and other rights over shares and loan notes to the value of €9.6 million in CGHBV. CGHBV used the funds from these shareholder financing arrangements to advance an intercompany loan to CIBV, now €174.9 million, on approximately the same interest terms and conditions as borrowed from the CGHBV shareholders.

The CGHBV shareholders' loans, which mature in March 2015, are subordinated to the prior rights of the floating rate notes and the fixed rate notes and do not qualify for repayment until the fixed rate notes are repaid. Furthermore, while the floating rate notes are unpaid, certain significant restrictions on repayment are also applied. Interest accrues on the shareholders' loans at the rate of 7.57% per annum and is capitalised in June and December each year until maturity.

OTHER INFORMATION

Legal proceedings

We are, from time to time, involved in contractual disputes, administrative and legal proceedings and investigations of various types arising in the normal course of business. While any litigation, proceeding or investigation has an element of uncertainty, we believe that the outcome of any proceeding, lawsuit or claim that is pending or threatened, or all of them combined, will not have a material adverse effect on our consolidated financial position or results of businesses.

Changes in securities and use of proceeds

None.

Defaults upon senior securities

None.