Clondalkin Industries B.V.

Annual Report and Financial Statements

For the year ended 31 December, 2012






CONTENTS

REPORT OF THE EXECUTIVE DIRECTORS

The Executive Directors hereby present their report to the shareholders, as follows:

Clondalkin Industries B.V. (‘the Company”) with its subsidiaries (together referred to as “the Group”) is a leading international producer of flexible and specialist packaging products.

Clondalkin overview

Clondalkin characteristics

- Value-added packaging businesses
- Market leading positions in core businesses
- Cash generative
- Well diversified business portfolio
- Well invested modern technologies
- Resourced for growth
- Well placed to exploit attainable volume increases.

Our packaging solutions and services

- Presentation, protection, processing
- Shelf life, delivery options
- Machine filling speeds / logistics / JIT
- Customer use and convenience
- Brand protection / promotion / product launch
- Security – tracking, tamper proof, authentication
- Sustainability.

Our value added

- Product innovation
- Service reliability and capability
- Technology partnership.

Review of the business

Activities

The Group supplies and manufactures packaging products to customers in the food and beverage, pharmaceutical and healthcare, consumer products, industrial, agricultural and horticultural and the services and distribution sectors. These packaging products are produced, to meet customer specific requirements, by converting raw materials including polymer resins, paper, paperboard and aluminium foil using a range of manufacturing processes including extrusion, laminating, lacquering, metalizing, printing, slitting and die cutting.

The Group supplies its customers from over 40 production facilities located in 10 countries across Europe and North America.

In the year ended 31 December, 2012, the average number of full time employees was 4,744 (2011: 4,792).

Segments

For sales, management, control and reporting purposes the Group divides its businesses into two segments; namely flexible packaging and specialist packaging.

The flexible packaging businesses, which represented 67.2% of 2012 revenues (2011: 67.5%), produce lids and seals for dairy product containers, flower sleeves, agricultural produce bags, paper and foil liners for the tobacco industry, wraps and other similar products designed for a range of product markets, including food and beverage, fast-moving consumer goods and industrial, agricultural and horticultural markets.

The specialist packaging businesses, which represented 32.8% of 2012 revenues (2011: 32.5%), produce a variety of products, including folding cartons, literature and other inserts, labels, leaflets, paper bags, direct mail products, and commercial print materials for a range of product markets, mainly the pharmaceutical and healthcare markets, and also including the cosmetics, fast-moving consumer goods, food and beverage, government and service markets

Business disposals subsequent to the year end

As disclosed in note 28 to the consolidated financial statements, on 16 March, 2013, we entered into an agreement to sell our European packaging distribution business, the Van der Windt Group, and on 1 April, 2013, we completed the sale of certain of our North American Flexible Packaging businesses.

Combining the North American Flexible Packaging companies as sold on 1 April, 2013, together with the Van der Windt Group companies that we have agreed to sell, we have agreed or concluded disposals for a total consideration before expenses of approximately €145.0 million, on a cash and debt free basis and subject to customary working capital adjustments, in respect of businesses which generated approximately €20.0 million of combined earnings (excluding non-operating income and expenses) before interest, tax, depreciation and amortisation in the year ended 31 December, 2012.

We will use the proceeds received from these disposals for repayment of debt maturities due in the next 12 months.

Whereas these disposals are non-adjusting events which occurred after the year end, they do inform management estimates with regard to the carrying value of goodwill and deferred tax asset recovery values at the year end. The following commentary and financial statements describe the relevant effects.

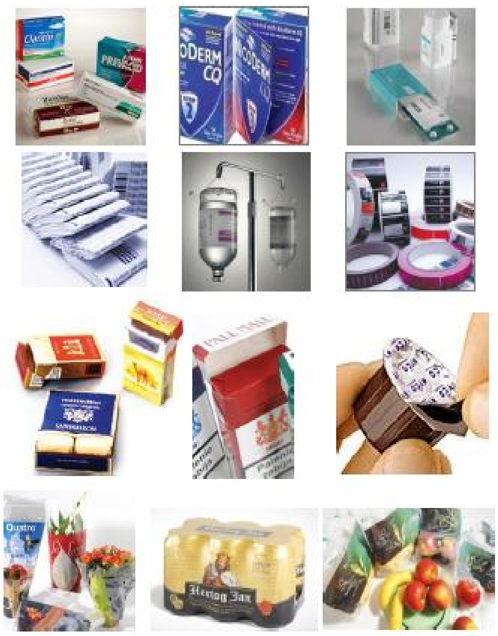
Refinancing of debt obligations

The Group's debt obligations comprise revolving credit facilities, €19.0 million, floating rate notes, €300.0 million and $150.0 million, and fixed rate notes, €170.0 million, which are due for repayment in September 2013, December 2013 and March 2014 respectively, and shareholder's loans from Clondalkin Group Holdings B.V. ("CGHBV"), of €314.2 million, including accrued interest at 31 December, 2012, which are due for repayment in March 2015.

We have completed extensive preparations to refinance these debt obligations and will proceed with the final stages of seeking new financing in the near term. We are confident that we will be able to attract the requisite financing.

In addition, the Company's parent company, CGHBV, has agreed to convert €130 million of its loans and accrued interest due by the Company into equity shares. Furthermore, CGHBV has agreed to extend the maturity date on the remaining loans due by the Company to a date three months after any new debt obligations taken on to refinance the Group's existing revolving credit, floating rate and fixed rate note debt obligations are fully discharged.

Competitive strengths



We hold leading market positions in many of the product markets in which we operate. On a pro forma basis, adjusted for the business disposals we completed after the year end, approximately 55% of our revenue for the year ended 31 December, 2012 was generated in the following product markets in which we believe we have leadership positions compared to our competitors based on our revenue:

- in our specialist packaging division, the North American and European pharmaceutical and healthcare secondary packaging markets and
- in our flexible packaging division, our leadership positions are:
  - the tobacco inner liner market;
  - the dairy lid market;
  - the flower sleeve market;
  - the bundle wrap shrink film market for beverages; and
  - the biodegradable fruit bag and waste bag market.

We believe that our market leading positions result in large part from our technological leadership in the markets we supply. Our extensive knowledge of materials science and process know-how enables us to work closely with our customers' technical specialists to develop new and innovative products, solutions, technologies and processes that differentiate our products and our customers' products from those of our respective competitors.

In addition, we are able to adapt our manufacturing capabilities to produce from a variety of raw materials, including paper, foils and plastic. As a result, we have been able to develop a range of technologies that we believe are unique, versatile and capable of delivering complex solutions, which is often challenging for our competitors to replicate.

We leverage the market visibility and reputation afforded by our market leading positions to win new customers and expand our business with our existing customers. At the same time, the technology leadership that underpins our market leading positions allows us to cross-sell and to benchmark our know-how and best process standards across our businesses and provides a competitive advantage as we selectively grow in attractive markets such as the specialist secondary packaging market for pharmaceutical and healthcare products.

Our competitive capabilities are augmented by the following business strengths:

- Established customer relationships with a strong track record of product development;
- Attractive, resilient product markets;
- Diversified operations across products and markets, geographies and currencies, raw materials converted and customers;
- Established operating footprint and active capacity management; and
- Proven track record of stable financial performance and cash flow generation.

Our strategy

We intend to increase our profitability by focusing on technologically advanced, high value-added products that generate high margins and where we can differentiate our product offerings to those of our competitors. In particular, we plan to:

- focus our investment, sales and product development efforts on high value-added, high margin products, such as labels and leaflets for pharmaceutical and healthcare packaging in our specialist packaging business division and printed bundle wrap, laminated materials and biodegradable packaging in our flexible packaging business division;
- strengthen our competitive position by selectively diversifying our product portfolio across product categories that offer us the highest margins;
- maximize our profitability by focusing on segments in which expertise and quality are highly valued by customers;
- grow our market share by continuing to cross-sell our products to our customers across regions and product markets; and
- continue to work closely with customers to innovate and improve our existing products and technologies.

Part of our strategy of focusing on high value-added, high margin products involves repositioning legacy product capacity from low margin, commoditized products to high value-added, high margin products. We have restructured our businesses in recent years to achieve this repositioning and are proceeding with further restructurings in the first half of 2013 in certain of our flexible packaging businesses in the Netherlands, Switzerland and Germany to generate better returns and high margins in those businesses.

We will continue to build on our existing strengths in the markets in which we operate and benefit from our strong reputation and international footprint.

We intend to maintain our leading technological positions to better serve our existing customers and to generate business with new customers. In collaboration with our customers, we will continue to implement new technologies and manufacturing processes that offer us a competitive advantage in the markets in which we operate.

In addition to our focus on high value-added, high margin products, we intend to pursue various initiatives designed to reduce costs, increase sales and improve working capital to maximize our profitability and cash flow generation.

We believe that we are well-positioned to selectively grow our presence in regions and product markets that offer synergies with and complement our current operations and that are consistent with our focus on high value-added, high margin products.

Results of operations for the year ended 31 December, 2012

The following operating and financial review relates to our financial condition and results for the year ended 31 December, 2012 compared to the year ended 31 December, 2011and is before taking account of the disposals entered into in March and April 2013, as described in note 28 to the consolidated financial statements for the year ended 31 December, 2012.

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Abbreviated income statement		
Revenue	951,124	932,807
Cost of sales	(806,159)	(794,108)
Gross profit	144,965	138,699
Net operating costs	(91,918)	(86,299)
Profit from operations before non-operating income and expenses	53,047	52,400
Non-operating income and expenses	(78,623)	(9,761)
(Loss) profit from operations	(25,576)	42,639
Segmental analysis		
Revenue:		
- Flexible packaging	639,286	629,313
- Specialist packaging	311,838	303,494
	951,124	932,807
Profit from operations before non-operating income and expenses:		
- Flexible packaging	34,724	33,967
- Specialist packaging	25,114	24,568
- Group costs	(6,791)	(6,135)
	53,047	52,400

For sales, 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.

Acquisition

Effective 3 April, 2011, we acquired the Printed Components businesses of Catalent Pharma Solutions, Inc.

The Printed Components businesses manufacture folding cartons, inserts, outserts and booklets and labels at its four well invested production plants in North America, Puerto Rico and Ireland mainly for the pharmaceutical and healthcare markets. These businesses complement our existing specialist packaging businesses in North America and Europe.

Revenue

Revenue increased by €18.3 million, or by 2.0%, from €932.8 million in the year ended 31 December, 2011 to €951.1 million in the year ended 31 December, 2012.

Flexible packaging

Flexible packaging revenue increased by €10.0 million, or by 1.6%, from €629.3 million in the year ended 31 December, 2011 to €639.3 million in the year ended 31 December, 2012. The increase comprises the following main items:

- Revenue in the plastic and polymer based businesses decreased by €2.0 million, mainly reflecting lower volumes. Our new product introductions have gained worthwhile market positions and are steadily replacing legacy products that we are divesting from;
- Revenue in the foils and laminates and paper packaging businesses decreased by €3.4 million, mainly due to volume declines in our European confectionary and convenience food businesses and pricing challenges in our Swiss business prompted by the appreciation of the Swiss franc against the Euro; and
- Stronger U.S. dollar and sterling translation rates against the Euro caused revenue to increase by €15.4 million.

Specialist packaging

Specialist packaging revenue increased by €8.3 million, or by 2.7%, from €303.5 million in the year ended 31 December, 2011 to €311.8 million in the year ended 31 December, 2012. The increase comprises the following main items:

- Acquisition effects, related to the acquisition of the Printed Components businesses acquired effective 3 April, 2011, caused revenue to increase by €16.8 million;
- Excluding acquisition effects, revenue decreased by €25.4 million, due to lower volumes in our North American pharmaceutical packaging businesses, mainly in the first nine months of the year as volume activity stabilized in the last quarter of the year, and lower volumes in our European businesses, mainly in our consumer products; and
- Stronger U.S. dollar and sterling translation rates against the Euro caused revenue to increase by €17.0 million.

Cost of sales

Cost of sales increased by €12.1 million, or by 1.5%, from €794.1 million, representing 85.1% of revenue in the year ended 31 December, 2011 to €806.2 million, representing 84.8% of revenue in the year ended 31 December, 2012. The increase comprises the following main items:

- Acquisition effects, related to the acquisition of the Printed Components businesses acquired effective 3 April, 2011, caused cost of sales to increase by €14.6 million; and
- Stronger U.S. dollar and sterling translation rates against the Euro caused cost of sales to increase by €27.5 million.

- The above increases were offset by decreases in the flexible packaging businesses' and specialist packaging businesses' cost of sales of €7.8 million and €22.3 million respectively, due to lower activity and due to amendments to defined benefit pension arrangements in our flexible packaging businesses which prompted a €1.1 million curtailment gain, and due to lower payroll costs of €2.3 million following the rationalization measures implemented during the year.

Distribution costs and administrative expenses

The following table provides an analysis of our distribution costs and administrative expenses for the year ended 31 December, 2012 compared to the year ended 31 December, 2011.

	For the year ended			
	31 December, 2012		31 December, 2011	
	in thousands of euro	% of revenue	in thousands of euro	% of revenue
Distribution costs	(37,179)	(3.9)	(36,033)	(3.9)
Administrative expenses	(55,130)	(5.8)	(50,880)	(5.5)
Profit on disposal of property, plant and equipment	391	0.0	614	0.1
	(91,918)	(9.7)	(86,299)	(9.3)

Distribution costs and administrative expenses of €91.9 million, equivalent to 9.7% of revenue, in the year ended 31 December, 2012, increased by €5.6 million, compared to €86.3 million, equivalent to 9.3% of revenue, in the year ended 31 December, 2011. The increase comprises the following main items:

- Acquisition effects related to the acquisition of the Printed Components businesses effective 3 April, 2011 caused distribution costs and administrative expenses to increase by €1.4 million;
- Excluding acquisition effects, distribution costs and administrative expenses increased by €1.1 million mainly reflecting additional incentives and resources applied in sales development and procurement activities;
- Profit on the disposal of property, plant and equipment was €0.4 million in the year ended 31 December, 2012, compared to €0.6 million in the year ended 31 December, 2011; and
- Stronger U.S. dollar and sterling translation rates against the Euro caused distribution costs and administrative expenses to increase by €3.3 million.
- The above distribution costs and administration expenses increases were offset by a curtailment gain of €0.4 million recognized upon the amendment of defined benefit pension arrangements in the three months ended 31 December, 2012.

Non-operating income and expenses

Impairment of goodwill

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired, by comparing the carrying amount of the operating divisions to their recoverable amounts, based on value-in-use calculations. The value-in-use calculations are based on estimated future cash flows to be derived from continuing operations and from business disposals using the following key assumptions:

- Cash flows are projected based on actual operating results and following three year financial projections approved by management. Cash flows beyond this period are extrapolated using a constant growth rate of 2.0% per annum;

- The projected revenue growth and margin development included in the cash flow projections is based on historical experience and the expected development of businesses, as set out in management's financial projections; and
- The projected pre-tax cash flows are discounted to their present value using a pre-tax discount rate of 9.9% (2011: 10.0%).

The impairment review carried out as described above with an effective date of 31 December, 2012 prompted an impairment loss in respect of the business disposals described in note 28 to the consolidated financial statements. The impairment loss amounts to €74.3 million, being €31.0 million in respect of our North American flexible packaging businesses based on the consideration receivable for the disposed businesses compared to the carrying values and €43.3 million in our European flexible packaging businesses due to lower cash flow projections used to assess the carrying value of these businesses.

Restructuring costs

We incurred restructuring costs of €6.8 million in the year ended 31 December, 2012 compared to €2.3 million in the year ended 31 December, 2011. These restructuring costs mainly relate to employment reductions to increase operating efficiencies.

The restructuring charge for the year ended 31 December, 2012 includes provisions of €4.1million in respect of restructuring measures announced and committed prior to 31 December, 2012,and to be completed mainly in the first quarter of 2013.

Deferred consideration credit

The deferred consideration credit of €2.5 million in the year ended 31 December, 2012 reflects the expiry of the qualifying performance conditions without triggering the potential deferred consideration that would have been payable in respect of the Printed Components acquisition.

Post-acquisition restructuring costs

In the year ended 31 December, 2011 we incurred post-acquisition restructuring costs of €3.2 million following the acquisition of the Printed Components businesses mainly in respect of employee reductions and plant reconfigurations. We also incurred €2.3 million asset write down provisions in respect of assets withdrawn from use and to be withdrawn from use upon integrating the acquired businesses with the Group's existing businesses.

Acquisition-related costs

In the year ended 31 December, 2011 we incurred due diligence and advisor costs and fees of €2.0 million related to the acquisition of the Printed Components businesses acquired effective 3 April, 2011. These costs are expensed as incurred in accordance with IFRS 3 "Business Combinations".

Profit from operations and EBITDA

The net effect of the above revenue and cost developments caused profit from operations before non-operating income and expenses to increase by €0.6 million, or by 1.2%, from €52.4 million in the year ended 31 December, 2011 to €53.1 million in the year ended 31 December, 2012.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by €2.7 million, or by 3.2% from €83.8 million in the year ended 31 December, 2011 to €86.5 million in the year ended 31 December, 2012.

Flexible packaging

Profit from operations reported by our flexible packaging businesses increased by €0.8 million, or by 2.2%, from €34.0 million in the year ended 31 December, 2011 to €34.7 million in the year ended 31 December, 2012. The increase comprises the following main items:

- Our plastic and polymer based businesses reported increased profit from operations of €1.1 million, with advances in our North American businesses, up by €1.7 million, mainly due to operating efficiency gains achieved, partly offset by declines in our European businesses, down by €0.6 million, due to weaker demand conditions;
- Our foils and laminates and paper packaging businesses reported lower profit from operations of €1.0 million due to pricing challenges in our Swiss business prompted by the continued strength of the Swiss franc against the Euro and due to volume declines in our European confectionary and convenience foods businesses which caused profit from operations to decrease by €2.5 million, offset by a curtailment gain of €1.5 million upon the amendment of defined benefit pension arrangements; and
- Stronger U.S. dollar and sterling translation rates against the Euro caused profit from operations to increase by €0.7 million.

Specialist packaging

Profit from operations reported by the specialist packaging businesses increased by €0.5 million, or by 2.2%, from €24.6 million in the year ended 31 December, 2011 to €25.1 million in the year ended 31 December, 2012. The increase comprises the following main items:

- Acquisition effects, related to the acquisition of the Printed Components businesses acquired effective 3 April, 2011, caused profit from operations to increase by €0.6 million. The EBITDA acquisition effect for the year 2012, reflecting one additional quarter of EBITDA contribution, was €1.7 million;
- Excluding acquisition effects, the specialist packaging businesses reported lower profit from operations of €1.4 million due to lower activity, mainly in the first half of 2012, compared to the prior year; and
- Stronger U.S. dollar and sterling translation rates against the Euro caused our profit from operations to increase by €1.3 million.

Loans and borrowings

Our gross borrowings at 31 December, 2012, excluding CGHBV loans, were €583.7 million (2011: €585.9 million) comprising floating rate notes of €300.0 million (2011: €300 million) and U.S. $150.0 million, (€113.7 million at the 31 December, 2012 exchange rates and €115.9 million at the 31 December, 2011 exchange rates) and the fixed rate notes of €170.0 million (2011: €170 million).

Net borrowings at 31 December, 2012, excluding CGHBV loans, were €470.5 million (2011: €493.2 million), being gross borrowings of €583.7 million (2011: €585.9 million) less cash and cash equivalent balances of €113.1 million (2011: €92.7 million).

The floating rate notes mature in December 2013 and the fixed rate notes mature in March 2014. Extensive preparations have been completed to support a refinancing of the Group’s debts in the near term.

CGHBV loans before interest accrued at 31 December, 2012 were €165.9 million (2011: €165.9 million).

Net finance costs

For the year ended 31 December In thousands of euro	**2012**	**2011**
Interest on floating rate notes, net of interest income on cash deposits	(13,478)	(16,705)
Interest on fixed rate notes	(13,600)	(13,600)
Cash interest expense, net of interest income on cash deposits	(27,078)	(30,305)
Non cash interest expense on subordinated shareholders' loans	(22,212)	(20,140)
Net interest expense before finance amortisation charge	(49,290)	(50,445)
Finance amortisation charge	(3,091)	(2,820)
Finance cost	(52,381)	(53,265)
Finance income	155	177
	(52,226)	(53,088)

The interest rate on the floating rate notes of €413.7 million (2011: €415.9 million) is charged at 2% over the three month inter-bank offer rate and is payable quarterly in arrears in March, June, September and December. The average interest rate on these borrowings for the year ending 31 December, 2012 was approximately 3.2% compared to 4.1% for the corresponding prior year. The decrease in the interest rate in the year ended 31 December, 2012 compared to the prior year reflects the expiry of the interest hedging arrangements in June 2012.

The €13.6 million fixed rate notes' interest expense for the year ended 31 December, 2012 is the same as the year ended 31 December, 2011 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, which is non cash payable, was €22.2 million for the year ended 31 December, 2012. 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 caused the interest charge to increase by €2.1 million in the year ended 31 December, 2012 compared to the year ended 31 December, 2011.

The finance fees' amortisation charge of €3.1 million in the year ended 31 December, 2012 (2011: €2.8 million). The increase of €0.3 million is due to fees incurred in relation to the extension of our revolving credit facility.

Taxation

The income tax charge for the year ended 31 December, 2012 of €19.4 million (2011: €2.6 million) is based on prevailing tax rates and regulations in the jurisdictions where we incur taxable profit and includes the write down of €14.7 million in deferred tax assets in respect of losses carried forward as at 31 December, 2012 which were transferred in connection with the business disposals described in note 28 to the consolidated financial statements.

Liquidity and capital resources

The following table provides a summary of the Group's cash flows for the year ended 31 December, 2012 compared to the year ended 31 December, 2011.

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Cash flows from operating activities		
Operating cash flow before working capital changes	78,271	76,065
Increase in working capital	(5,140)	(7,982)
Operating cash flow after changes in working capital	73,131	68,083
Taxation paid	(2,135)	(4,177)
Net cash from operating activities	70,996	63,906
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,804)	(29,159)
Proceeds on disposal of fixed assets including investments	611	593
Subsidiaries acquired	-	(28,398)
Net cash used in investing activities	(22,193)	(56,964)
Cash flows from financing activities		
Net interest paid	(27,178)	(29,925)
Prepaid refinancing costs	(895)	-
Other	(452)	-
Net cash used in financing activities	(28,525)	(29,925)
Net increase (decrease) in cash and cash equivalents	20,278	(22,983)
Cash and cash equivalents at 1 January	92,737	115,207
Effects of exchange rate changes	130	513
Cash and cash equivalents at 31 December	113,145	92,737

Comparison of cash flow developments in the years ended 31 December, 2012 and 2011

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

Our floating rate interest charge, net of interest income on cash deposits for the year ended 31 December, 2012 was €13.3 million (2011: €16.5 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 at par.

As at 31 December, 2012 our cash balances were €113.1 million (2011: €92.7 million).

Our main source of liquidity is our operating cash flow. The net cash generated from operating activities was €71.0 million for the year ended 31 December, 2012 compared to €63.9 million for the year ended 31 December, 2011.

The other main non debt related cash outflows in the year ended 31 December, 2012, were as follows:

- Our investments in existing businesses were €22.8 million in the year ended 31 December, 2012 compared to €29.2 million in the year ended 31 December, 2011; and
- We paid €2.1 million in taxes in the year ended 31 December, 2012 under preliminary assessment payment rules compared to €4.2 million paid in the year ended 31 December, 2011.

We realized gross proceeds on disposal of assets in the year ended 31 December, 2012 of €0.6 million which is in line with the proceeds realized in the prior year.

Employment

The average number of full time employees decreased from 4,792 employees in the year ended 31 December, 2011 to 4,744 employees in the year ended 31 December, 2012.

The Executive Directors expect that responding to market requirements will continue to impact on the Group's employment levels, prompting both increases and decreases from time to time.

It is through the employees' skills and application that the Group distinguishes its products and services in the market place. The Executive Directors have a lot of confidence in the ingenuity and resourcefulness of the employees to provide well differentiated products and services which the market requires and is willing to pay a fair price for. The Group invests continuously in its people, through training and development programs, to encourage their professional and personal development.

Newly introduced Dutch law effective 1 January, 2013 requires the Company to report on gender diversity in the executive and supervisory boards. All our board members are male. The Company will consider the gender diversity regulations in evaluating future appointments.

Principal risks and uncertainties

Under Dutch and European regulations, the Company and its subsidiaries are required to describe the potential principal risks and uncertainties. Our operating results may be affected by a number of external factors as described below. These risks are not the only ones we face; additional risks and uncertainties not presently known to us, or that we now believe are immaterial, could also impair our businesses' financial condition, liquidity, results of operations or prospects or our ability to service our debt obligations.

- Restrictions in the debt instruments may limit the Group's financial flexibility in certain circumstances, including placing limits on the way the Group operates its businesses and the way the Group invests existing operations and completes and integrates new acquisitions;
- The Group's ability to refinance its debt obligations depends on market conditions and the results of the Group's operations;
- If the markets in which the Group operates experience unfavourable economic conditions, the Group's profitability and cash flow may decrease;
- If there is significant consolidation among the Group's customers or competitors, demand for the Group's products may decrease or the Group's business may become less profitable;
- If the Group is unable to stay abreast of changing technology in our industry, profits may decline;
- Competition from products with lower cost of production could materially decrease the Group's revenue and gross profits;

- The Group's acquisition and organic investments may not be successful;
- If the Group is unable to pass increases in raw material prices on to its customers on a timely basis, profit margins will decrease;
- Production disruptions could cause the Group to lose customers and revenue;
- The Group is exposed to currency rate fluctuations; and
- If the Group were to experience environmental problems at its sites, if existing environmental laws were amended or if new environmental laws were enacted, the operations and performance could be affected.

The Group is experienced in managing these risks successfully.

Financial risk management

The principal financial instruments used to fund the Group's businesses comprise floating rate notes, fixed rate notes, shareholders' loans and a revolving credit facility and the available cash balances. Other financial instruments such as trade receivables, trade payables, accruals and provisions also arise from day to day trading activities.

The Group has exposure to financial risks from its use of financial instruments. Financial risks comprise credit risk, liquidity risk, market risk, currency risk and interest rate risk. It is the Group's policy to identify, assess, and mitigate these financial risks in order to minimise potential adverse effects on our financial performance.

Financial risk management is disclosed in note 4 of the consolidated financial statements.

Ownership

Clondalkin Group Holdings B.V. ("CGHBV") is the parent company of the Company.

WP Flexpack Holdings S.à r.l. is the majority shareholder in CGHBV, holding approximately 86.1% of the issued ordinary share capital, equivalent to 79.2% of the fully diluted ordinary share capital in CGHBV taking into account options and rights over shares reserved for future issuance to management. Clondalkin management owns approximately 13.4% of the issued ordinary share capital of CGHBV which increases to 15.5% subject to the rights and options over ordinary share capital in CGHBV being taken up by management. The majority shareholders in WP Flexpack Holdings S.à r.l. are Warburg Pincus Private Equity VIII L.P. and Warburg Pincus International Partners L.P., which are both investments funds incorporated by Warburg Pincus.

Warburg Pincus LLC is a leading global private equity firm focused on growth investing. The firm has more than $30 billion in assets under management. Its active portfolio of more than 125 companies is highly diversified by stage, sector and geography. Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value. Founded in 1966, Warburg Pincus has raised 13 private equity funds which have invested more than $40 billion in over 650 companies in more than 30 countries.

Future development of the Clondalkin business

The Executive Directors with the support of the shareholders, management and employees plan to continue developing the businesses through investment in existing operations and by making selective acquisitions of businesses that augment the Group's packaging capabilities to enhance the product offerings supplied to our customers.

Statement of the Executive Directors

The Executive Directors have prepared the Annual Report and Financial Statements for the year ended 31 December, 2012 of the Company in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

In accordance with the requirements as stipulated in section 5:25c (2c) of the Dutch Act on Financial Supervision, the Executive Directors confirm that to the best of their knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and its undertakings included in the consolidation taken as a whole; and
- The Report of the Executive Directors includes a fair review of the situation at the balance sheet date and the course of affairs during the financial year of the Company and its undertakings included in the consolidation taken as a whole, together with a description of the principal risks that the Company faces.

The Executive Directors sincerely thank all of the Group's employees for their commitment and skilful application during 2012.

30 April, 2013

Executive Directors

Colman O'Neill

Jim Farrell

FINANCIAL STATEMENTS

Consolidated income statement

For the year ended 31 December,		2012	2011
In thousands of euro	Note		
Revenue		951,124	932,807
Cost of sales		(806,159)	(794,108)
Gross profit		144,965	138,699
Distribution costs		(37,179)	(36,033)
General and administrative expenses		(55,130)	(50,880)
Profit on disposal of property, plant and equipment		391	614
Profit from operations before non-operating income and expenses		53,047	52,400
Impairment of goodwill	10	(74,267)	-
Restructuring costs	21	(6,844)	(2,274)
Acquisition-related costs		-	(1,995)
Post acquisition restructuring costs, including asset write down provisions	21	-	(5,492)
Deferred consideration credit	24	2,488	-
(Loss) profit from operations		(25,576)	42,639
Net finance costs	8	(52,226)	(53,088)
Loss before income tax		(77,802)	(10,449)
Income tax charge	9	(19,433)	(2,596)
Loss for the year		(97,235)	(13,045)

Consolidated statement of comprehensive income

For the year ended 31 December,		2012	2011
In thousands of euro	Note		
Loss for the year		(97,235)	(13,045)
Other comprehensive income			
Foreign currency translation differences		(576)	8,960
Net change in fair values of cash flow hedges	19	1,675	3,835
Actuarial losses on defined benefit pension plans	20	(12,363)	(3,299)
Income tax on other comprehensive income	9	(33)	(358)
Other comprehensive income for the year		(11,297)	9,138
Total comprehensive loss for the year		(108,532)	(3,907)

The notes on pages 20 through 57 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December,		2012	2011
In thousands of euro	Note		
Assets			
Intangible assets	10	487,074	564,546
Property, plant and equipment	11	213,259	224,470
Deferred tax assets	18	9,910	24,769
Total non-current assets		710,243	813,785
Inventories	12	106,067	96,757
Trade and other receivables	13	119,887	121,039
Current tax assets		2,067	1,539
Cash and cash equivalents	14	113,145	92,737
Total current assets		341,166	312,072
Total assets		1,051,409	1,125,857
Equity			
Share capital	19	20	20
Share premium	19	7,103	7,103
Other reserves	19	366	(284)
Retained earnings		(89,843)	19,339
Total equity		(82,354)	26,178
Liabilities			
Loans and borrowings	16	169,148	580,185
Amount due to Clondalkin Group Holdings B.V.	17	321,961	301,011
Retirement benefit obligations	20	25,228	15,680
Deferred tax liabilities	18	32,083	29,514
Other financial liabilities		1,516	2,638
Total non-current liablities		549,936	929,028
Loans and borrowings	16	411,322	-
Derivatives		-	1,795
Trade and other payables	15	163,423	159,771
Provisions	21	3,891	1,140
Current tax liabilities		697	1,756
Other financial liabilities		4,494	6,189
Total current liablities		583,827	170,651
Total liabilities		1,133,763	1,099,679
Total equity and liabilities		1,051,409	1,125,857

The notes on pages 20 through 57are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December, 2012

In thousands of euro	Share capital	Share premium	Trans-lation reserve	Hedge reserve	Retained earnings	Total equity
Balance at 1 January	20	7,103	942	(1,226)	19,339	26,178
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(97,235)	(97,235)
Other comprehensive income	-	-	(576)	1,226	(11,947)	(11,297)
Total comprehensive income for the year	-	-	(576)	1,226	(109,182)	(108,532)
Balance at 31 December	20	7,103	366	-	(89,843)	(82,354)

For the year ended 31 December, 2011

In thousands of euro	Share capital	Share premium	Trans-lation reserve	Hedge reserve	Retained earnings	Total equity
Balance at 1 January	20	7,103	(8,018)	(4,102)	35,082	30,085
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(13,045)	(13,045)
Other comprehensive income	-	-	8,960	2,876	(2,698)	9,138
Total comprehensive income for the year	-	-	8,960	2,876	(15,743)	(3,907)
Balance at 31 December	20	7,103	942	(1,226)	19,339	26,178

The notes on pages 20 through 57 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December,		**2012**	**2011**
In thousands of euro	Note		
Cash flows from operating activities			
Loss for the year		(97,235)	(13,045)
Adjustments for:			
Net finance costs	8	52,226	53,088
Restructuring costs	21	6,844	2,274
Restructuring costs paid	21	(2,575)	(2,597)
Acquisition-related costs		-	1,995
Acquisition-related costs paid		(649)	(1,592)
Post-acquisition restructuring costs, including asset wrote down provisions	21	-	5,492
Post-acquisition restructuring costs paid	21	(1,308)	(2,369)
Deferred consideration credit		(2,488)	-
Settlement of employee benefits		(1,804)	(558)
Curtailment gain	20	(1,513)	-
Profit on disposal of property, plant and equipment		(391)	(614)
Income tax charge	9	19,433	2,596
Impairment of goodwill	10	74,267	-
Depreciation	11	33,464	31,395
Operating cash flow before working capital changes		78,271	76,065
Increase in working capital		(5,140)	(7,982)
Operating cash flow after working capital changes		73,131	68,083
Income tax paid		(2,135)	(4,177)
Net cash from operating activities		70,996	63,906
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(28,398)
Acquisition of property, plant and equipment	11	(22,804)	(29,159)
Proceeds from sale of property, plant and equipment		611	593
Net cash used in investing activities		(22,193)	(56,964)
Cash flows from financing activities			
Net interest paid		(27,178)	(29,925)
Prepaid refinancing costs		(895)	-
Other		(452)	-
Net cash used in financing activities		(28,525)	(29,925)
Net increase (decrease) in cash and cash equivalents		20,278	(22,983)
Cash and cash equivalents at 1 January		92,737	115,207
Effect of exchange rate fluctuations on cash held		130	513
Cash and cash equivalents at 31 December		113,145	92,737

The notes on pages 20 through 57 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

Clondalkin Industries B.V. ("the Company") is domiciled in the Netherlands. The Company has its registered office at Gustav Mahlerplein 68, 1082 MA Amsterdam, the Netherlands. Clondalkin Group Holdings B.V. ("CGHBV") is the parent company of the Company.

The consolidated financial statements of the Company as at and for the year ended 31 December, 2012 comprise the Company 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.

2. Basis of preparation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") and prevailing interpretations at 31 December, 2012 as adopted by the International Accounting Standards Board and as endorsed for use in the European Union by the European Commission. They also comply with the applicable financial reporting requirements included in section 9 of the Netherlands Civil Code.

The consolidated financial statements were authorised for issue by the Executive Directors on 30 April, 2013.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for those financial assets and liabilities (including derivative financial instruments) that are recognised at their fair value in the balance sheet.

c. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

d. Use of estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions that have a significant risk of resulting in a material adjustment within the next financial year are mainly made in the following areas:

Impairment of intangible assets and property, plant and equipment
The Group assesses whether the carrying values of intangible assets and of property, plant and equipment are recoverable. In this assessment, management makes significant judgments and estimates to determine if the future cash flows expected to be generated by those assets are less than their carrying value. The data necessary for the impairment tests is based on budgets and strategic plans, including estimated cash flows. The estimated cash flows are discounted to net present value.

Income tax

Income tax reporting involves estimating actual current tax expense and temporary differences between carrying amounts of assets and liabilities for tax and financial reporting purposes. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. Management assesses the likelihood that deferred tax assets will be recovered from future taxable income. A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available, against which the unused tax losses and unused tax credits can be utilised.

Provisions and contingent liabilities

By their nature, provisions and contingent liabilities are dependent upon estimates and assessments as to whether the recognition criteria have been met, including estimates of the probability of cash outflows.

Post-retirement employee benefits

Post-retirement employee benefits represent obligations that will be settled in the future. To compare projected obligations with fair values of plan assets, financial reporting requires assumptions to be made regarding variables such as discount rates, rate of compensation increase, return on assets and mortality rates. Management consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations, funding requirements and periodic costs incurred.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a. *Basis of consolidation*

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The acquisition transaction costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries are aligned with the policies adopted by the Group.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Foreign currency

i. Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the historic transaction date. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation (see (iii) below), or qualifying cash flow hedges, which are recognised in other comprehensive income.

ii. Foreign operations

The assets and liabilities of non-euro denominated operations are translated to euro at exchange rates at the reporting date whereas the income and expenses are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (“translation reserve”) in equity. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within in the translation reserve in equity.

iii. Hedge of net investments in foreign operations

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss.

c. Financial instruments

i. Non-derivative financial instruments

The Group initially recognises debt securities and subordinated liabilities on the date that they are originated. All other non-derivative financial assets and liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value adjusted for any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured as follows:

Trade and other receivables
Trade and other receivables are measured at amortised costs using the effective interest rate method. An allowance for impairment of trade receivables is established if the collection of a receivable

becomes doubtful. A receivable becomes doubtful when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. An impairment loss is recognised in profit or loss, as are subsequent recoveries of previous impairments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investment that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

Loans and borrowings

Loans and borrowings are measured at amortised cost, using the effective interest rate method. The interest payable on borrowings is included in finance costs.

The fair value of borrowings, used for disclosure purposes, is determined on the basis of listed market price, if available.

Trade and other payables

Trade and other payables are measured at amortised cost, using the effective interest rate method.

ii. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency, interest rate and certain raw material price exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within the range of 80 – 125 percent as prescribed by IFRS. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Fair values are derived from market prices and quotes from dealers and brokers, or are estimated using observable market inputs. Subsequent to initial recognition, derivatives are continued to be measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

iii. Share capital

Ordinary shares

Ordinary shares are classified as equity.

Redeemable preference shares

Redeemable preference shares do not carry the right to vote and are redeemable at issue cost. These shares are redeemable only at the Company's option and therefore classified as equity.

d. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

- buildings: 50 years
- plant and equipment: 5 to 10 years
- fixtures and fittings: 1 to 5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with its carrying amount, and are recognised within in profit or loss.

e. Intangible assets

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3a.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

f. Leased assets

Leases are classified as finance leases where the Group assumes substantially all the risks and rewards of ownership. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's balance sheet. Payments made under operating leases are recognised in profit or loss on a straight - line basis over the term of the lease.

g. *Impairment*

The carrying amounts of the Group's intangible assets and property, plant and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Regardless whether there is any indication of impairment, the recoverable amount of goodwill is estimated each year-end through the Group's annual impairment test.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. An impairment loss is recognised if the carrying amount of an asset or its CGU or group of CGUs exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Goodwill impairment losses once recognised are not reversed.

h. *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

i. *Employee benefits*

The Group has arranged pension schemes in the jurisdictions where it operates for its employees in accordance with the legal requirements, customs and local practices. These pension schemes are entrusted to external entities.

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculations are performed annually by qualified actuaries using the projected unit credit method. When the calculation for a plan results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

iii. Multi-employer plans

Multi-employer plans are plans that pool the assets contributed by the various entities to provide post employment benefits to employees of more than one entity.

When sufficient information is not available to use defined benefit accounting for multi-employer plans that provide defined benefit obligations, because there is no practical way to separate the pension benefit affairs of the employers' beneficiaries from the general membership of the plans, the Group accounts for the benefits provided under these multi-employer plans as if the plans were defined contribution plans.

j. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal plan, and the restructuring either has commenced or has been announced publicly.

k. Revenue

Revenue from the sale of products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the associated costs and possible return of products can be estimated reliably. These conditions are generally met at the time the product is shipped to the customer.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

l. Restructuring costs

Restructuring costs are recognised when the Group incurs non trading costs to effect reorganisation and restructuring throughout the businesses of the Group. Restructuring costs include costs of employee headcount reductions, plant closures and other fundamental organisation changes.

m. Net finance costs

Finance costs comprise interest expense on borrowings and losses on instruments to hedge foreign currency and interest rate risks that are recognised in profit or loss.

Borrowing costs incurred on the debt issuance are recognised in profit or loss using the effective interest rate method.

n. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segments' results are reviewed regularly by the Executive Directors ("the directors") to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, restructuring costs, corporate assets, retirement benefit obligations, income tax assets and liabilities, loans and borrowings and derivatives.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

p. *Statement of cash flows*

Cash flows from operating activities are presented using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows.

Receipts and payments with respect to income tax are included in cash flows from operating activities. Interest payments on loans and borrowings are included in cash flows from financing activities and interest receipts are included in cash flows from investing activities. The costs of acquisition of subsidiaries, insofar as paid in cash, are included in cash used in investing activities. Acquisitions or divestments of subsidiaries are presented net of cash and cash equivalents acquired or disposed.

q. *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January, 2013, and have not been applied in preparing these consolidated financial statements.

New standards, amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2013 which may be relevant to the Group are set out below. The Group has not adopted these standards early.

i. IFRS 13 Fair value measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed through IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs.

ii. IAS 19 Employee benefits

Employee benefit expenses recognised in the income statement include, in addition to the service costs (and curtailment gains, if applicable), the interest on the defined benefit obligation and the expected return on the plan assets.

The revised standard has introduced “net interest” which is the interest on the net balance of the defined benefit obligation and the value of the plan assets (i.e. the net defined benefit obligation). Under the revised standard the interest charge is calculated using the discount rate previously applied to calculate the interest on the pension liability. Heretofore, it was more typical for the return on assets to be different to the rate applied to discounting the liabilities.

The directors do not expect that these new standards to have a significant effect on the consolidated financial statements of the Group.

4. Financial risk management

a. *Overview*

The Group has exposure to the following financial risks from its use of financial instruments: credit risk, liquidity risk and market risk.

b. *Risk management*

It is the Group’s policy to identify, assess, and mitigate these financial risks in order to minimise potential adverse effects on our financial performance. The risk mitigating activities include the use of derivative financial instruments to hedge certain risk exposures.

The directors are ultimately responsible for risk management. Day-to-day risk management activities are carried out by the Group's central treasury unit ("Corporate Treasury") in line with clearly identified corporate policies. Corporate Treasury identifies, evaluates and hedges financial risks at corporate level in accordance with the corporate policies approved by the directors. Compliance with policies and exposure limits is reviewed by the internal audit function.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

c. *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the customer's receivables.

Trade receivables and other receivables
The Group's trade receivables include a large number of customers, of which most have been transacting with the Group for many years, spread across diverse industries and geographical areas primarily in Europe and North America. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a policy of only dealing with creditworthy counterparties. New customers are assessed for creditworthiness before standard payment and delivery terms and conditions are offered. Credit limits are set for each customer and reviewed periodically. The exposure of the Group to credit risks is inherently limited as there is no customer that accounts for more than 3% of revenues and a substantial part of the sales is based upon orders including agreed upon specifications under long-term sales agreements.

The Group maintains an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents
The Group held cash and cash equivalents of €113.1 million at 31 December, 2012 (2011: €92.7 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with satisfactory credit-ratings.

d. *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

In addition to cash at hand the Group has revolving credit facility that can be drawn upon to finance working capital requirements.

e. *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and raw material input prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the directors. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currencies of Group entities, which are primarily the euro, U.S. dollar and pound sterling. The Group uses forward exchange contracts to hedge the currency risk between the time the sales or purchases are committed and the time they are settled in cash. All these contracts mature in one year or less.

The Group designates its U.S. dollar floating rate notes of $150 million as a hedge of its net investment in its U.S. operations which mitigate the foreign currency translation risk arising from these entities' net assets. Less than 20% of the Group's investments are denominated in non-euro and non-U.S. dollar currencies.

Interest rate risk

The Group is exposed to changes in interest rates on borrowings from third parties. The Group manages these exposures by entering into forward interest hedge arrangements having regard to prevailing market interest rates and its fixed interest arrangements.

Our interest hedge arrangements to hedge 60% of our floating rate debt due December 2013 expired in June 2012. Since then, the fixed rate debt has reduced to approximately 30% of the Group's total debt. Given the currently low market interest rates prevailing, the directors decided not to enter into further hedging arrangements in respect of the floating rate notes.

Price risk

The Group is exposed to price changes on purchase of raw materials which comprises a significant portion of cost of sales. Due to the Group's focus on higher value-added products and lack of dependence on individual customers, changes in raw material costs can be passed on to customers within a relatively short period of time. Generally, group entities do not enter into fixed price contracts with customers except for short periods and the raw material cost content is agreed with customers when setting selling prices.

f. Capital management

It is the Group's policy to ensure that Group entities will be able to meet their obligations and continue on a going concern basis, while maximising the return to stakeholders through the optimisation of the net debt balance.

Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA") performance is one of the Group's key measures. The Group sets EBITDA targets that will allow the Group to achieve the above objectives.

The capital structure of the Group comprises debt and equity as disclosed respectively in notes 16, 17 and 19 to the consolidated financial statements.

The directors review capital management arrangements periodically and are satisfied that the current capital structure will enable the Group to meet all of its obligations and to continue as a going concern for the foreseeable future.

There were no changes in the Group's approach to capital management during the year.

5. Segment reporting

The Group has two reportable segments namely flexible packaging and specialist packaging. The businesses offer different products and are managed separately because they require different technology, equipment and marketing strategies.

The Group's directors review internal management reports on financial and operating results of these strategic businesses on a regular basis. Performance is measured based on Profit from operations and EBITDA. Profit from operations for each reportable segment and EBITDA excludes restructuring costs, post acquisition restructuring costs, acquisition-related costs and deferred consideration credit (together "non-operating income and expenses") as these income and expenses are clearly distinct from the ordinary activities of the Group. Revenue is generated from external customers and there were no material inter-segment sales in the year.

Information about reportable segments

In thousands of euro	Flexible packaging		Specialist packaging		Unallocated		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Revenue	639,286	629,313	311,838	303,494	-	-	951,124	932,807
Cost of sales	(551,903)	(546,357)	(253,718)	(247,297)	(538)	(454)	(806,159)	(794,108)
Gross profit	87,383	82,956	58,120	56,197	(538)	(454)	144,965	138,699
Operating expenses	(52,659)	(48,989)	(33,006)	(31,629)	(6,253)	(5,681)	(91,918)	(86,299)
Profit from operations*	34,724	33,967	25,114	24,568	(6,791)	(6,135)	53,047	52,400
Depreciation	19,695	19,055	13,463	12,114	306	226	33,464	31,395
EBITDA	54,419	53,022	38,577	36,682	(6,485)	(5,909)	86,511	83,795
Total assets	576,157	640,780	372,097	388,999	103,155	96,078	1,051,409	1,125,857
Total liabilities	116,635	122,774	47,449	67,289	969,679	909,616	1,133,763	1,099,679
Capital expenditure	15,441	20,721	7,363	8,438	-	-	22,804	29,159
Average FTE	2,197	2,218	2,527	2,558	20	16	4,744	4,792

* Profit from operations before non-operating income and expenses

No individual customer comprises more than 6% of revenue of each reporting segment.

Geographical information

Both the flexible packaging businesses and the specialist packaging operate manufacturing facilities and sales offices in North America and Europe. The information presented below is based on the geographic location of the Group's operations.

Revenue

In thousands of euro	2012	2011
The Netherlands	328,874	325,222
United States of America	304,996	291,990
United Kingdom	90,621	88,668
Germany	81,621	82,528
Other countries	145,012	144,399
	951,124	932,807

Non-current assets

Non-current assets presented below include intangible assets and property, plant and equipment.

In thousands of euro	2012	2011
The Netherlands	216,676	238,658
United States of America	230,249	269,136
United Kingdom	67,276	69,097
Germany	65,407	84,416
Other countries	120,725	127,709
	700,333	789,016

Product market information

Revenue

In thousands of euro	2012	2011
Pharmaceutical and healthcare	251,670	242,976
Food and beverage	235,514	239,602
Fast moving consumer goods	155,727	149,524
Industrial	127,648	124,858
Agricultural and horticultural	99,227	97,142
Other	81,338	78,705
	951,124	932,807

6. Expenses by nature

In thousands of euro	2012	2011
Raw materials	(563,019)	(554,456)
Employee benefit expenses	(221,439)	(212,760)
Depreciation	(33,464)	(31,395)
Maintenance	(15,093)	(14,416)
Light, power and heating	(19,707)	(19,666)
Other expenses	(45,746)	(48,328)
	(898,468)	(881,021)

7. Personnel expenses

In thousands of euro	2012	2011
Wages and salaries and other	(175,649)	(166,960)
Social security contributions	(18,604)	(17,297)
Pension costs	(5,034)	(6,278)
Other	(22,152)	(22,225)
	(221,439)	(212,760)
Average number of full time employees during the year	4,744	4,792

The average number of full time employees during the year working outside the Netherlands is 3,849 (2011: 3,901).

8. Net finance costs

In thousands of euro	2012	2011
Interest on floating rate notes	(13,478)	(16,705)
Interest on fixed rate notes	(13,600)	(13,600)
Cash interest expense	(27,078)	(30,305)
Non cash interest expense on subordinated shareholders' loans	(22,212)	(20,140)
Net interest expense before finance amortisation charge	(49,290)	(50,445)
Finance amortisation charge	(3,091)	(2,820)
Finance cost	(52,381)	(53,265)
Finance income	155	177
	(52,226)	(53,088)

9. Income tax charge

Income tax recognised in profit or loss

In thousands of euro	Note	2012	2011
Current tax charge		(1,841)	(2,541)
Deferred tax charge	18	(17,592)	(55)
		(19,433)	(2,596)

Income tax recognised in other comprehensive income

In thousands of euro	2012	2011
Deferred tax (charge) credit for:		
Actuarial gains and losses	416	601
Cash flow hedges	(449)	(959)
	(33)	(358)

Reconciliation of the effective tax rate

In thousands of euro	2012	2011
Tax using standard tax rates	3,592	1,543
Current year losses for which no deferred tax asset was recognised	(4,260)	(2,684)
Write down of deferred tax assets for losses carried forward	(14,725)	-
Non-tax deductible interest	(2,084)	(1,987)
Adjustments previous years and other differences	(1,956)	532
	(19,433)	(2,596)

The income tax charge using standard tax rates has been computed as the weighted average of the prevailing corporate tax rates in each of the jurisdictions where the Group operates.

The write down of the deferred tax asset for losses carried forward is prompted by the transfer of the tax loss benefits in connection with the business disposals described in note 28 to the consolidated financial statements.

10. Intangible assets

In thousands of euro	2012	2011
Goodwill		
Balance at 1 January	564,546	551,279
Acquisitions through business combinations	-	6,644
Impairment loss	(74,267)	-
Effects of movements in exchange rates	(3,205)	6,623
Balance at 31 December	487,074	564,546

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired, by comparing the carrying amount of the operating divisions to their recoverable amounts, based on value-in-use calculations. The value-in-use calculations are based on estimated future cash flows to be derived from continuing operations and from business disposals using the following key assumptions:

- Cash flows are projected based on actual operating results and following three year financial projections approved by management. Cash flows beyond this period are extrapolated using a constant growth rate of 2.0% per annum;
- The projected revenue growth and margin development included in the cash flow projections is based on historical experience and the expected development of businesses, as set out in management's financial projections; and
- The projected pre-tax cash flows are discounted to their present value using a pre-tax discount rate of 9.9% (2011: 10.0%).

The impairment review carried out as described above with an effective date of 31 December, 2012 prompted an impairment loss in respect of the business disposals described in note 28 to the financial statements. The impairment loss amounts to €74.3 million, being €31.0 million in respect of our North American flexible packaging businesses based on the consideration receivable for the disposed businesses compared to the carrying values and €43.3 million in our European flexible packaging businesses due to lower cash flow projections used to assess the carrying value of these businesses.

The aggregate carrying amounts of goodwill are as follows:

In thousands of euro	2012	2011
Flexible packaging businesses Europe	223,502	265,187
Flexible packaging businesses North America	48,135	79,643
Specialist packaging businesses Europe	94,117	97,337
Specialist packaging businesses North America	121,320	122,379
	487,074	564,546

11. Property, plant and equipment

In thousands of euro	Land and buildings	Plant and equipment	Fixtures and fittings	Total
Cost				
Balance at 1 January, 2012	109,197	286,370	24,870	420,437
Additions	1,186	14,577	7,041	22,804
Disposals	(537)	(11,736)	(2,719)	(14,992)
Effects of movements in exchange rates	(451)	(1,204)	47	(1,608)
Balance at 31 December, 2012	109,395	288,007	29,239	426,641
Balance at 1 January, 2011	98,034	251,942	23,432	373,408
Acquired through business combinations	7,749	13,718	648	22,115
Additions	3,051	23,117	2,404	28,572
Disposals	-	(7,481)	(1,116)	(8,597)
Asset write down provisions	(1,782)	(2,098)	(684)	(4,564)
Effects of movements in exchange rates	2,145	7,172	186	9,503
Balance at 31 December, 2011	109,197	286,370	24,870	420,437
Depreciation				
Balance at 1 January, 2012	19,635	158,600	17,732	195,967
Charge for the year	2,690	27,767	3,007	33,464
Disposals	(280)	(12,083)	(2,409)	(14,772)
Effects of movements in exchange rates	(147)	(1,136)	6	(1,277)
Balance at 31 December, 2012	21,898	173,148	18,336	213,382
Balance at 1 January, 2011	15,839	136,977	16,239	169,055
Charge for the year	2,504	26,045	2,846	31,395
Disposals	-	(7,103)	(1,029)	(8,132)
Asset write down provisions	544	(2,373)	(432)	(2,261)
Effects of movements in exchange rates	748	5,054	108	5,910
Balance at 31 December, 2011	19,635	158,600	17,732	195,967
Carrying amounts				
At 1 January, 2011	82,195	114,965	7,193	204,353
At 31 December, 2011	89,562	127,770	7,138	224,470
At 31 December, 2012	87,497	114,859	10,903	213,259

12. Inventories

In thousands of euro	2012	2011
Raw materials	44,338	39,131
Work in progress	12,167	12,244
Finished goods	49,562	45,382
	106,067	96,757

The cost of materials recognised as an expense during the year was €563.0 million (2011: €554.4 million). In 2012 the write down of inventories to net realisable value amounted to €0.3 million (2011: nil).

13. Trade and other receivables

In thousands of euro	2012	2011
Trade receivables	112,183	109,638
Prepayments and accrued income	7,704	11,401
	119,887	121,039

Trade receivables are shown net of impairment losses amounting to €2.2 million (2011: €1.9 million).

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 23 to the consolidated financial statements.

14. Cash and cash equivalents

In thousands of euro	2012	2011
Bank and cash balances	113,145	92,737

At 31 December, 2012, €1.2 million (2011: €1.2 million) of the above cash balances were restricted by the mandated cash reserve requirement to support the Group's self insured workers' compensation arrangement.

The Group's exposure to credit risk related to cash is disclosed in Note 23 to the consolidated financial statements.

15. Trade and other payables

In thousands of euro	2012	2011
Trade payables and accrued liabilties	153,381	151,161
Social security and other taxes	3,122	2,768
Value-added and sales tax	6,920	5,842
	163,423	159,771

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 23 to the consolidated financial statements.

16. Loans and borrowings

In thousands of euro	2012	2011
Floating rate notes	413,688	415,929
Fixed rate notes	170,000	170,000
	583,688	585,929
Finance costs, net of amortisation	(3,218)	(5,744)
Loans and borrowings	580,470	580,185

In thousands of euro	2012	2011
Fixed rate notes	170,000	170,000
Floating rate notes	-	415,929
Finance costs, net of amortisation	(852)	(5,744)
Non-current loans and borrowings	169,148	580,185
Floating rate notes	413,688	-
Finance costs, net of amortisation	(2,366)	-
Current loans and borrowings	411,322	-

Floating rate notes

On 19 June, 2007, the Company's wholly owned subsidiary Clondalkin Acquisition B.V. ("CABV") 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 bear interest at 2% above the three-month inter-bank rate, payable quarterly in arrears in March, June, September and December each year.

The floating rate notes are repayable on 15 December, 2013 and before this date at the Company's option upon payment at par.

The floating rate notes are guaranteed on a senior basis by the Company, by its parent company CGHBV and by CABV, the issuer of the floating rate notes, and by most of CABV's subsidiaries ("the subsidiary Guarantors"). The subsidiary Guarantors account for more than 90% of each of the Group's tangible assets, revenue and EBITDA. The obligations of CABV and the subsidiary Guarantors under the Guarantees are secured by a combination of first priority fixed and floating charges and liens over substantially all of the assets of CABV and CABV's subsidiaries. Where such charges are not attached to assets, alternative security enforcements rights such as share pledges have been given. In addition, the Group has entered into various covenants which place restrictions on the incurrence of additional indebtedness and on dividend and other shareholder payments and on liens.

The proceeds of the floating rate notes were used to repay all of the existing bank borrowings of approximately €286.2 million incurred in connection with the acquisition of Clondalkin Group Holdings Limited effective 28 February, 2004, with the balance after issuance expenses applied to finance the acquisitions completed in the year ending 31 December, 2007.

Revolving credit facility

The Group has a €19 million revolving credit facility to finance working capital requirements. The revolving credit facility ("the facility") matures in September 2013. The facility bears interest at 3.00% above the prevailing inter-bank offer rate for the borrowing period. Undrawn committed amounts are subject to 1.00% charge per annum payable in quarterly arrears.

The revolving credit facility is secured by a combination of first priority fixed and floating charges over most of the tangible and intangible assets of the Group. Where such charges are not attached to assets, alternative security enforcement rights such as share pledges have been given.

Fixed rate notes

On 11 March, 2004, the Company issued €170.0 million Euro denominated fixed rate notes. The annual interest rate on these notes is fixed at 8% until maturity, and payable semi-annually in arrears in March and September each year.

The fixed rate notes are repayable on 15 March, 2014 or before this date at the Company's option upon payment at par.

The fixed rate notes are unsecured obligations of the Company, and CGHBV, its parent company, and most of its 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. The guarantee is a general obligation that becomes due 179 days after a payment default or earlier in limited circumstances and is subordinated to the rights of the lenders of the revolving credit facility and floating rate note lenders. The guarantee ranks equally with or senior to any other current or future subordinated indebtedness of the guarantor companies. In addition, the Group has entered into various covenants which place restrictions on the incurrence of additional indebtedness and on dividend and other shareholder payments and on the granting of liens.

The proceeds of the fixed rate notes were used to part finance the acquisition of Clondalkin Group Holdings Limited acquired effective 28 February, 2004.

Refinancing

The floating rate notes and fixed rate notes are due on 15 December, 2013 and 15 March, 2014 respectively. Extensive preparations have been completed to support a refinancing of the Group's debts in the coming months. The Group plans to apply existing cash balances and proceeds from business and asset sales and new long term borrowings to be raised by way of refinancing to repay existing debt obligations.

17. Amounts due to Clondalkin Group Holdings B.V.

To part finance the acquisition of Clondalkin Group Holdings Limited effective 28 February, 2004, Clondalkin Group Holdings B.V., the Company'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.

Interest accrues on the shareholders' loans at the rate of 7.57% per year payable in June and December each year, but until maturity, the payable interest is capitalised except that 1.5% interest per annum may be payable in cash, subject to the terms of floating rate note borrowings, the revolving credit borrowing facilities and the fixed rate note borrowings.

The shareholders' loans, which mature on 31 March, 2015, are subordinated to the prior rights attaching to the floating rate notes, the revolving bank credit facility and the fixed rate notes. The shareholders' loans do not qualify for repayment until the floating rate notes and the revolving credit facility loans are repaid and while the fixed rate notes are unpaid, certain significant restrictions on repayment are also applied.

CGHBV used the funds from these shareholder financing arrangements to advance an intercompany loan to the Company of €165.9 million (2011: €165.9 million) on approximately the same interest terms and conditions as borrowed from its shareholders. The interest due as at 31 December, 2012 amounts to €148.3 million (2011: €126.1 million).

The remaining balance of €7.8 million (2011: €9.0 million) represents balances that Group entities owe to CGHBV.

Conversion of shareholder loans to equity subsequent to year end

The Company's parent company, CGHBV, has agreed to convert €130 million of its loans and accrued interest due by the Company into equity shares. Furthermore, CGHBV has agreed to extend the maturity date on the remaining loans due by the Company to a date three months after any new debt obligations taken on to refinance the Group's existing revolving credit, floating rate and fixed rate note debt obligations are fully discharged.

18. Deferred tax

Recognised deferred tax assets and liabilities

In thousands of euro	2012	2011
Deferred tax assets	9,910	24,769
Deferred tax liabilities	(32,083)	(29,514)
	(22,173)	(4,745)

Movement in deferred tax assets and liabilities

For the year ended 31 December, 2012

In thousands of euro	Accelerated tax depreciation	Property uplifts	Tax losses carried forward	Other temporary differences	Total
Balance at 1 January	(13,433)	(8,521)	24,769	(7,560)	(4,745)
Recognised in profit or loss	(547)	(80)	(14,624)	(2,341)	(17,592)
Recognised in other comprehensive income	-	-	-	(33)	(33)
Effects of movements in exchange rates	116	12	(235)	97	(10)
Other movements	-	-	-	207	207
Balance at 31 December	(13,864)	(8,589)	9,910	(9,630)	(22,173)

For the year ended 31 December, 2011

In thousands of euro	Accelerated tax depreciation	Property uplifts	Tax losses carried forward	Other temporary differences	Total
Balance at 1 January	(11,455)	(8,420)	21,974	(6,325)	(4,226)
Recognised in profit or loss	(1,563)	(3)	2,276	(764)	(54)
Recognised in other comprehensive income	-	-	-	(358)	(358)
Effects of movements in exchange rates	(382)	(98)	519	(146)	(107)
Transfer to corporation tax	(33)	-	-	33	-
Balance at 31 December	(13,433)	(8,521)	24,769	(7,560)	(4,745)

Recognition of deferred tax assets

At the reporting date the Group had unused tax losses of €99.5 million (2011: €99.8 million) available for offset against future profits. A substantial part of the losses have an expiration date between 2014 and 2032 (2011: 2014 and 2031).

As part of the business disposals described in note 28 to the consolidated financial statements, €66.1 million of the unused tax losses have been surrendered with the businesses sold.

A deferred tax asset has been recognized in respect of €33.4 million worth of the tax losses carried forward, excluding the losses transferred on the disposal of the businesses described in note 28 to the financial statements (2011: €85.4 million) as it is expected that there will be sufficient taxable profits available in future years to utilize these losses. Taking into account current expected profitability and other relevant factors, including tax planning opportunities, management anticipate that the recognized tax losses carried forward will be utilised by 2021.

19. Equity

Authorised and issued share capital

The authorised share capital of the Company is €100,000 and consists of 10,000,000 ordinary shares of €0.01 nominal value each. The issued share capital of the Company is €20,000 and consists of 2,000,000 issued ordinary shares of €0.01 nominal value each. All of the outstanding shares are owned by Clondalkin Group Holdings B.V.

The total value of shares issued is €7.1 million (2011: €7.1 million).

Translation reserve

The translation reserve comprises all non-Euro currency differences arising from the translation of the financial statements of operations located in non-Euro jurisdictions, as well as from the translation of liabilities that hedge the Company's net investment in such operation.

Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected earnings.

The movement in the hedge reserve is summarised as follows:

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Balance at 1 January	(1,226)	(4,102)
Loss arising on changes in fair value of cash flow hedges reclassified to profit or loss	1,819	3,901
Gain arising on changes in fair value of cash flow hedges	(144)	(66)
Net change in fair values of cash flow hedges	1,675	3,835
Deferred income tax on the changes in fair value of cash flow hedges	(449)	(959)
	1,226	2,876
Balance at 31 December	-	(1,226)

The loss arising on the change in the fair value of the cash flow hedges reclassified to profit or loss is recognised in finance costs.

20. Retirement benefit obligations

The Group contributes to defined benefit plans in the Netherlands, Ireland, Switzerland and the United States of America that provide pension benefits for employees upon retirement. These plans entitle retired employees to receive an annual payment linked to the employee's service years. The net obligation under these plans is summarised as follows:

In thousands of euro	**2012**	**2011**
Present value of funded defined benefit obligation	128,179	110,399
Less: Fair value of plan assets	103,686	97,759
	24,493	12,640
Restriction on recognition of assets	735	3,040
	25,228	15,680

The Group has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with local requirements of the plans in the respective jurisdictions, the present value of refunds or reductions in future contributions is lower than the balance of the total fair value of the plan assets. Hence, the defined benefit plans' assets at 31 December, 2012 have been decreased by €0.7million (2011: €3.0 million).

Plan assets comprise:

In thousands of euro	**2012**	**2011**
Equity securities	23,594	22,124
Fixed income and indexed linked investments	57,734	51,487
Properties	18,292	18,209
Cash and other	4,066	5,939
Fair value of plan assets	103,686	97,759

Movement in the fair value of the assets

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Fair value of plan assets at 1 January	97,759	93,678
Contributions paid into the plans	4,332	4,545
Benefits paid by the plans	(5,409)	(6,356)
Expected return on plan assets	3,612	3,613
Actuarial gains in other comprehensive income	5,065	895
Other movements	(1,805)	(156)
Effect of movement in exchange rates	132	1,540
Fair value of plan assets at 31 December	103,686	97,759

Movement in the present value of the defined benefit obligation

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Defined benefit obligation as at 1 January	110,399	106,025
Employee contributions	1,295	1,275
Benefits paid by the plans	(5,557)	(6,497)
Current service costs	2,664	2,642
Interest costs	4,113	4,058
Curtailment gain	(1,513)	(375)
Settlement of employee benefits	(1,126)	(558)
Actuarial losses in other comprehensive income	19,733	2,362
Other movements	(1,805)	(157)
Effect of movement in exchange rates	(24)	1,624
Defined benefit obligation as at 31 December	128,179	110,399

Expenses recognised in profit or loss

In thousands of euro	**2012**	**2011**
Current service costs	2,664	2,642
Interest on obligation	4,113	4,058
Curtailment gain	(1,513)	(375)
Expected return on assets	(3,612)	(3,613)
	1,652	2,712

The expense is recognised in cost of sales, distribution costs and general and administrative expenses.

The actual gain on plan assets in the year was €8.7 million (2011: €4.7 million).

Actuarial gains and losses recognised in other comprehensive income

In thousands of euro	2012	2011
Amounts accumulated in retained earnings at 1 January	(11,775)	(9,077)
Recognised during the year	(11,947)	(2,698)
Amounts accumulated in retained earnings at 31 December	(23,722)	(11,775)

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2012	2011
Discount rate	3.1%	4.1%
Future salary increases	1.9%	1.8%
Inflation	1.6%	1.7%

The overall expected long-term rate of return on assets is 2.7% to 6.5%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories.

Assumptions regarding future mortality and benefit periods are based on published statistics and mortality tables. The expected benefit periods after retirement used to assess the defined benefit liabilities are as follows:

	2012	2011
Males	19.7 - 21.9	19.6 - 21.9
Females	22.0 - 23.5	21.9 - 23.5

Cash flows

The charge for the year ended 31 December, 2012 in respect of these defined benefit plans was €3.0 million (2011: €3.3 million). There were no material contributions due or prepaid at either 31 December, 2012 or 31 December, 2011.

Historical information

in thousands of euro	2012	2011	2010	2009	2008
Plan obligations	128,179	110,399	106,025	98,169	96,684
Plan assets	103,686	97,759	93,678	90,276	87,250
Restriction on asset recognition	735	3,040	1,207	4,288	5,092
Net obligation	25,228	15,680	13,554	12,181	14,526
Experience (gains) losses	870	1,657	(1,555)	(363)	(45)

21. Provisions

Movement in the provisions

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Restructuring		
Balance at 1 January	1,140	800
Restructuring costs	6,844	2,274
Restructuring costs paid	(2,575)	(2,597)
Post-acquisition restructuring costs, inluding asset write down provisions	-	5,492
Non cash asset write down costs	-	(2,302)
Post-acquisition restructuring costs paid	(1,308)	(2,369)
Effect of movement in exchange rates and other	(210)	(158)
Balance at 31 December	3,891	1,140

Restructuring costs mainly represent termination benefits incurred in employment reductions to increase operating efficiencies.

In 2012, the Group committed to plans to restructure product lines in the European flexible packaging businesses to reposition these businesses in their markets. The Group has recognised provisions of €4.1 million for expected restructuring costs, including employee termination benefits, of which €0.2 million has been utilised as at 31 December, 2012. The remaining balance will be utilised in 2013, mainly in the first half of the year.

In 2011, the Group incurred restructuring costs of existing operations, and post acquisition restructuring costs of €3.2 million following the acquisition of Printed Components in April 2011, mainly in respect of employee reductions and plant reconfigurations and €2.3 million in respect of assets write downs for assets withdrawn from use upon integrating the acquired businesses with the Group’s existing businesses.

22. Related party transactions

Sales to and purchases from subsidiaries

The Company and the Group entities sell and purchase goods and services to and from each other. These sales and purchases together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial statements of the Company. These transactions are conducted on at arms’ length basis with terms comparable to transactions with third parties.

Shareholders’ loans

CGHBV has granted a shareholders’ loan to the Company of €165.9 million. Details on the loan are disclosed in note 17 to the consolidated financial statements. The non-cash interest charge in 2012 was €22.2 million (2011: €20.1 million) bringing the total interest accrued and due to shareholders to €148.3 million as at 31 December, 2012 (2011: €126.1 million).

Remuneration of the Supervisory and Executive Board Directors

Management of the Group considers the Supervisory Board Directors and the Executive Board Directors of CGHBV to be key management personnel as defined in IAS 24 "Related parties".

In thousands of euro	Short term benefits		Post employment benefits		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Executive Board Directors	934	807	45	45	979	852
Supervisory Board Directors	140	140	-	-	140	140
	1,074	947	45	45	1,119	992

The emoluments of the Company's Executive Directors in 2012 were €0.5 million (2011: €0.5 million) and are included in the above remuneration of the Executive Board Directors.

23. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of euro	**2012**	**2011**
Trade receivables	112,183	109,638
Prepayments and accrued income	7,704	11,401
Cash and cash equivalents	113,145	92,737
	233,032	213,776

Impairment of trade receivables

To prompt diligent credit collection activity, the Group typically operates customer credit terms between 30 and 45 days. The value of the past due receivables measured against these limits was €18.6 million at 31 December, 2012 (2011: €14.8 million). Practically all past due receivables have been collected since the year end. In the year ended 31 December, 2012, our average credit days given varied between 40 days and 44 days (2011: between 40 days and 42 days). The aging of trade receivables that are not impaired at the reporting date was:

In thousands of euro	**2012**	**2011**
Not past due	93,603	94,877
Past due 0 - 30 days	13,745	10,374
Past due 31 - 60 days	1,732	1,754
Past due 61 - 90 days	1,724	945
Past due more than 90 days	1,379	1,688
Past due but not impaired	18,580	14,761
	112,183	109,638

Concentration of credit risk

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties that have similar characteristics. Concentration of credit risks did not exceed 3% of gross monetary assets at any time during the year.

Liquidity risk

The following are the contractual maturities of the financial liabilities at the current year end foreign currency exchange and interest rates, including estimated interest payments.

31 December, 2012

In thousands of euro	**Carrying amount**	Contactual cash flows	One year or less	1 - 2 years	2 - 4 years
Floating rate notes	413,688	426,135	426,135	-	-
Fixed rate notes	170,000	186,357	13,600	172,757	-
Shareholder's loans and accrued interest	314,226	370,802	-		370,802
Trade and other payables	163,423	163,423	163,423	-	-
Provisions	3,891	3,891	3,891	-	-
	1,065,228	1,150,608	607,049	172,757	370,802

31 December, 2011

In thousands of euro	**Carrying amount**	Contactual cash flows	One year or less	1 - 2 years	2 - 4 years
Floating rate notes	415,929	441,393	13,018	428,375	-
Fixed rate notes	170,000	199,957	13,600	13,600	172,757
Shareholder's loans and accrued interest	292,014	370,949	-	-	370,949
Derivatives	1,795	1,701	1,701	-	-
Trade and other payables	159,771	159,771	159,771	-	-
Provisions	1,140	1,140	1,140	-	-
	1,040,649	1,174,911	189,230	441,975	543,706

The cash flows in the maturity analysis could occur earlier if the Group uses the options to repay before maturity dates as referred to in note 16 to the consolidated financial statements.

Trade payables and accruals include amounts due to suppliers who purport to hold reservation of title. In the year ended 31 December, 2012, our average credit days taken were 54 days (2011: 55 days).

Market risk

Currency risk

The notional amounts of the forward exchange contracts entered into in the year and outstanding at the reporting date that the Group has committed to are shown below:

	Notional amount in thousands of receving currency		**Average contract rate**		**Fair value gain (loss)** in thousands of euro	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Receive EUR, pay GBP	2,771	1,934	0.8022	0.8510	47	(36)
Receive EUR, pay USD	3,704	6,999	1.2873	1.3482	90	(293)
Receive GBP, pay EUR	898	1,325	0.7996	0.8578	(22)	42
Receive USD, pay EUR	10,554	5,514	1.2713	1.3722	(303)	243
Receive USD, pay GBP	88	272	1.6016	1.5807	-	4
Receive SEK, pay GBP	3,386	10,595	10.6814	10.6571	(22)	(1)

The total amount of open forward exchange contacts at 31 December, 2012 is €16.5 million (2011: €16.0 million). The fair value of the instruments at 31 December, 2012 is less than €0.2 million (2011: less than €0.1 million).

The exposure to changes in the value of the Group's net investment in U.S. dollar denominated entities of €208.0 million at 31 December, 2012 (2011: €206.6 million) due to movements in the U.S. dollar is partly hedged through the U.S. dollar floating rate notes of $150 million that have a fair value of €108.0 million at 31 December, 2012 (2011: €106.7 million).

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities are:

In thousands of euro	**U.S. dollar**		**Pound sterling**		**Other**		**Total**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Assets	53,125	65,828	25,389	22,346	17,530	15,676	96,044	103,850
Liabilities	(171,749)	(193,420)	(22,922)	(20,740)	(19,591)	(15,905)	(214,262)	(230,065)
	(118,624)	(127,592)	2,467	1,606	(2,061)	(229)	(118,218)	(126,215)

The principal exchange rates against the euro used in preparing the balance sheet and income statement are:

	Balance sheet		Income statement	
	2012	**2011**	**2012**	**2011**
U.S. dollar	1.32	1.29	1.29	1.40
Pound sterling	0.82	0.84	0.81	0.87
Canadian dollar	1.31	1.32	1.29	1.38
Swiss franc	1.21	1.22	1.20	1.23
Polish zloty	4.07	4.46	4.17	4.14

Sensitivity analysis

The Group's main non-euro currency exposures are U.S. dollar and pound sterling. A strengthening or weakening of the euro against the U.S. dollar and the pound sterling as indicated below would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

In thousands of euro	Strengthening		Weakening	
	Profit or loss	Equity	Profit or loss	Equity
31 December, 2012				
U.S. dollar (5% movement)	112	(574)	(112)	574
Pound sterling (5% movement)	(123)	(1,352)	123	1,352
31 December, 2011				
U.S. dollar (5% movement)	451	(1,782)	(451)	1,782
Pound sterling (5% movement)	(80)	(1,273)	80	1,273

Interest rate risk

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

In thousands of euro	Euro denominated		Non-euro denominated		Total	
	2012	2011	2012	2011	2012	2011
Variable rate debt						
Floating rate notes	300,000	300,000	113,688	115,929	413,688	415,929
Transfer to fixed rate debt	-	(180,000)	-	(69,557)	-	(249,557)
	300,000	120,000	113,688	46,372	413,688	166,372
Fixed rate debt						
Fixed rate notes	170,000	170,000	-	-	170,000	170,000
Transfer from variable rate debt	-	180,000	-	69,557	-	249,557
	170,000	350,000	-	69,557	170,000	419,557
Variable and fixed rate debt	470,000	470,000	113,688	115,929	583,688	585,929
Bank and cash balances	77,289	56,259	35,856	36,478	113,145	92,737
Net variable and fixed rate debt by major currencies	392,711	413,741	77,832	79,451	470,543	493,192

The non-Euro denominated net debt included in the above analysis of the carrying amounts of the Group's foreign currency denominated monetary items is as follows:

In thousands of euro	U.S. dollar		Pound sterling		Other		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Variable rate debt	113,688	46,372	-	-	-	-	113,688	46,372
Fixed rate debt	-	69,557	-	-	-	-	-	69,557
Bank and cash balances	17,753	19,280	10,321	8,948	7,782	8,250	35,856	36,478
Net variable and fixed rate debt by major currencies	95,935	96,649	(10,321)	(8,948)	(7,782)	(8,250)	77,832	79,451

In June 2009, the Group hedged effectively 60% of the floating rate borrowing from June 2010 to June 2012 through interest rate swaps at effective annual rates of 4.5% for the euro denominated debt and 4.8% for the U.S. dollar denominated debt. These interest rate hedges have now expired.

Under the interest rate swap arrangements the Group agreed to swap floating rate debt for fixed rate debt. Such arrangements enabled the Group to mitigate the risk of changing interest rate risks on the cash flow exposures on the issued variable rate debt.

The Group settled the difference between the fixed and the floating interest on a net basis, each quarter.

The interest rate swap arrangements were designated as cash flow hedges. The Group tested the hedging relationships and determined them to be highly effective both prospectively and retrospectively.

Sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts below. This analysis assumes that all other variables, in particular foreign exchange currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss		Equity	
In thousands of euro	50bp increase	50bp decrease	50bp increase	50bp decrease
31 December, 2012				
Variable rate instruments	(1,537)	1,537	(1,537)	1,537
Interest rate swaps	-	-	-	-
Cash flow sensitivity (net)	(1,537)	1,537	(1,537)	1,537
31 December, 2011				
Variable rate instruments	(824)	824	(824)	824
Interest rate swaps	-	-	580	(580)
Cash flow sensitivity (net)	(824)	824	(244)	244

Fair values

The fair values of the Group's financial instruments, together with the carrying amounts shown in the balance sheet, are as follows:

In thousands of euro	2012		2011	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Assets				
Cash and cash equivalents	113,145	113,145	92,737	92,737
Trade and other receivables	119,887	119,887	121,039	121,039
	233,032	233,032	213,776	213,776
Liabilities				
Trade and other payables	163,423	163,423	159,771	159,771
Provisions	3,891	3,891	1,140	1,140
Fixed and floating rate notes	583,688	542,273	585,929	510,554
Interest due on fixed and floating rate notes	4,494	4,494	4,811	4,811
Amounts due to Clondalkin Group Holdings B.V.	321,961	321,961	301,011	301,011
Derivatives	-	-	1,795	1,795
	1,077,457	1,036,042	1,054,457	979,082

The fair value of the fixed rate notes and the floating rate notes is based on their unadjusted quoted prices. This fair value measurement qualifies as a Level 1 valuation method.

Derivatives are carried at their fair value. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. This fair value measurement qualifies as a Level 2 valuation method.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. The fair value of these instruments is less than €0.2 million at the reporting date (2011: less than €0.1 million).

Capital management

Analysis of changes in net debt to third parties:

For the year ended 31 December, 2012

In thousands of euro

	1 January	Cash flows in the year	Effect of movements in exchange rates	31 December
Floating rate notes	415,929	-	(2,241)	413,688
Fixed rate notes	170,000	-	-	170,000
Less: Cash and cash equivalents	92,737	20,278	130	113,145
	493,192	(20,278)	(2,371)	470,543

For the year ended 31 December, 2011

In thousands of euro

	1 January	Cash flows in the year	Effect of movements in exchange rates	31 December
Floating rate notes	412,259	-	3,670	415,929
Fixed rate notes	170,000	-	-	170,000
Less: Cash and cash equivalents	115,207	(22,983)	513	92,737
	467,052	22,983	3,157	493,192

24. Deferred consideration credit

The deferred consideration credit of €2.5 million in profit and loss is in respect of the release of contingent payment liabilities pursuant to the acquisition of the Printed Components businesses acquired effective 3 April, 2011, and the supply agreement entered into with the seller which are no longer due as certain qualifying revenue targets probably have not been and will not be met.

25. Operating leases

Non-cancellable operating lease rentals are payable as follows at the reporting date:

In thousands of euro

	Premises		Equipment	
	2012	**2011**	**2012**	**2011**
Less than one year	482	785	403	412
Between one and five years	3,796	6,513	1,085	2,859
More than five years	18,711	18,753	875	1
	22,989	26,051	2,363	3,272

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run between one and ten years. In respect of certain leases, the Group has the option to extend the lease period at market rates.

During the year ended 31 December, 2012 an amount of €6.5 million was recognised as an expense in profit and loss in respect of operating leases (2011: €6.5 million).

26. Capital expenditure commitments

At 31 December, 2012, €21.2 million (2011: €10.5 million) of capital expenditure commitments had been authorised by the directors to proceed, but not been provided in the financial statements as the obligations are not yet incurred.

27. Audit fees

In thousands of euro	Deloitte Accountants B.V.		Other Deloitte member firms		Total Deloitte	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Audit of annual accounts	275	280	443	446	718	726
Other audit engagements	77	-	37	36	114	36
Tax advisory	-	-	42	92	42	92
Other non-audit services	-	-	195	8	195	8
	352	280	717	582	1,069	862

In addition to the above fees the Group was charged €234,000 (2011: €223,000) by non-Deloitte firms that participated in the audit of the annual accounts.

28. Subsequent events – Business disposals in March and April 2013 and Conversion of shareholder loans to equity

Business disposals

On 16 March 2013, the Group entered into an agreement to sell the European packaging distribution business, the Van der Windt Group, which has operations in the Netherlands, Belgium, England and Ireland. The closing of this disposal is expected by 15 May, 2013.

On 1 April, 2013 the Group completed the sale of certain of the Group's North American Flexible Packaging businesses; being Direct Plastics, Ltd., an Ontario, Canada corporation; Fortune Plastics, Incorporated, a Connecticut, United States of America corporation which has production operations in Connecticut, Arizona, Florida, and Tennessee; and Accutech Films, Inc., an Ohio, United States of America corporation which has production operations in Ohio.

Combining the North American Flexible Packaging companies as sold on 1 April, 2013, together with the Van der Windt Group companies that the Group agreed to sell, the Group has agreed or concluded disposals for a total consideration of €145 million before fees, on a cash and debt free basis and subject to customary working capital adjustments, in respect of businesses which generated approximately €20 million of combined earnings (excluding non-operating income and expenses) before interest, tax, depreciation and amortisation in the year ended 31 December, 2012.

The Group will use the proceeds received from these disposals for repayment of debt maturities due in the next 12 months.

Wentus and other Clondalkin subsidiaries have historically supplied packaging to the Van der Windt Group. For the year ended 31 December, 2012, approximately €15.4 million of Wentus' sales were to the Van der Windt Group. Going forward, the Wentus relationship with the Van der Windt Group will be subject to two supply agreements, which set annual volume supply and purchase targets, and also set pricing based on the market price of materials and on other converting processes. One of these agreements terminates on 31 December, 2015 and is renewable thereafter by the written agreement of both parties. The second agreement has an initial term of five years and can be extended by one year increments with the consent of both parties. Both supply agreements contain non-competition and non-solicitation clauses.

The financial details of these businesses as included in the Group's consolidated financial statements for the year ended and as at 31 December, 2012 are as follows:

Profit and loss for the year ended 31 December, In thousands of euro	**2012**
Revenue	275,817
Cost of sales	(234,809)
Gross profit	41,008
	-
Distribution costs	(17,064)
General and administrative expenses	(9,010)
Loss on disposal of property, plant and equipment	(18)
Profit from operations before non-operating income and expenses	14,916
Depreciation	4,985
EBITDA	19,901

Balance sheet as at 31 December, In thousands of euro	**2012**
Assets	
Intangible assets	3,442
Property, plant and equipment	33,849
Total non-current assets	37,291
Inventories	33,891
Trade and other receivables	29,054
Cash and cash equivalents	2,009
Total current assets	64,954
Total assets	102,245
Liabilities	
Retirement benefit obligation	3,638
Deferred tax liabilities	7,667
Total non-current liabilities	11,305
Trade and other payables	40,086
Total current liabilities	40,086
Total liabilities	51,391

Other in the year ended 31 December,	**2012**
Capital expenditures	3,084
Average full time employees	711

Conversion of shareholder loans to equity

The Company's parent company, CGHBV, has agreed to convert €130 million of its loans and accrued interest due by the Company into equity shares. In addition, CGHBV has agreed to extend the maturity date on the remaining loans due by the Company to a date three months after any new debt obligations taken on to refinance the Group's existing revolving credit, floating rate and fixed rate note debt obligations are fully discharged.

29. Group entities

The Company directly owns 100% of the issued share capital of Clondalkin Acquisition B.V. All other subsidiaries are 100% indirectly owned. The principal subsidiaries are:

Name of company	*Registered office in*	*Nature of business*
Accutech Films, Inc.*	Ohio, USA	Packaging
AP Burt & Sons Ltd.	Bristol, United Kingdom	Packaging
Better Business Forms, Inc.	Florida, USA	Printing
Bideford Ltd.	Dublin, Ireland	Holding and investment
Boxes (GH) Ltd.	Bristol, United Kingdom	Packaging
Boxes LPF B.V.	Leeuwarden, Netherlands	Packaging
C.B. Packaging Ltd.	Dublin, Ireland	Packaging
C.B. Packaging Ltd.	Bristol, United Kingdom	Packaging
Cats Flexible Packaging B.V.	Rotterdam, Netherlands	Packaging
Chadwicks of Bury Ltd.	Bristol, United Kingdom	Packaging
Clondalkin Group (UK) Ltd.	Bristol, United Kingdom	Holding and investment
Clondalkin Group Holdings Ltd.	Dublin, Ireland	Holding and investment
Clondalkin Group Investments B.V.	Amsterdam, Netherlands	Holding and investment
Clondalkin Group, Inc.	Delaware, USA	Holding and investment
Clondalkin Holdings (Germany) GmbH	Höxter, Germany	Holding and investment
Clondalkin Holdings S.A.	Barcelona, Spain	Holding and investment
Clondalkin Holdings, Inc.	Delaware, USA	Holding and investment
Clondalkin Industries Ltd.	Dublin, Ireland	Holding and investment
Clondalkin International Finance	Dublin, Ireland	Holding and investment
Clondalkin Pharma & Healthcare (Cherry Orchard) Ltd.	Dublin, Ireland	Printing
Clondalkin Pharma & Healthcare (Cork) Ltd.	Dublin, Ireland	Printing
Clondalkin Pharma & Healthcare (Glasnevin) Ltd.	Dublin, Ireland	Printing
Clondalkin Pharma & Healthcare (Kimbolton) Ltd.	Bristol, United Kingdom	Printing
Clondalkin Pharma & Healthcare (Northampton) Ltd.	Bristol, United Kingdom	Packaging
Clondalkin Pharma & Healthcare (Spain) S.A.	Barcelona, Spain	Packaging
Clondalkin Pharma & Healthcare Poland Sp. Zoo.	Lublin, Poland	Packaging
Clondalkin Pharma & Healthcare, Inc.	Indiana, USA	Packaging
Clondalkin Pharma & Healthcare, Inc.	Delaware, USA	Packaging
Clondalkin Pharma & Healthcare (Hull) Ltd.	Bristol, United Kingdom	Printing
CNEDII B.V.	Amsterdam, Netherlands	Holding and investment
Direct Plastics, Ltd.*	Ontario, Canada	Packaging
Flexoplast B.V.	Wieringerwerf, Netherlands	Packaging
Fortune Plastics, Inc.*	Connecticut, USA	Packaging
Hänsel Flexible Packaging GmbH	Freital, Germany	Packaging
Leduc Ltd.	Dublin, Ireland	Holding and investment
Linde Vouwkartonnage B.V.	Denekamp, Netherlands	Packaging

Name of company	*Registered office in*	*Nature of business*
LPF Flexible Packaging B.V.	Grootegast, Netherlands	Packaging
Millbrook, Inc.	Delaware, USA	Holding and investment
Nimax B.V.	Elst, Netherlands	Packaging
Nimax Onroerend Goed en Beheer B.V.	Elst, Netherlands	Holding and investment
Nyco Flexible Packaging GmbH	Kirchberg, Switzerland	Packaging
Obelisk Investments Ltd.	Dublin, Ireland	Holding and investment
Ritchie (UK) Ltd.	Bristol, United Kingdom	Printing
Swiftbrook Ltd.	Dublin, Ireland	Paper Merchants
US Newco, Inc.	Delaware, USA	Holding and investment
Vaassen Flexible Packaging B.V.	Vaassen, Netherlands	Packaging
Vaassen Inc.	Florida, USA	Packaging
Van der Windt Packaging Ltd.*	Bristol, United Kingdom	Packaging Merchants
Van der Windt Packaging Ltd.*	Dublin, Ireland	Packaging Merchants
Van der Windt Packaging N.V.*	Hoogstraten, Belgium	Packaging Merchants
Van der Windt Verpakking B.V.*	Honselersdijk, Netherlands	Packaging Merchants
Verpakkingsindustrie Velsen B.V.	Wieringerwerf, Netherlands	Packaging
Wentus Kunststoff GmbH	Höxter, Germany	Packaging
Wilkes-Cerdac Ltd	Dublin, Ireland	Printing

* Disposed businesses in 2013 as disclosed in note 28 to the consolidated financial statements

30. Contingent liabilities

Pursuant to section 2.403 of the Netherlands Civil Code, the Company has assumed joint and several liabilities for the debts arising out of legal acts of its subsidiaries in the Netherlands. The relevant declarations have been filed with and are open for investigation at the Trade Register for the district in which the legal entity respective to the liability has its registered office.

Name of company	*Registered office in*
Boxes LPF B.V.	Leeuwarden, Netherlands
Cats Flexible Packaging B.V.	Rotterdam, Netherlands
Clondalkin Acquisition B.V.	Amsterdam, Netherlands
Clondalkin Group Investments B.V.	Amsterdam, Netherlands
CNED I B.V.	Amsterdam, Netherlands
CNED II B.V.	Amsterdam, Netherlands
Flexoplast B.V.	Wieringerwerf, Netherlands
Leeuwenhoek Holding B.V.	Wieringerwerf, Netherlands
Linde Vouwkartonnage B.V.	Denekamp, Netherlands
LPF Flexible Packaging B.V.	Grootegast, Netherlands
Nimax B.V.	Elst, Netherlands
Nimax Onroerend Goed en Beheer B.V.	Elst, Netherlands
Van der Windt Verpakkingen B.V.	Honselersdijk, Netherlands
Vaassen Flexible Packaging B.V.	Vaasen, Netherlands
Verpakkingsindustrie Velsen B.V.	Wieringerwerf, Netherlands

Additionally Clondalkin Industries B.V. has given guarantees in respect of the following Irish subsidiaries under the provisions of Section 17 of the Irish Companies Act 1986:

Name of company	*Registered office in*
Bailey Gibson Ltd.	Dublin, Ireland
Bideford Ltd.	Dublin, Ireland
Clondalkin Pharma & Healthcare (Clonshaugh) Ltd.	Dublin, Ireland
C.B. Packaging Ltd.	Dublin, Ireland
Guysal Ltd.	Dublin, Ireland
Foxfield Investments Ltd.	Dublin, Ireland
James Wilkes (Ireland) Ltd.	Dublin, Ireland
Leduc Ltd.	Amsterdam, Netherlands
Munster Paper Sacks Ltd.	Dublin, Ireland
Clondalkin Pharma & Healthcare (Cork) Ltd.	Dublin, Ireland
Swiftbrook Ltd.	Dublin, Ireland
Verdosa Ltd.	Dublin, Ireland
Wilkes-Cerdac Ltd.	Dublin, Ireland
Van der Windt Packaging Ltd.	Dublin, Ireland

Company income statement

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Administrative expenses	-	(120)
Loss from operations	-	(120)
Finance income	36,025	33,953
Finance costs	(35,812)	(33,740)
Net finance income	213	213
Profit before income tax	213	93
Income tax expense	(53)	(23)
Profit for the year	160	70

Company statement of comprehensive income

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Profit for the year	160	70
Other comprehensive income for the year	-	-
Total comprehensive income for the year	160	70

The notes on pages 62 through 64 are an integral part of these company financial statements.

Company balance sheet

As at 31 December,		2012	2011
In thousands of euro	Note		
Assets			
Investment in subsidiary		7,138	7,138
Receivables due from subsidiaries	3	538,119	515,695
Total non-current assets		545,257	522,833
Cash and cash equivalents		3	1
Total current assets		3	1
Total assets		545,260	522,834
Equity			
Share capital		20	20
Share premium account		7,103	7,103
Retained earnings		790	630
Total equity		7,913	7,753
Liabilities			
Loans and borrowings	4	170,000	170,000
Amounts due to Clondalkin Group Holdings B.V.	3	314,226	292,014
Total non-current liablities		484,226	462,014
Trade and other payables		107	96
Amounts due to subsidiaries		49,043	49,000
Other financial liabilities		3,971	3,971
Total current liablities		53,121	53,067
Total liabilities		537,347	515,081
Total equity and liabilities		545,260	522,834

The notes on pages 62 through 64 are an integral part of these company financial statements.

Company statement of changes in equity

For the year ended 31 December, 2012

In thousands of euro	Share capital	Share premium	Retained earnings	Total equity
Balance at January 1	20	7,103	630	7,753
Total comprehensive income for the year				
Profit for the year	0	0	160	160
Other comprehensive income for the year	0	0	0	0
Total comprehensive income for the year	0	0	160	160
Balance at 31 December	20	7,103	790	7,913

For the year ended 31 December, 2011

In thousands of euro	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January	20	7,103	560	7,683
Total comprehensive income for the year				0
Profit for the year	0	0	70	70
Other comprehensive income for the year	0	0	0	0
Total comprehensive income for the year	0	0	70	70
Balance at 31 December	20	7,103	630	7,753

The notes on pages 62 through 64 are an integral part of these company financial statements.

Company statement of cash flows

For the year ended 31 December, In thousands of euro	**2012**	**2011**
Cash flow from operating activities		
Profit for the year	160	70
Adjustments for:		
Net finance income	(213)	(213)
Income tax expense	53	23
Operating cash flow before working capital changes	-	(120)
Decrease in working capital	2	118
Net cash from operating activities	2	(2)
Cash flow from financing activities		
Interest paid	(13,600)	(13,600)
Increase in amounts due to subsidiaries	13,600	13,600
Net cash used in (from) financing activities	-	-
Net Increase (decrease) in cash and cash equivalents	2	(2)
Cash and cash equivalents at 1 January	1	3
Cash and cash equivalents at 31 December	3	1

The notes on pages 62 through 64 are an integral part of these company financial statements.

Notes to the company financial statements

1. General information

Clondalkin Industries (“the Company”) is a company domiciled in the Netherlands. The Company has its registered office at Gustav Mahlerplein 68, 1082 MA Amsterdam, The Netherlands.

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

2. Accounting policies

These company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the applicable requirements of Part 9 of Book 2 of the Netherlands Civil Code. The accounting policies are the same as included in the notes to the consolidated financial statements. Investments in subsidiary companies are valued at cost less any accumulated impairment.

3. Related party transactions

In thousands of euro	2012	2011
Receivable due from subsidiaries	538,119	515,695
Amounts due to Clondalkin Group Holdings B.V.	(314,226)	(292,014)
Amounts due to subsidiaries	(49,043)	(49,000)
	174,850	174,681

Amounts due to Clondalkin Group Holdings B.V.

The Company’s parent company, CGHBV, advanced intercompany loans to the Company of €165.9 million (2011: €165.9 million) on approximately the same interest terms and conditions as borrowed from its shareholders. The interest due as at 31 December, 2012 amounts to €148.3 million (2011: €126.1 million).

CGHBV has agreed to convert €130 million of its loans and accrued interest due by the Company into equity shares. Furthermore, CGHBV has agreed to extend the maturity date on the remaining loans due by the Company to a date three months after any new debt obligations taken on to refinance the Group’s existing revolving credit, floating rate and fixed rate note debt obligations are fully discharged.

4. Loans and borrowings

On 11 March, 2004, the Company issued €170.0 million Euro denominated fixed rate notes. The annual interest rate on these notes is fixed at 8% until maturity. Further information is included in note 16 to the consolidated financial statements.

5. Financial instruments

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments.

31 December, 2012

In thousands of euro	**Carrying amount**	Contactual cash flows	One year or less	1 - 2 years	2 - 4 years
Fixed rate notes	170,000	186,357	13,600	172,757	-
Amounts due to Clondalkin Group Holdings B.V.	314,226	370,802	-	-	370,802
Trade and other payables	107	107	107	-	-
	484,333	557,266	13,707	172,757	370,802

31 December, 2011

In thousands of euro	**Carrying amount**	Contactual cash flows	One year or less	1 - 2 years	2 - 4 years
Fixed rate notes	170,000	199,957	13,600	13,600	172,757
Amounts due to Clondalkin Group Holdings B.V.	292,014	379,946	-	-	370,949
Trade and other payables	96	96	96	-	-
	462,110	579,999	13,696	13,600	543,706

The cash flows in the maturity analysis could occur earlier if the Group uses the options to repay before maturity dates as referred to in note 16 to the consolidated financial statements.

Fair value

The fair values of the Company's financial instruments equal their carrying values shown in the balance sheet with the exception of the fixed rate notes.

As at 31 December,	**2012**		**2011**	
In thousands of euro	**Carrying amount**	**Estimated fair value**	**Carrying amount**	**Estimated fair value**
Fixed rate notes	170,000	148,699	170,000	130,900

The fair value of the fixed rate notes is based on their unadjusted quoted prices. This fair value measurement qualifies as a Level 1 valuation method.

6. Reconciliation company to consolidated equity

31 December, 2012 In thousands of euro	**Share capital**	**Share premium**	**Trans-lation reserve**	**Retained earnings**	**Total**
Company equity	20	7,103	-	790	7,913
Translation reserve	-	-	366	-	366
Actuarial gains and losses, net of tax	-	-	-	(23,722)	(23,722)
Accumulated profit and loss group entities	-	-	-	(66,911)	(66,911)
Consolidated equity	20	7,103	366	(89,843)	(82,354)

30 April, 2013

Executive Directors

Colman O'Neill

Jim Farrell

OTHER INFORMATION

Independent auditor’s report

To: the Shareholder of Clondalkin Industries B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Clondalkin Industries B.V., Amsterdam, which comprise the consolidated and company balance sheets as at 31 December, 2012, the consolidated and company income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management’s responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Executive Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Clondalkin Industries B.V., as at 31 December, 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Executive Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Executive Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 30 April, 2013

Deloitte Accountants B.V.

B.E. Savert

Subsequent events

Reference is made to note 28 to the consolidated financial statements.

Appropriation of profit

Statutory rules

Articles 21 of the Articles of Association include the Company's statutory rules concerning profit appropriation:

1. The allocation of profits earned in a financial year shall be determined by the General Meeting.
2. Distributions can only take place up to the amount of the distributable part of the net assets.
3. Distribution of profits shall take place after the fixing of the Annual Accounts from which it appears it is approved.
4. The General Meeting may, subject to due observance of the provision of the law, resolve to pay an interim dividend.
5. The General Meeting may, subject to due observance of paragraph 2, resolve to make payments to the charge of any reserve which need not to be maintained by virtue of the law.
6. A claim of a shareholder for payment of a dividend shall be barred after five years have elapsed.

Proposed profit appropriation for the financial year 2012

The Executive Directors propose that the profit for the financial year 2012 as reported in the company financial statements should be transferred to reserves without payment of dividends to shareholders. The financial statements presented herewith anticipate that the shareholders in the general meeting will approve this proposal.