CLONDALKIN INDUSTRIES B.V.

1028846

ANNUAL REPORT

For the year ended

31 December 2007

For identification purpose only.
Related to auditor's report
dated ..07.08.2008..........

CLONDALKIN INDUSTRIES B.V.

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CLONDALKIN INDUSTRIES B.V.

COMPANY INFORMATION

Executive Directors	Marinus Ditzel Jim Farrell Colman O'Neill
Auditors	Deloitte Accountants B.V. Orlyplein 50, 1040 HC Amsterdam, The Netherlands.
Registered Office	Clondalkin Industries B.V. Raadhuisstraat 15, 1016 DB Amsterdam, The Netherlands.
Chamber of Commerce Number	34200845

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CLONDALKIN INDUSTRIES B.V.

REPORT OF THE EXECUTIVE BOARD DIRECTORS

The Executive Board of Directors hereby presents its report to the shareholders as follows:

Review of the Business

Clondalkin Group Holdings B.V. is the 100% shareholder of Clondalkin Industries B.V. which together with its subsidiaries ("Clondalkin") is an international producer of flexible and specialist packaging products, with operations in Europe and North America.

Clondalkin manufactures and supplies packaging products to a diversified customer base in the food and beverage, pharmaceutical and healthcare, consumer products, industrial, agricultural and horticultural and the services and distribution sectors. These products are produced by converting a wide variety of raw materials including polymer resins, paper, paperboard and aluminium foil by a range of manufacturing processes including extrusion, laminating, lacquering, metalizing, printing, slitting and die cutting. In the year ended 31 December 2007, the average number of employees, including employees in businesses acquired during the year as if these acquisitions were completed at 1 January 2007, was 4,603.

We divide our businesses into two main business segments; flexible packaging and specialist packaging.

The flexible packaging businesses, which represented 70.0% of 2007 sales, manufacture products including lids and seals for food and beverage containers, papers and tobacco packaging products, flower sleeves, agricultural produce bags, wraps and other similar products designed for the hospital and healthcare markets, the food and delicatessen markets and the services and janitorial markets.

The specialist packaging businesses, which represented 30.0% of 2007 sales, manufacture products including folding cartons, labels and leaflets, paper bags and sacks, direct mail, business systems and commercial print materials for the pharmaceutical and healthcare, cosmetics, hospital care, fast moving consumer goods and industrial markets.

Clondalkin Group Holdings B.V. is the 100% shareholder of Clondalkin Industries B.V.. Warburg Pincus Private Equity VIII L.P., Warburg Pincus International Partners L.P., WP Flexpack Holdings S.a.r.l and affiliates (collectively "Warburg Pincus") are the majority shareholders' in Clondalkin Group Holdings B.V., holding approximately 85.6% of the issued ordinary share capital, equivalent to 78.9% of the fully diluted ordinary share capital in Clondalkin Group Holdings B.V., taking into account options and rights over shares reserved for future issuance to management. The management of Clondalkin Group Holdings B.V. and its subsidiaries own approximately 14.4% of the issued ordinary share capital of the Company which increases to 21.1% subject to the rights and options over ordinary share capital in Clondalkin Group Holdings B.V. being taken up by management.

Warburg Pincus has been a leading private equity investor since 1971. The firm has more than $20 billion of assets under management with more than $10 billion available for investment. Warburg Pincus invests in a range of sectors at all stages of a company's life-cycle: From founding start-ups and fostering growth in developing companies to leading complex recapitalizations or large-scale buy-outs of more mature businesses. Warburg Pincus has raised 12 private equity investment funds which have invested more than $29 billion in approximately 585 companies in 30 countries.

Results of Clondalkin Industries B.V. for the year ended 31 December 2007

Introduction and overview

In our opinion, the Clondalkin profit from operations of €83.4 million (2006: €59.2 million) on sales of €826.3 million (2006: €763.0 million) for the year ended 31 December 2007 is a satisfactory result. As in prior years, Clondalkin benefited from its wide diversification of activities in the flexible and specialist packaging markets. The 2007 results include €16.6 million profit on disposal of surplus properties compared to €2.9 million in 2006. This increased profit and the profit from operations contributed by the companies we acquired in 2007 explains most of the profit from operations increase of €24.2 million in 2007 compared to 2006. The year to year comparative results are commented upon in further detail below.

Refinancing

On 19 June 2007, Clondalkin Acquisition B.V. ("CABV"), which is the wholly owned subsidiary of Clondalkin Industries B.V. ("CIBV"), issued €300.0 million Euro denominated floating rate notes and $150.0 million United States dollar ("U.S. dollar") denominated floating rate notes (together "the floating rate notes") at 100% of par value. The floating rate notes mature on 15 December 2013 and bear interest at 2% above the applicable three-month inter-bank rate. The floating rate notes are guaranteed on a senior basis by Clondalkin Group Holdings B.V., by CIBV, by CABV and by most of CABV's subsidiaries ("the subsidiary Guarantors"). The subsidiary Guarantors account for more than 95% of each of the Group's tangible assets, revenue and earnings before interest, tax, depreciation and amortisation. The obligations of CABV and the subsidiary Guarantors under the Guarantees are secured by liens over substantially all of the assets of CABV and the subsidiary Guarantors.

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REPORT OF THE EXECUTIVE BOARD DIRECTORS

The proceeds of the floating rate notes were used to repay all of our existing bank borrowings of approximately €286.2 million and the balance proceeds after issuance expenses were applied to finance the business acquisitions completed in the year ended 31 December 2007 as discussed in the next section.

Acquisitions

The Group acquired Kenilworth Products Limited ("Kenilworth Products") effective 4 April 2007, Keller Crescent Inc. ("Keller Crescent") effective 1 June 2007, Direct Plastics Limited ("Direct Plastics") effective 29 June 2007 and Cartonplex SA ("Cartonplex") effective 1 November 2007. The total consideration paid in respect of these acquisitions was €117.0 million with a further €3.3 million due in deferred consideration and fees.

Kenilworth Products, based in Dublin, Ireland is a leading Irish label solutions provider to the pharmaceutical and healthcare markets. This acquisition complements and adds to our existing specialisations in the pharmaceutical and healthcare markets.

Keller Crescent, which is headquartered in Evansville, Indiana, United States and which operates three main production plants in Evansville and Indianapolis, Indiana and in Charlotte, North Carolina, is the premier supplier of secondary packaging to the pharmaceutical and healthcare markets in the United States. The acquisition expands Clondalkin's prominent pharmaceutical secondary packaging supply position to market leadership in North America. The Keller Crescent businesses particularly complement Pharmagraphic Inc.'s pharmaceutical secondary packaging businesses, which we acquired in April 2006.

Direct Plastics, based in Orangeville, Ontario, Canada, specialises in producing flexible packaging for the frozen food, confectionary, horticulture and animal care markets. This business complements our existing United States plastic packaging businesses.

Cartonplex, based in Barcelona, Spain, is a leading producer of high quality folding cartons for the pharmaceutical and healthcare markets. This acquisition further complements and adds to our existing specialisations in the pharmaceutical and healthcare markets, and is an important step in helping us realise our strategy to reinforce and grow our presence in regions that are important to our customer base.

The results of Kenilworth Products, Keller Crescent, Direct Plastics and Cartonplex are included in these financial statements from the respective effective acquisition dates noted above.

In January 2008, the Group acquired Accutech Films, Inc. ("Accutech Films"). Accutech Films is located in Ohio in the United States and is a leading producer of customised flexible packaging films for the industrial, agricultural and food and beverage markets. The acquisition consideration, before expenses, to acquire the businesses on a debt free basis was $36.0 million. The acquisition was funded from our cash resources. This acquisition complements our existing plastic packaging business in the United States and Canada.

Revenue and profit from operations for the year ended 31 December 2007 compared to the year ended 31 December 2006

Our revenue increased by €63.3 million, or by 8.3%, from €763.0 million in the year ended 31 December 2006 to €826.3 million in the year ended 31 December 2007, reflecting an increase in flexible packaging and specialist packaging revenues of €25.5 million and €37.8 million respectively.

Our profit from operations increased by €24.2 million reflecting the following:

- Our flexible packaging and specialist packaging profit from operations increased by €1.7 million and by €6.5 million respectively;
- Our profit on disposal of surplus properties increased by €13.8 million;
- Our profit on disposal of investments increased by €0.7 million; and
- Our restructuring costs decreased by €1.7 million.
- These increases in profit from operations were offset by €0.4 million increase in unallocated corporate expenses.

Flexible Packaging revenue and profit from operations

Our flexible packaging revenue increased by €25.5 million, or 4.6%, from €553.3 million in the year ended 31 December 2006 to €578.8 million in the year ended 31 December 2007. The increase is primarily attributable to the following:

- Our foils and laminate revenues increased by €15.1 million due mainly to higher sales volumes and greater activity prompted by additional capacity introduced in 2007 and to a lesser extent to increased selling prices as raw material costs increased compared to the prior year;

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Revenue and profit from operations for the year ended 31 December 2007 compared to the year ended 31 December 2006 continued

Flexible Packaging revenue and profit from operations continued

- Revenue in our plastic packaging businesses increased by €12.7 million compared to the prior year mainly due to increased sales volumes and greater focus on higher-value added items in our European plastic packaging operations, offset by reduced sales volumes in our United States plastic packaging operations; and
- The acquisition of Direct Plastics, in June 2007, contributed €7.8 million of additional revenue.
- The foreign currency translation effect, mainly due to the weaker U.S. dollar translation rate against the Euro for the year ended 31 December 2007 compared to the corresponding exchange rate used for the year ended 31 December 2006 caused revenue to decrease by €10.1million.

The profit from operations reported by our flexible packaging businesses increased by €1.7 million, or 3.6%, from €48.4 million in the year ended 31 December 2006 to €50.1 million in the year ended 31 December 2007, as follows:

- Our foils and laminates businesses reported €1.2 million additional profits compared to the prior year. This reflects improved product mix with increased value-added content and capacity introduced in 2007; and
- Our plastic packaging businesses reported an increase of €1.2 million due to increased value-added content of our sales mix, and increased activity particularly in our European plastic packaging businesses, offset somewhat by reduced activity in our United States plastic packaging businesses.
- The foreign currency translation effect, mainly due to the weaker U.S. dollar translation rate against the Euro for the year ended 31 December 2007 compared to the corresponding exchange rate used for the year ended 31 December 2006 caused profit from operations to decrease by €0.7 million.

Specialist Packaging revenue and profit from operations

Our specialist packaging revenue increased by €37.8 million, or 18.0%, from €209.8 million in the year ended 31 December 2006 to €247.6 million in the year ended 31 December 2007. The increase is primarily attributable to the following:

- The acquisition of Pharmagraphics, in April 2006, Kenilworth Products, in April 2007, Keller Crescent in June 2007 and Cartonplex in November 2007 contributed €52.6 million of additional revenue; and
- A further €5.3 million of additional revenue was generated primarily by increased sales volumes in our European cartons and labels businesses.
- These increases were partially offset by reduced sales volumes mainly in our print businesses and also in our U.S. specialist non pharmaceutical business which caused our revenue to decrease by €14.2 million; and
- The foreign currency translation effect, mainly due to the weaker U.S. dollar translation rate against the Euro for the year ended 31 December 2007 compared to the corresponding exchange rate used for the year ended 31 December 2006 caused revenue to decrease by €5.9 million.

The profit from operations reported by our specialist packaging businesses increased by €6.5 million, or 44.9%, from €14.6 million in the year ended 31 December 2006 to €21.1 million in the year ended 31 December 2007. This increase mainly reflects:

- The additional profit from operations prompted by the acquisitions of Pharmagraphics Inc. in April 2006, by Kenilworth Products in April 2007, by Keller Crescent in June 2007 and by Cartonplex in November, 2007 was €6.1 million; and
- Our European cartons and labels operations reported increased profit from operations of €2.3 million in the year ended 31 December 2007 compared to the corresponding prior year period, mainly reflecting the benefits of rationalisation measures taken in preceding periods and also reflecting increased activity.
- These increases were partially offset by a decrease in profit from operations of €1.7 million in our print operations mainly due to weak demand conditions and to a lesser extent due to disruptions experienced as we relocated our Irish print business to newly leased premises prompted by the sale of the surplus property in March 2007 for €26.3 million; and
- The foreign currency translation effect, mainly due to the weaker U.S. dollar translation rate against the Euro for the year ended 31 December 2007 compared to the corresponding exchange rate used for the year ended 31 December 2006 caused profit from operations to decrease by €0.2 million.

Rationalisation and development investments

In the year ended 31 December 2007, we implemented rationalisation and development investments to improve our revenue cost configurations, to divest from lower value added businesses and to invest in higher value added businesses. Restructuring costs for the year were €1.4 million compared to €3.1million for the year ended 31 December 2006. The charge

Rationalisation and development investments continued

relates to costs incurred upon our withdrawal from non-core and less profitable activities and employment termination costs. Investments in existing operations to add new technologies and upgrade existing assets were approximately €19.2 million in the year ended 31 December 2007, compared to €29.8 million in the year ended 31 December 2006.

Property disposals

Proceeds from surplus asset disposals including properties were approximately €27.5 million in 2007 compared to €3.8 million in 2006. The proceeds in 2007 mainly reflect the sale of a surplus property in March 2007 for €26.3 million. A non-refundable deposit of €2.0 million was initially received in July 2006. In March 2007, the remaining gross proceeds of €24.3 million were received (€23.4 million net of expenses).

Cash balances

At 31 December 2007 our cash balances were €94.6 million.

Clondalkin's strong cash generation capability has long been the hall mark of our business performance and is sufficient to support our debt servicing obligations and to fund the continuing development of the Group's businesses.

Principal risks and uncertainties

Under Dutch and European regulations, the Company and its subsidiaries are required to describe the potential principal risks and uncertainties. These are:

- Restrictions in our debt instruments may limit our financial flexibility in certain circumstances, including placing limits on the way we operate our businesses and the way we complete and integrate new acquisitions;
- Our acquisition and development strategies may not be successful;
- If we are unable to pass on increases in raw material costs to our customers on a timely basis, our profit margins will decrease;
- Competition from products with lower cost of production could decrease our revenue and profit from operations;
- If the markets in which we operate face unfavourable economic conditions, our profitability and cash flow may decrease;
- Production disruptions could cause us to lose customers and revenue;
- If we are unable to stay abreast of changing technology in our industry, our profits may decline;
- We are exposed to currency rate and interest rate fluctuations; and
- If we were to experience environmental problems at our production sites, if existing environmental laws were amended or if new environmental laws were enacted, our operations and performance could be affected.

Clondalkin has long experience in managing these risks successfully, alongside achieving profitable business development.

Financial risk management

The principal financial instruments used to fund our businesses comprise bank loans, floating rate notes, senior notes, shareholders' loans and cash. Other financial instruments such as trade receivables, trade payables, accruals and provisions also arise from our day to day trading activities.

We enter into foreign currency forward contracts to manage our currency exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the principal markets we operate in. We also enter into interest rate management arrangements to manage our exposure to fluctuating interest rates.

Details of the Group's hedging arrangements and financial risk exposures are described in the financial statements at note 19.

Future development of the Clondalkin business

The Executive Directors with the support of the shareholders, management and employees plan to continue the Clondalkin policy of growth by organic development through investment in existing operations and by making selective acquisitions of businesses that improve our flexible and specialist packaging activities and enhance the product offerings supplied to our customers.

CLONDALKIN INDUSTRIES B.V.

REPORT OF THE EXECUTIVE BOARD DIRECTORS

Research and Development

The Group has developed leading positions in a number of niche markets through investment in research and development and modern technologies. We will continue investments in both processes and product development to enhance current product ranges and to develop new packaging solutions for our customers.

Employment

Our average employment increased from 3,908 employees in the year ended 31 December 2006 to 4,603 employees in the year ended 31 December 2007 assuming all acquired companies were acquired at the start of 2007; an increase of 695 employees. Businesses we acquired during 2007 increased the average employment by approximately 835 employees. Whereas we were pleased to expand employment in various businesses where activity and profitable development opportunities permitted this, we experienced a net reduction of 140 employees mainly in existing businesses where we experienced reduced activity and reduced profitability.

To develop our businesses and thereby achieve sustainable employment levels, our objective is to align our resources and capacity configurations to market requirements. We expect that responding to market requirements will continue to impact on our employment levels, prompting both increases and decreases from time to time, albeit that we have a lot of confidence in the ingenuity and resourcefulness of our employees to provide well differentiated products and services which the market requires and is willing to pay a fair price for.

It is through our employees that we distinguish our products and services in the market place. We are committed to continued investment in our people, through training and development programs, to encourage their professional and personal development.

We sincerely thank all our employees for their commitment and skilful application during 2007.

For and on behalf of the Executive Board:

Place...Amsterdam **Date... 29 July 2008**

Marinus Ditzel

Jim Farrell

Colman O'Neill

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CLONDALKIN INDUSTRIES B.V.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Revenue	3	826,308	763,045
Cost of sales		(682,064)	(631,720)
Gross profit		144,244	131,325
Distribution costs		(34,311)	(32,153)
Administrative expenses		(43,340)	(39,878)
Profit on disposal of assets		750	151
Profit on disposal of surplus properties	4	16,638	2,853
Profit on sale of investment	12	729	-
Restructuring costs	5	(1,354)	(3,128)
Profit from operations	3	83,356	59,170
Finance costs	6	(62,918)	(47,894)
Profit before tax		20,438	11,276
Income tax expense	9	(5,125)	(3,516)
Profit for the year from continuing operations attributable to equity holders		15,313	7,760

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2007

	Notes	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Profit for the period from continuing operations		15,313	7,760
Exchange differences on translation of foreign operations	22	(13,383)	(2,164)
Actuarial (losses) / gains on defined benefit pension schemes	22	(376)	4,233
Deferred tax charge on defined benefit pension schemes	22	(90)	(1,062)
Total recognised income for the financial year		1,464	8,767

The Notes on pages 11 to 44 form part of these financial statements.

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CLONDALKIN INDUSTRIES B.V.

CONSOLIDATED BALANCE SHEET
(after proposed appropriation of profit)
As at 31 December 2007

	Notes	31 December 2007 €'000	31 December 2006 €'000
Non-current assets			
Goodwill	10	512,237	437,711
Property, plant and equipment	11	201,635	192,802
Financial assets	12	500	1,888
		714,372	632,401
Current assets			
Inventories	14	87,511	78,947
Trade and other receivables	15	108,093	94,865
Cash and cash equivalents	16	94,643	51,685
		290,247	225,497
Non current assets classified as held for sale	13	-	6,813
		290,247	232,310
Total assets		1,004,619	864,711
Equity			
Called up share capital	21	7,123	7,123
Other reserves	22	(16,445)	(2,596)
Retained earnings	23	50,430	35,117
Total equity – attributable to equity holders	24	41,108	39,644
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	18	730,696	599,113
Interest due on shareholders' loans		52,769	37,413
Retirement benefit obligations	32	4,169	2,037
Deferred tax liabilities	20	13,634	19,898
		801,268	658,461
Current liabilities			
Interest bearing loans and borrowings		-	19,140
Interest due on bank loans and other borrowings		5,256	6,519
Trade and other payables	17	150,867	135,975
Current tax liabilities		6,120	4,972
		162,243	166,606
Total liabilities		963,511	825,067
Total equity and liabilities		1,004,619	864,711

The Notes on pages 11 to 44 form part of these financial statements.

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CLONDALKIN INDUSTRIES B.V.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Operating activities			
Profit before tax		20,438	11,276
Finance costs		62,918	47,894
Profit on sale of property		(16,638)	(2,853)
Restructuring costs charge		1,354	3,128
Restructuring costs paid		(1,880)	(1,032)
Profit on disposal of fixed assets including investments		(1,479)	(151)
Depreciation		26,564	24,083
Increase in inventories		(3,779)	(962)
Increase in trade and other receivables		(2,154)	(1,813)
Increase / (decrease) in trade and other payables		1,487	(6,226)
Cash generated from operations		86,831	73,344
Taxation paid		(10,572)	(7,168)
Net cash generated from operating activities		76,259	66,176
Investing activities			
Interest received		1,908	837
Purchase of property, plant and equipment		(19,203)	(29,849)
Proceeds on disposal of fixed assets including investments		4,044	517
Proceeds on disposal of surplus properties		23,439	3,330
Subsidiaries acquired	25	(116,968)	(30,041)
Net cash used in investing activities		(106,780)	(55,206)
Financing activities			
Interest paid		(38,102)	(35,465)
Repayment of shareholders' loans		(562)	(211)
Proceeds from loans		424,300	29,114
Repayment of loans		(296,465)	(30,000)
Payment of finance fees		(14,014)	(1,433)
Net cash from / (used in) financing activities		75,157	(37,995)
Net increase / (decrease) in cash and cash equivalents		44,636	(27,025)
Cash and cash equivalents at beginning of year		51,685	79,865
Effects of exchange rate changes		(1,678)	(1,155)
Cash and cash equivalents at end of year		94,643	51,685

The Notes on pages 11 to 44 form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2007

1. General information

Clondalkin Group Holdings B.V. is the ultimate holding company of the Group and is the parent company of Clondalkin Industries B.V. ("the Company") with address and statutory seat at Raadhuisstraat 15, 1016 DB Amsterdam, the Netherlands. Clondalkin Group Holdings B.V. was incorporated on 12 January 2004 and is the parent company of Clondalkin Industries B.V., which is the parent company of Clondalkin Acquisition B.V..

These three companies, all Dutch incorporated, were formed to facilitate Clondalkin Acquisition B.V.'s acquisition of all the shares in Clondalkin Group Holdings Limited. The acquisition of Clondalkin Group Holdings Limited was completed effective 28 February 2004 and its results have been consolidated from that date.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Adoption of new and revised International Financial Reporting Standards

In the year the Group and Company have adopted International Financial Reporting Standard 7 – Financial Instruments: Disclosure.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IAS 1 (revised 2007) Presentation of Financial Statements
- IAS 23 (revised 2007) Borrowing Costs
- IFRS 2 (revised 2007) Share Based Payment
- IFRS 3 (revised 2007) Business Combinations
- IFRS 8 Operating Segments
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum funding requirements and their interaction

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2. Accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS"). The financial statements have also been prepared in accordance with IFRS as adopted by the European Union.

The financial statements are prepared under the historic cost convention as modified by the periodic revaluation of certain tangible assets and financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and all its subsidiaries made up to 31 December 2007. The results of companies acquired or disposed during the period are dealt with in the profit and loss account from the date of acquisition or up to the effective date of disposal as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to conform the accounting policies used by all subsidiaries to those used by the Group.

Intercompany transactions and balances, and unrealised profits on intercompany transactions, are eliminated on consolidation.

2. Accounting policies (continued)

Goodwill

Goodwill represents the difference between the fair value attributable to the net separable assets of undertakings acquired and the fair value of the acquisition consideration. Goodwill is recognised and classified as an asset on the balance sheet and is subsequently measured at cost less any accumulated impairment losses.
For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. The goodwill allocated to these cash-generating units is tested for impairment annually, or more frequently when there is an indication that the goodwill may be impaired. The recoverable amounts of the relevant cash generating units were assessed by reference to value in use.
We assess the recoverability of goodwill by comparing the projected discounted cash flows of the businesses acquired with the respective carrying amount of goodwill. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Goodwill impairments are recognised immediately in the profit or loss. After goodwill impairments have been charged to the profit and loss account, they are not subsequently reversed.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.
Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances. Revenue is derived from product sales to customers and services rendered on these products net of value added and sales tax. Revenue is recognised when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred; vendor's fee is fixed or determinable and its collection can be reasonably assured.

Translation of foreign currencies

The financial statements are presented in Euro. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the date of the transaction.
Assets and liabilities denominated in foreign currencies are translated into Euro at the balance sheet date at the following rates:

- Monetary assets and liabilities are translated at the rates ruling at the balance sheet date;
- Non-monetary assets and liabilities are translated at the rates prevailing at the historic transaction date; and
- The results of foreign subsidiaries are recorded at the rates of exchange prevailing on the date of the transaction. The difference between the results reported at the rates of exchange prevailing on the date of the transaction and the exchange rates ruling at the balance sheet date are presented in the currency translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

Exchange differences arising from the retranslation of the opening net investments in foreign subsidiaries are dealt with through reserves. Exchange gains or losses on foreign currency borrowings and long term intercompany loans used to finance or provide a hedge against the Group's equity investments in foreign subsidiaries are offset against revenue reserves to the extent of the exchange differences arising on the net investments. All other translation differences are included in arriving at trading profit.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Freehold land is not depreciated.

Depreciation is provided at rates calculated to write-off the cost of individual tangible assets, by equal annual instalments, over their estimated useful lives, as follows:

Freehold and long leasehold buildings	50 years
Short leasehold buildings	Period of lease
Plant and machinery	5 – 10 years
Fixtures and fittings	1 – 5 years

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2. Accounting policies (continued)

Leased assets

Assets held under operating leases are not capitalised; the related leasing charges are charged to the profit and loss account as an expense on a straight-line basis over the lease term.

Impairment of fixed assets

The Group evaluates the carrying amount and periods over which tangible and intangible assets are depreciated and amortised, at each reporting period. An impairment is recorded when the future discounted net cash flows expected to be generated by the asset are less than the carrying value of the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. 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.

Cash and Cash equivalents

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes direct costs and applicable production and other relevant overheads. Cost is calculated using the first in-first out method. Net realisable value is actual or estimated selling price less trade discounts, all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in different periods and further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation is measured at the tax rates that the differences are expected to reverse based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred taxation is measured on a non-discounted basis.

Finance and Borrowing costs

Costs arising on the issue of fixed term debt are recognised and amortised at a constant rate over the period of the debt. Finance costs are netted against debt falling due after more than one year in the balance sheet. The unamortised fees relating to any debt repaid are written off immediately to the income statement. Borrowing costs on floating rate notes, banks and other loans are expensed in the period in which they are incurred.

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2. Accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The Group has selected the option available within International Accounting Standard (IAS) 19 for immediate recognition of all actuarial gains and losses outside of the Group income statement. They are presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined obligation as adjusted for unrecognised past service cost and reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value as reduced by allowances for estimated non-recoverable amounts.

Financial liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of their underlying contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Floating rate notes, Bank borrowings and Senior notes

Interest-bearing bank loans and overdrafts are recorded at the fair value proceeds received less principal repayments, net of direct issue costs after amortisation.

Shareholder loans

Shareholder loans are recorded at fair value proceeds received less principal repayments.

Trade Payables

Trade payables are not interest bearing and are stated at their fair value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group is exposed to changes on foreign currency exchange rate and interest rates. The Group uses foreign currency forward contracts and interest swap contracts to manage these exposures. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

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2. Accounting policies (continued)

Key sources of estimation uncertainty

The preparation of periodic financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as set out below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying value of goodwill as at 31 December 2007 was €512.2 million (2006: €437.7 million).

Deferred Taxation

Deferred tax assets and liabilities are recognised 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. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant operating jurisdictions. These calculations require the use of estimates. The deferred tax liability at 31 December 2007 was €13.6 million (2006: €19.9 million).

Property, Plant and Equipment

Useful lives for Property Plant and Equipment and the annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilization of the asset. Changes in the useful lives may have a significant impact on the annual depreciation charge. Details of the useful lives are included in the accounting policy headed property, plant and equipment.

The depreciation charge for the year ended 31 December 2007 was €26.6 million (2006: €24.1 million).

Post Retirement Benefits

The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the plan asset is also sensitive to asset return levels and the level of contributions from the Group. The retirement benefit obligation at 31 December 2007 was €4.2 million (2006: €2.0 million).

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3. Business and geographical segments

Revenue comprise the amount receivable by Clondalkin Industries B.V. and its subsidiaries in the ordinary course of business for goods supplied and for services provided to third parties net of value added and sales taxes.

For management purposes, the Group is currently organised into two operating divisions; Flexible Packaging and Specialist Packaging.

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Revenue		
Flexible packaging	578,757	553,259
Specialist packaging	247,551	209,786
Total revenue	826,308	763,045
Profit for the period		
Flexible packaging	50,072	48,350
Specialist packaging	21,100	14,562
Unallocated corporate expenses	(3,829)	(3,467)
Profit before disposals of property and investment and restructuring costs	67,343	59,445
Profit on disposal of surplus property	16,638	2,853
Profit on disposal of investment	729	-
Restructuring costs	(1,354)	(3,128)
Profit from operations	83,356	59,170
Finance costs	(62,918)	(47,894)
Profit before tax	20,438	11,276
Income tax expense	(5,125)	(3,516)
Profit for the year from continuing operations	15,313	7,760

There have been immaterial reclassification changes between the flexible packaging and specialist packaging 2006 revenue and profit figures.

The profit on disposal of surplus property of €16.6 million (2006: €2.9 million) relates entirely to a disposal by the specialist packaging division.

Of the 2007 restructuring costs of €1.4 million (2006: €3.1 million), €0.9 million (2006: €1.3 million) relates to our flexible packaging division and €0.4 million (2006: €1.8 million) million relates to our specialist packaging division.

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3. Business and geographical segments (continued)

	Year ended 31 December 2007	Year ended 31 December 2006
	€'000	€'000
Capital additions		
Flexible packaging	13,021	20,005
Specialist packaging	6,556	5,166
	19,577	25,171
Depreciation		
Flexible packaging	15,256	14,768
Specialist packaging	11,308	9,315
	26,564	24,083

	Year ended 31 December 2007	Year ended 31 December 2006
	€'000	€'000
Balance Sheet		
Assets		
Flexible packaging	604,632	597,736
Specialist packaging	315,096	221,817
	919,728	819,553
Financial assets	500	1,888
Unallocated corporate assets	84,391	43,270
Total assets	1,004,619	864,711
Liabilities		
Flexible packaging	114,676	113,535
Specialist packaging	60,117	49,594
	174,793	163,129
Unallocated corporate liabilities	788,718	661,938
Total liabilities	963,511	825,067

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3. Business and geographical segments (continued)

Geographical segments

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Analysis of sales by location		
Europe	629,637	592,901
North America	196,671	170,144
	826,308	763,045

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Analysis of profit from operations by location before restructuring costs and profit on disposal of surplus property and investments by location		
Europe	55,304	50,005
North America	12,039	9,440
	67,343	59,445

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Analysis of segment assets by location		
Europe	779,552	728,823
North America	225,067	135,888
	1,004,619	864,711

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Capital additions		
Europe	15,060	22,112
North America	4,517	3,059
	19,577	25,171
Depreciation		
Europe	19,547	19,105
North America	7,017	4,978
	26,564	24,083

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4. Profit on disposal of surplus property

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Disposal of surplus assets	16,638	2,853

The profit in 2007 reflects the sale of a surplus property in March 2007 for €26.3 million. A non-refundable deposit of €2.0 million was initially received and booked to profit in July 2006. In March 2007, the remaining gross proceeds of €24.3 million were received (€23.4 million net of expenses).

The profit in 2006 relates mainly to the €2.0 million non refundable deposit in respect of the sale of the surplus property completed in March 2007, as described above. Also in 2006, we sold a surplus property in the United Kingdom for €1.3 million giving rise to profit on disposal of €0.8 million.

5. Restructuring costs

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Termination costs	524	2,950
Other closure costs	830	178
	1,354	3,128

The charge relates to costs incurred upon our withdrawal from non-core and less profitable activities and employment termination costs.

6. Finance costs

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
On bank and other loans repayable within five years, otherwise than by instalment	-	-
On bank and other loans repayable within five years, by instalment	-	-
On all other loans, excluding shareholders' loans	36,831	32,387
On shareholders' loans- accumulating interest	15,356	14,240
Finance cost write-off on repayment of debt during year	10,810	-
Finance cost amortisation on existing debt	1,826	2,104
	64,823	48,731
Interest receivable	(1,905)	(837)
	62,918	47,894

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7. Profit before tax

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
The profit before tax is stated after charging (crediting)		
Cost of sales	682,064	631,720
Net foreign exchange gain	(489)	(344)
Auditors' remuneration	978	850
Directors' emoluments : Executive board	953	809
Depreciation of property, plant and equipment	26,564	24,083
Operating leases : premises	3,673	2,235
: other	1,152	943

8. Employees and remuneration

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Wages and salaries	151,781	137,064
Social welfare costs and other taxes	23,150	20,334
Pension costs	5,973	5,667
	180,904	163,065

	Numbers Employed	Numbers Employed
Average number of full time employees during the year	4,260	3,908

Compensation of key management personnel

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Short term benefits	854	721
Post employment benefits	99	88
	953	809

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9. Income tax expense

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
The Netherlands	98	(1,201)
Foreign taxation	6,142	5,690
Corporation taxation	6,240	4,489
Capital gains tax on disposal of surplus property	4,114	-
Deferred taxation	(5,229)	(973)
	5,125	3,516

The standard rate of corporation tax is 25.5% (2006: 29.6%) in the Netherlands.

Profit before tax	20,438	11,276
Profit before tax multiplied by standard rate of corporation taxation in the Netherlands of 25.5% (2006: 29.6%)	5,212	3,338
Factors affecting income tax expense:		
Other temporary differences	(392)	67
Effect of other tax rates on income from property disposal	(129)	(844)
Effect of other tax rates on foreign earnings	434	955
Income tax expense	5,125	3,516

Tax expense recognised directly in the Consolidated Statement of Recognised Income and Expense

Deferred tax charge on actuarial gains	90	1,062

10. Goodwill

	31 December 2007 €'000	31 December 2006 €'000
At 1 January	437,711	423,910
Acquired during the year (note 25)	90,296	18,998
Foreign currency translation	(15,770)	(5,197)
At 31 December	512,237	437,711

The Executive Directors are satisfied that there has been no impairment of goodwill in the period.

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10. Goodwill (continued)

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from the business combination. The carrying amount of goodwill has been allocated as follows:

	31 December 2007	31 December 2006
	€'000	€'000
Flexible packaging	341,286	340,612
Specialist packaging	170,951	97,099
	512,237	437,711

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management. Cash flow is then projected forward for the following four years on assumed growth of 5% (2006: 5%) per annum. The Group uses its weighted average cost of capital to discount future cash flows as disclosed in note 19. A 1% change in the discount rate used in the period would not cause any impairment.

11. Property, plant and equipment

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 January 2006	91,469	128,093	9,485	229,047
Foreign currency translation	(1,971)	(1,781)	(80)	(3,832)
Acquired on acquisition	4,890	6,053	414	11,357
Additions	4,173	18,615	2,383	25,171
Disposals	(477)	(510)	(93)	(1,080)
Transferred to asset held for sale	(6,813)	-	-	(6,813)
At 31 December 2006	91,271	150,470	12,109	253,850
Foreign currency translation	(3,633)	(6,464)	(268)	(10,365)
Acquired on acquisition	4,433	20,105	1,824	26,362
Additions	919	16,429	2,229	19,577
Disposals	(275)	(2,292)	(144)	(2,711)
At 31 December 2007	92,715	178,248	15,750	286,713
Accumulated depreciation				
At 1 January 2006	2,086	32,130	3,604	37,820
Foreign currency translation	(83)	(517)	(18)	(618)
Disposals	-	(195)	(42)	(237)
Charge for the period	2,270	19,537	2,276	24,083
At 31 December 2006	4,273	50,955	5,820	61,048
Foreign currency translation	(175)	(1,678)	(127)	(1,980)
Disposals	(76)	(406)	(72)	(554)
Charge for the period	2,170	21,908	2,486	26,564
At 31 December 2007	6,192	70,779	8,107	85,078
Net book amount				
At 31 December 2006	86,998	99,515	6,289	192,802
At 31 December 2007	86,523	107,469	7,643	201,635

The book value of the property, plant and equipment is stated net of environmental valuation adjustments and approximates the fair value.

12. Financial Assets

Group	31 December 2007 €'000	31 December 2006 €'000
At beginning of period	1,888	1,888
Part disposal of investment	(1,388)	-
At end of period	500	1,888

In 2007, an amount of €2.1 million was received for a part-disposal of our investment in Kelvinside as that company, in which we have an approximate 16% equity interest proceeded in a share buy back from all its shareholders on a pari-passu basis. The profit on sale of investment was €0.7 million.
Management has assessed, based on historical and expected future financial results, that the value of this investment is realisable at a value at least equal to the carrying amount.

13. Non current asset classified as held for sale

	31 December 2007	31 December 2006
Asset held for resale	-	6,813

In July 2006, following the relocation of one of our specialist packaging businesses to alternative leased premises we entered into a contract to sell the previously occupied property for €26.3 million and received a €2.0 million non refundable deposit at signing, which was booked as a profit on disposal in the year ended 31 December 2006. This property was recorded on the balance sheet as a current asset as an asset held for sale at its carrying book value of €6.8 million at 31 December 2006 in accordance with IFRS requirements. The property disposal was completed in March 2007, when the balance proceeds of €24.3 million were received.

14. Inventories

	31 December 2007 €'000	31 December 2006 €'000
Raw materials	31,080	28,121
Work in progress	14,416	11,773
Finished goods	42,015	39,053
	87,511	78,947

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15. Trade and other receivables

	31 December 2007 €'000	31 December 2006 €'000
Amounts falling due within one year		
Trade receivables	98,112	85,317
Prepayments and accrued income	9,981	9,548
	108,093	94,865

Trade Receivables

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience, collection activity and arrears and having regard to prevailing economic conditions.

Before accepting new customers, we perform various approval procedures, including operating limited credit arrangements at relationship commencement and carrying out reviews to assess the credit quality of new customers. We allocate credit limits to all customers and these limits are reviewed regularly. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. No individual customer represents more than 5% of our overall trade receivables balance.

To prompt diligent credit collection activity we typically operate short credit terms to our customers, between 30 and 45 days. The value of the past due receivables measured against these limits was €22.4 million at 31 December 2007 (2006: €19.5 million). Practically all of these past due receivables have been collected since the year end. In the year ended 31 December 2007, our average credit days given varied between 40 days and 42 days (2006: between 38 days and 40 days).

16. Cash and cash equivalents

	31 December 2007 €'000	31 December 2006 €'000
Cash and cash equivalents	94,643	51,685

In 2007 €0.8 million (2006: €1.4 million) of the above cash balances are restricted due to state mandated cash reserves for the Group's United States self insured workers compensation program.

17. Trade and other payables

	31 December 2007 €'000	31 December 2006 €'000
Trade creditors and accruals	144,251	129,666
Social security and other taxes	3,656	3,111
Value-added and sales taxes	2,960	3,198
	150,867	135,975

Trade creditors and accruals include amounts due to suppliers who purport to hold reservation of title.

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18. Interest bearing loans and borrowings

	31 December 2007 €'000	31 December 2006 €'000
Bank and other loans	-	267,909
Floating rate notes	401,895	-
Senior notes	170,000	170,000
Amounts due to parent	175,831	176,379
	747,726	614,288
Finance costs, net of amortisation and write-off of fees of €12.6 million (2006: €2.1 million)	(17,030)	(15,175)
	730,696	599,113

Approximately €13.3 million of the 31 December 2007 (2006: €nil) net finance costs after amortisation of €17.0 million (2006:€15.2 million) relate to the floating rate notes issued in June 2007. The remaining net finance costs after amortisation €3.7 million (2006: €4.3 million) relate to the €170.0 million senior notes issued in March 2004. In 2006, €10.8 million of the net finance costs after amortisation of €15.2 million related to bank and other loans that were repaid in 2007, which repayment prompted the €10.8 million finance cost write-off as reported in note 6 above.

Bank and other loans and Floating rate notes

On 19 June 2007, the Company's 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, which mature on 15 December 2013, 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 guaranteed on a senior basis by the Company, by the parent company Clondalkin Group Holdings B.V., 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 95% of each of the Group's tangible assets, EBITDA and revenue. The obligations of CABV and the subsidiary Guarantors under the Guarantees are secured by liens over substantially all of the assets of CABV and CABV's subsidiaries.

The proceeds of the Floating rate notes were used to repay all of our existing bank borrowings of approximately €286.2 million, with the balance after issuance expenses applied to finance the acquisitions completed in the year ending 31 December 2007.

The bank and other loans and Floating rate notes due after more than one year mature as follows:

	31 December 2007 €'000	31 December 2006 €'000
Between one and two years	-	27,546
Between two and three years	-	29,128
Between three and four years	-	33,873
Between four and five years	-	8,501
Thereafter:		
By instalment	-	17,947
Other than by instalment	401,895	150,914
	401,895	267,909

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18. Long term loans (continued)

Bank and other loans and Floating rate notes (continued)

In addition, we also have a €30.0 million revolving credit facility which we can draw upon to finance working capital requirements. This borrowing facility has not been utilised, except to service foreign exchange hedging and letters of credit requirements prompted by our trading activities.

The floating rate notes including the revolving credit facility are 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.

Senior notes

On 11 March 2004, €170 million senior notes were issued by the Company. These senior notes mature in March 2014. The annual interest rate on the senior notes of 8% is fixed for the duration of the borrowing. Interest is payable in arrears in two equal annual instalments in March and September each year. The senior notes are Euro denominated. The senior notes are unsecured obligations of the Company. Clondalkin Group Holdings B.V. as parent company and most of its wholly owned subsidiaries have guaranteed the senior 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 floating rate note lenders and lenders of the revolving bank credit facility.

The guarantee ranks equally with or senior to any other current or future subordinated indebtedness of the guarantor companies. Under the terms of the senior note indenture agreement, 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.

Amounts due to parent company

In connection with the acquisition of Clondalkin Group Holdings Limited effective 28 February 2004, Clondalkin Group Holdings B.V. the Company's parent raised €180 million of finance comprising shareholder loans of €149.3 million options and rights over shares and loan notes in the predecessor Clondalkin Group Holdings Limited were exchanged for options and rights over shares and loan notes in Clondalkin Group Holdings B.V. to the value of €9.6 million and share capital of €21.1 million. An additional €2.3 million in shares and loan notes were issued to management investors between 28 February 2004 and 31 December 2007, including €1.6 million in 2006, mainly being the exercise of management options over shareholders' loans.

The shareholders' loans, which mature in 2015, are subordinated to the prior rights of the Floating Rate Notes, Revolving Credit Facility and the Senior Notes and do not qualify for repayment until the Floating Rate Notes and Revolving Credit Facility are repaid and while the Senior Notes are unpaid, certain significant restrictions on repayment are also applied. Interest accrues on the shareholders' loans at the rate of 7.57% per year payable in June and December each year, but until maturity, interest is to be capitalized provided, however, except that from 2007, 1.5% interest per annum may be payable in cash, subject to the terms of the Floating Rate Notes, Revolving Credit Facility and the Senior Notes.

Clondalkin Group Holdings B.V. has granted a loan to the Company of €175.8 million on approximately the same terms and conditions as above.

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19. Derivatives and financial instruments

Interest rate and currency profile

The interest rate and currency profile of the Group's principal financial instruments, including short term debtors and creditors, at 31 December 2007 was as follows:

	Euro Denominated	Non Euro Denominated	Total
	€'000	€'000	€'000
Fixed rate debt			
Floating rate notes	146,082	58,907	204,989
Weighted average fixed debt interest rates	6.42%	6.66%	6.50%
Weighted average fixed debt period	2.75 years	2.75 years	2.75 years
Senior notes	170,000	-	170,000
Weighted average fixed debt interest rates	8%	-	8%
Weighted average fixed debt period – years	6.2 years	-	6.2 years
Amounts due to parent company	175,831	-	175,831
Weighted average fixed debt interest rates	7.695%	-	7.695%
Weighted average fixed debt period	7.2 years	-	7.2 years
	491,913	58,907	550,820
Variable rate debt			
Floating rate notes	153,918	42,988	196,906
Total borrowings	645,831	101,895	747,726
Bank and cash balances – floating rates	(74,840)	(19,803)	(94,643)
Net debt	570,991	82,092	653,083
Trade and other receivables	59,777	48,316	108,093
Trade creditors and accruals	88,148	56,103	144,251

The non Euro denominated net debt was comprised as follows:

	U.S. Dollar	Sterling	Other	Total
	€'000	€'000	€'000	€'000
Floating rate notes at fixed rates	58,907	-	-	58,907
Weighted average fixed debt interest rates	6.66%	-	-	6.66%
Weighted average fixed debt period – years	2.75 years	-	-	2.75 years
Floating rate notes at variable rates	42,988	-	-	42,988
Bank and cash balances – floating rates	(7,657)	(7,711)	(4,435)	(19,803)
	94,238	(7,711)	(4,435)	82,092
Trade and other receivables	23,144	16,653	8,519	48,316
Trade creditors and accruals	27,146	16,498	12,459	56,103

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19. Derivatives and financial instruments (continued)

Interest rate and currency profile

The interest rate and currency profile of the Group's principal financial instruments, including short term debtors and creditors, at 31 December 2006 was as follows:

	Euro Denominated	Non Euro Denominated	Total
	€'000	€'000	€'000
Fixed rate debt	90,000	82,788	172,788
Bank and other loans			
Weighted average fixed debt interest rates	2.93%	3.76%	3.34%
Weighted average fixed debt period	1.25 years	1.21 years	1.22 years
Senior notes	170,000	-	170,000
Weighted average fixed debt interest rates	8%	-	8%
Weighted average fixed debt period – years	7.2 years	-	7.2 years
Shareholders' loans and amounts due to shareholders	176,379	-	176,379
Weighted average fixed debt interest rates	7.695%	-	7.695%
Weighted average fixed debt period	8.2 years	-	8.2 years
	436,379	82,788	519,167
Variable rate debt			
Bank and other loans	37,966	76,295	114,261
Total borrowings	474,345	159,083	633,428
Bank and cash balances – floating rates	(30,387)	(21,298)	(51,685)
Net debt	443,958	137,785	581,743
Trade and other receivables	52,925	41,940	94,865
Trade creditors and accruals	79,806	49,860	129,666

The non Euro denominated net debt was comprised as follows:

	U.S. Dollar	Sterling	Other	Total
	€'000	€'000	€'000	€'000
Bank and other loans at fixed rates	45,558	37,230	-	82,788
Weighted average fixed debt interest rates	2.85%	5.01%	-	3.76%
Weighted average fixed debt period – years	1.16 years	1.26 years	-	1.21 years
Bank and other loans at variable rates	43,659	14,451	18,185	76,295
Bank and cash balances – floating rates	(8,502)	(9,042)	(3,754)	(21,298)
	80,715	42,639	14,431	137,785
Trade and other receivables	17,596	19,312	5,032	41,940
Trade creditors and accruals	21,928	19,926	8,006	49,860

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19. Derivatives and financial instruments (continued)

The principal financial instruments used to fund the operations comprise floating rate notes, senior notes, shareholders' loans and cash. Other financial instruments such as trade debtors, trade creditors, accruals and provisions also arise from the Group's operations.

The Group does not trade in financial instruments.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the Company, comprising capital, reserves and retained earnings as disclosed in notes 21, 22 and 23 respectively.

The Executive Directors review the capital structure on an ongoing basis. As part of this review, the costs of capital and the risks associated with each class of capital are considered.

The Executive Directors are satisfied that the current capital structure is appropriate and will enable the Group to continue as a going concern for the foreseeable future.

Financial risk management objectives

The Group monitors and manages the financial risks relating to the operations of the Group on an ongoing basis. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risks exposures. The use of financial derivatives is governed by the Group's policies which provide written principles on the various forms of risk management. Compliance with policies and exposure limits is reviewed by the internal audit function on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group trading activities primary financial risks relate to changes in foreign currency rates and interest rates. The Group enters into a variety of derivative financial instruments to manage these exposures, including:

- Forward foreign contracts to hedge the exchange risk arising on the sale and purchase of inventories in certain jurisdictions; and
- Interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risk management

The Group does not have significant foreign currency transaction risk. The derivative instruments used by the Group are mainly foreign currency purchase and sale contracts. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

The total notional amount of the outstanding forward foreign exchange contracts that the Group has committed to are as set out in the following table, which details the forward foreign currency contracts outstanding at 31 December 2007 compared to 31 December 2006.

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19. Derivatives and financial instruments (continued)

Foreign Exchange forward contracts	Notional Amount		Average contract rate		Fair value gain / (loss)	
	2007	2006	2007	2006	2007	2006
					€'000	€'000
Receipt of Euro and pay GBP	€3,901,000	€3,445,000	0.7092	0.6810	129	(48)
Receipt of Euro and pay USD	€1,308,000	€1,511,000	1.3995	1.2910	64	30
Receipt of Euro and pay PLN	-	€1,264,000	-	4.5650	-	(242)
Receipt of Euro and pay CHF	-	€434,000	-	1.5887	-	5
Receipt of USD and pay Euro	$4,932,000	$4,417,000	1.4058	1.2935	(158)	(61)
Receipt of USD and pay CHF	$105,000	-	1.0970	-	(2)	-
Receipt of SEK and pay Euro	SEK7,095,000	SEK3,226,000	9.3881	9.1105	(4)	3
Receipt of SEK and pay GBP	SEK7,036,000	SEK5,748,000	13.5324	13.365	36	(5)

These forward foreign exchange contracts relate to forward commitments entered into during the year and outstanding at the end of the year. These contracts arise from our day to day trading activities and are intended to eliminate forward exchange risks due to currency fluctuations between the time our sale or purchase is committed and the time it is settled in cash. All of these contracts mature within one year. The total amount of open forward contracts entered into at 31 December 2007 is €10.3 million (2006: €11.4 million). The fair value of contracts entered into at 31 December 2007 is estimated at €0.1 million, 2006 (€0.3 million).

With regard to foreign currency translation exposure, the Group seeks to minimise this exposure by denominating a portion of borrowings in U.S. dollars to reflect U.S. dollar profit and cash flows. Less than 20% of the Group's activities are denominated in non Euro and non U.S. Dollar currencies. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are:

2007	U.S. Dollar	Sterling	Other	Total
	€'000	€'000	€'000	€'000
Assets	30,801	24,364	12,954	68,119
Liabilities	129,349	16,498	12,459	158,306
2006				
Assets	26,098	28,354	8,786	63,238
Liabilities	112,476	72,236	26,400	211,112

Foreign currency sensitivity analysis

The Group's main non Euro currency exposures are the U.S. Dollar and Sterling. The following table indicates the Group's sensitivity in terms of profit and loss effects and balance sheet effects to a 5% increase and decrease in these currencies compared to the Euro. This sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at period end for a 5% change in the Euro compared to the U.S. Dollar and Sterling. A positive number indicates an increase in profit and other equity where the Euro weakens against the foreign currency. In the case of a 5% strengthening of the Euro the value effect is the same as indicated opposite impact on the profit and other equity.

	31 December 2007		31 December 2006	
	Euro weaker	Euro stronger	Euro weaker	Euro stronger
	€'000	€'000	€'000	€'000
Profit or loss effect relating mainly to trading receivables and payables	583	(583)	602	(602)
Other equity effect relating to financing arrangements	(5,095)	5,095	(7,954)	7,954

19. Derivatives and financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk as funds are borrowed at both fixed and floating rates. The interest rate risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings and by using interest rate swap contracts. Our interest rate management arrangements are evaluated regularly to take account of developing interest rate trends and having regard to tolerable risk levels.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the Group's exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 50 basis points higher (lower) and all other variables were held constant, the Group's profit for the year would increase (decrease) by €0.7 million (2006: increase (decrease) by €0.6 million). The Group's sensitivity to interest rates has increased during the year ended 31 December 2007 due to the increase variable rate debt borrowed compared to the prior year.

Interest rate swaps

The Group has implemented interest hedge arrangements, using a combination of interest rate swaps and capped rates, by which we expect the all in hedged interest rates for the hedged amounts to be approximately 6.50% until the termination of the hedge arrangements in June 2010. We have hedged approximately 80% of the floating rate loans net of expected cash balances until June 2010.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest swaps is the interbank rate of the relevant currency. The difference between the fixed and floating rate is settled on a net basis.

The Group uses interest rate swaps to manage its exposure to interest rate borrowing. The fair value of swaps entered into at 31 December 2007 based on management's estimate is €0.4 million (2006: €0.7 million).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and credit rating of its counterparties are monitored on a continuous basis. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate credit guarantee insurance cover is purchased.

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 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties we deal with are banks with high credit-ratings assigned by international credit-rating agencies.

Other price risks

Raw materials comprise a significant portion of our costs of sales. Due to our focus on higher value-added products and our lack of dependence on individual customers, we are able generally to pass on increases in raw material costs to our customers within a relatively short period of time. We generally do not enter into fixed price contracts with customers and in practically all cases we agree the raw material cost content with customers when we set our selling prices. We seek to achieve a balance among the raw materials used to produce our products, which we believe assists us in servicing customer requirements while also improving our ability to cross-sell products to existing customers.

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19. Derivatives and financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Executive Directors who ensure there is an appropriate risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity tables

The following table indicates the Group's non-derivative financial liabilities' expected settlement maturity profile at their undiscounted principal cash flow values and allocated to the repayment periods based upon the earliest dates the liabilities can be called for settlement, inclusive of any applicable interest and settlement amounts. The liabilities included represent the Group's total non-current liabilities and current liabilities.

2007	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Non-interest bearing instruments	96,154	34,887	25,949	-	17,803	174,790
Interest bearing instruments	-	5,256	-	-	800,495	805,751
	96,154	40,143	25,949	-	818,298	980,541

2006	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Non-interest bearing instruments	86,815	32,271	21,861	-	21,935	162,882
Interest bearing instruments	-	6,519	19,140	99,048	552,653	677,360
	86,815	38,790	41,001	99,048	574,588	840,242

The following table indicates the Group's non-derivative financial assets' expected settlement maturity profile at their undiscounted principal cash flow values and allocated to the expected settlement period. The assets included represent the Group's trade receivables.

	Less than one month	One to three months	Total
2007	€'000	€'000	€'000
Non-interest bearing	75,776	22,336	98,112
2006			
Non-interest bearing	65,894	19,423	85,317

19. Derivatives and financial instruments (continued)

Fair value of financial assets and liabilities

The book values and fair values of the financial assets and financial liabilities were:

	31 December 2007		31 December 2006	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	€'000	€'000	€'000	€'000
Assets				
Bank and cash balances	94,643	94,643	51,685	51,685
Accounts receivable and prepayments	108,093	108,093	94,865	94,865
Liabilities				
Accounts payable and accrued liabilities	144,251	144,251	129,666	129,666
Long term debt including current maturities	471,895	438,897	457,049	466,399
Amounts due to parent	175,831	175,831	176,379	176,379

The estimated fair value of the senior notes of €170.0 million and floating rate notes of €401.9 million included above in long term debt including current maturities, have not been adjusted to market value of €539.9 million as at 31 December 2007 (2006: €179.4 million).

The following methods and assumptions were used in estimating the fair value disclosures for financial instruments;

Cash, short term deposits, accounts receivable, accounts payable and short term borrowings: The carrying amount reported in the balance sheet approximates fair value of the short maturity of these instruments.

Long term debt and amounts due to parent: The carrying amount reported in the balance sheet is approximately fair value, except that the fair value of the senior notes is stated at the market value at 31 December 2007.

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20. Deferred tax liabilities

	Accelerated tax depreciation	Fair value adjustments of Property	Tax losses	Other temporary differences	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2006	6,543	10,092	(2,330)	4,376	18,681
Exchange movement	(205)	(143)	23	(4)	(329)
Deferred tax charge (credit) to income statement	1,086	1,342	(1,388)	(2,013)	(973)
Deferred tax charge to equity	-	-	-	1,062	1,062
Acquisition of subsidiary	1,777	(129)	-	(191)	1,457
At 1 January 2007	9,201	11,162	(3,695)	3,230	19,898
Exchange movement	(300)	(339)	-	(123)	(762)
Deferred tax charge (credit) to income statement	(1,834)	236	(4,333)	702	(5,229)
Deferred tax charge to equity	-	-	-	90	90
Transfer to corporation tax	-	(781)	-	(797)	(1,578)
Acquisition of subsidiaries	995	-	-	220	1,215
At 31 December 2007	8,062	10,278	(8,028)	3,322	13,634

	31 December 2007	31 December 2006
	€'000	€'000
The deferred tax provision consists of the following amounts		
Accelerated tax depreciation	8,062	9,201
Fair value adjustments of property	10,278	11,162
Tax losses	(8,028)	(3,695)
Other temporary differences	3,322	3,230
	13,634	19,898

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes.

	31 December 2007	31 December 2006
	€'000	€'000
Deferred tax liabilities	23,084	25,626
Deferred tax assets	(9,450)	(5,728)
	13,634	19,898

At the balance sheet date the Group had unused tax losses of €39.5 million (2006: €19.2 million) available for offset against future profits. A deferred tax asset has been recognised in respect of €31.5 million worth of these losses (2006: €14.5 million) as it is expected that there will be sufficient profits available in future years to utilise these losses. The remaining unused tax losses of €8.0 million (2006: €4.7 million) are not recognised as deferred tax assets because their utilisation is restricted.

21. Share capital, share premium and capital contribution

	Preferred ordinary shares	Share Premium	Capital Contri-bution	Total
Authorised number of shares (€0.01 each)				
At 31 December 2006 and 2007	10,000	-	-	10,000
Number of allotted called up and fully paid share capital				
At 1 January 2006	2,000	-	-	2,000
Shares issued	-	-	-	-
At 31 December 2006	2,000	-	-	2,000
Shares issued	-	-	-	-
At 31 December 2007	2,000	-	-	2,000
Value in €'000 at 31 December 2007	20	3,678	3,425	7,123

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22. Other reserves

	Currency translation reserve	Actuarial gains / (losses)	Total
	€'000	€'000	€'000
At 1 January 2006	(123)	(3,480)	(3,603)
Currency translation	(2,164)	-	(2,164)
Actuarial gain on defined benefit pension schemes	-	4,233	4,233
Deferred tax charge on defined benefit pension schemes	-	(1,062)	(1,062)
At 31 December 2006	(2,287)	(309)	(2,596)
Currency translation	(13,383)	-	(13,383)
Actuarial loss on defined benefit pension schemes	-	(376)	(376)
Deferred tax charge on defined benefit pension schemes	-	(90)	(90)
At 31 December 2007	(15,670)	(775)	(16,445)

23. Retained Earnings

	31 December 2007	31 December 2006
	€'000	€'000
At 1 January	35,117	27,357
Profit after taxation	15,313	7,760
At 31 December	50,430	35,117

24. Reconciliation of movement in Equity

	31 December 2007	31 December 2006
	€'000	€'000
At 1 January	39,644	30,877
Movement on currency translation reserve	(13,383)	(2,164)
Actuarial (loss) / gain on defined benefit pension schemes	(376)	4,233
Deferred tax charge on defined benefit pension schemes	(90)	(1,062)
Profit retained for the year	15,313	7,760
At end of period	41,108	39,644

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25. Subsidiaries acquired

2007	Book value acquired €'000	Fair value adjustments €'000	Fair value acquired €'000
Tangible fixed assets	27,691	(1,329)	26,362
Inventories	11,723	(140)	11,583
Receivables	11,372	(210)	11,162
Corporation tax	(674)	-	(674)
Creditors and accruals	(13,799)	(1,336)	(15,135)
Pension creditor	(1,402)	(753)	(2,155)
Deferred tax	(995)	(220)	(1,215)
	33,916	(3,988)	29,928
Goodwill			90,296
			120,224
Satisfied by:			
Consideration and expenses paid			116,968
Deferred consideration and expenses due			3,256
			120,224

The Group acquired all the equity of Kenilworth Products Limited ("Kenilworth Products") effective 4 April 2007, Keller Crescent Inc. ("Keller Crescent") effective 1 June 2007, Direct Plastics Limited ("Direct Plastics") effective 29 June 2007 and Cartonplex S.A ("Cartonplex") effective 1 November 2007. The total cash consideration paid in respect of these acquisitions was €117.0 million. There is further deferred consideration and fees of €3.3 million payable in respect of these acquisitions.

Kenilworth Products, based in Dublin, Ireland is a leading Irish label solutions provider to the pharmaceutical and healthcare markets. This acquisition complements and adds to our existing specialisations in the pharmaceutical and healthcare markets.

Keller Crescent, which is headquartered in Evansville, Indiana, United States and which operates three main production plants in Evansville and Indianapolis, Indiana and in Charlotte, North Carolina, is the premier supplier of secondary packaging to the pharmaceutical and healthcare markets in the United States. The acquisition expands Clondalkin's prominent pharmaceutical secondary packaging supply position to market leadership in North America. The Keller Crescent businesses particularly complement Pharmagraphic Inc.'s secondary packaging businesses, acquired in April, 2006.

Direct Plastics, based in Orangeville Ontario, Canada, specialises in flexible packaging for frozen food, confectionary, horticulture and animal care markets. This business complements our existing United States plastic packaging businesses.

Cartonplex based in Barcelona, Spain specialises in the production of cartons to the pharmaceutical and healthcare markets.

The results of Kenilworth Products, Keller Crescent, Direct Plastics and Cartonplex are included in these financial statements since 4 April 2007, 1 June 2007, 29 June 2007 and 1 November 2007 respectively.

The above acquisitions contributed €52.4 million revenue and €5.6 million to the Group's profit from operations for the periods between their acquisition dates and 31 December 2007.

If these acquisitions had been completed on 1 January 2007, total revenue for the period would have been €874.5 million and total profit from operations would have been €88.0 million.

The goodwill arising on the acquisitions is attributable to the expected synergies, revenue growth and future market development of the businesses.

The customer lists and customer relationships were also acquired as part of the acquisitions. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated from the businesses and sold, transferred, licensed, rented or exchanged whether individually or together with any related contracts.

25. Subsidiaries acquired (continued)

2006	Book value acquired €'000	Fair value adjustments €'000	Fair value acquired €'000
Tangible fixed assets	10,035	1,322	11,357
Intangible assets	404	(404)	-
Inventories	3,363	-	3,363
Receivables	4,503	-	4,503
Corporation tax	143	-	143
Creditors and accruals	(4,797)	(2,753)	(7,550)
Deferred tax	(764)	(693)	(1,457)
	12,887	(2,528)	10,359
Goodwill			18,998
			29,357
Satisfied by:			
Consideration and expenses paid			29,357
Consideration in respect of Pharmagraphics			29,357
Deferred consideration paid during year			684
Total paid in respect of subsidiaries acquired			30,041

In April 2006, the Group acquired Pharmagraphics Inc, a United States based pharmaceutical packaging company for €29.4 million.

Pharmagraphics contributed €25.0 million revenue and €2.0 million to the Group's profit from operations for the period between the date of acquisition and year end.

If the acquisition had been completed on 1 January 2006, total group revenue for the period would have been €772.3 million and total profit from operations would have been €59.1 million.

The goodwill arising on the acquisition of Pharmagraphics is attributable to the expected synergies, revenue growth and future market development of the business. The customer lists and customer relationships of Pharmagraphics were also acquired as part of the acquisition. These assets could not be reliably measured and separately recognised from goodwill because they are not capable of being separated from the business and sold, transferred licensed, rented or exchanged, whether individually or together with any related contracts.

The deferred consideration paid during the year relates to the acquisitions of Harlands of Hull Limited and the business of Paradise Labels Inc. in the year ended 31 December 2005.

26. Increase in net debt

	31 December 2007 €'000	31 December 2006 €'000
Increase / (decrease) in cash	44,636	(27,025)
Decrease / (increase) in bank loans due within one year	18,989	(1,603)
(Increase) / decrease in loans due after more than one year	(146,824)	2,489
	(83,199)	(26,139)
Currency translation movement	11,311	7,766
Increase in net debt	(71,888)	(18,373)

27. Analysis of changes in net debt

	31 December 2007 €'000	Cash flow €'000	Exchange Movements €'000	31 December 2006 €'000
Cash balances and call deposits	94,643	44,636	(1,678)	51,685
Bank debt due within one year	-	18,989	151	(19,140)
Bank debt due after more than one year	-	266,176	1,733	(267,909)
Floating rate notes	(401,895)	(413,000)	11,105	-
Senior notes	(170,000)	-	-	(170,000)
Net debt	(477,252)	(83,199)	11,311	(405,364)

28. Capital expenditure commitments

At 31 December 2007, the following capital expenditure commitments authorised by the Executive Directors have not been provided in the financial statements:

	31 December 2007 €'000	31 December 2006 €'000
Contracted for	6,414	4,832
Not contracted for	2,927	2,610
	9,341	7,442

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29. Leasing commitments

At 31 December 2007, the Group had total commitments under non-cancellable operating leases with lease terms between one and 11 years. In respect of certain leases the Group has an option to extend for an extended period at market rates. The leases expire as follows:

	31 December 2007	31 December 2006
	Premises	**Premises**
	€'000	**€'000**
Within one year	1,413	1,014
One to five years	6,287	3,720
Over five years	11,489	3,419
	19,189	8,153
	Equipment	**Equipment**
	€'000	**€'000**
Within one year	504	183
One to five years	4,516	1,269
Over five years	1,966	57
	6,986	1,509

30. Fiscal entity

Together with Clondalkin Group Holdings B.V., Clondalkin Industries B.V. forms a tax entity with most of the Dutch subsidiary companies in respect to corporation tax, and for this reason it is jointly and severally liable for the tax liabilities of the fiscal unity.

31. Controlling parties

Clondalkin Group Holdings B.V. is the ultimate holding company of the group of companies of which it is a member. The majority shareholder in Clondalkin Group Holdings B.V. is WP Flexpack Holdings S.a.r.l and its associates who together control 85.6% of the issued ordinary share capital and 97.2% of the issued preference share capital.

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32. Retirement Benefit Obligations

The Group companies contribute to pension benefit arrangements operated in accordance with the local conditions and practices in the jurisdictions in which the companies operate. These arrangements are administered in funded pension schemes held separately from, and managed independently of, the participating companies.

The most common type of pension scheme operated by the participating companies is the defined contribution type of scheme. In these schemes, the employer obligation is to pay agreed annual contributions. In addition, certain group companies based in the Netherlands, in accordance with common practice in that country, contribute to defined benefit schemes operated as part of broadly based industry schemes. In these industry schemes, there is no practical way to separate the pension benefit affairs of the operating companies' beneficiaries from the general membership of these schemes. These industry schemes therefore reflect features more normal to defined contribution schemes than defined benefit schemes. The annual contributions, expressed as a percentage of salary, both to the defined contribution schemes and the industry schemes have not varied significantly in recent years. The charge for the year ended 31 December 2007 in respect of the defined contribution schemes was €4.7 million (2006: €4.9 million) and the contributions due / prepaid at 31 December 2007 and 2006 were not material.

Defined benefit type schemes are also operated. In these schemes, the employer obligation is to provide benefits linked to employees' service years. Annual contributions to these schemes are based on advice from independent professional actuaries. Actuarial valuations have been carried out on all these schemes within the last three years, generally using the Projected Unit Credit Method to determine pension contributions. These valuations are reviewed and updated on an annual basis. Qualified independent actuaries perform the actuarial valuations.

The charge for the year ended 31 December 2007 in respect of these defined benefit schemes was €1.3 million (2006: €0.8 million) and there were no material contributions due / prepaid at 31 December, 2007 and 2006.

The market value and expected long term rate of returns on the main assets held by the pension schemes determined in conjunction with the Group's actuaries at 31 December 2007 and 2006, compared to the liability position at that date, were as follows:

	Expected Long term rate of return 2007	Market value at 31 December 2007	Expected Long term rate of return 2006	Market value at 31 December 2006
	Percent	€'000	Percent	€'000
Equities	6.72	49,386	6.71	53,415
Fixed income and indexed linked investments	3.86	36,234	4.16	67,131
Properties	5.04	14,437	5.22	20,614
Cash and other	3.46	6,995	3.71	4,764
Total assets		107,052		145,924
Present value of scheme liabilities		(95,054)		(125,965)
Surplus of assets over present value of liabilities		11,998		19,959
Surplus restriction		(16,167)		(21,996)
Net deficit after restriction		(4,169)		(2,037)

The surplus restriction relates to pension assets which are not recognised as it is extremely unlikely that a refund or reduction in the pension contribution rate will be available to the company.

The assumptions, weighted by reference to the pension scheme liabilities of the participating pension schemes, used by the actuary in presenting the above summary details were:

	31 December 2007	31 December 2006
Rate of increases in salaries	2.99%	2.44%
Rate of increase in pensions in payment	0.87%	0.63%
Discount rate	4.95%	4.15%
Inflation assumptions	1.92%	1.79%

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32. Pensions (continued)

The life expectancy of a member retiring at 31 December at age 65, which has been shown in range format to reflect the differing assumptions in each scheme, is as follows:

	31 December 2007	31 December 2006
	Years	Years
Males	16.6 - 19.8	15.7 - 19.8
Females	21.0 - 22.9	20.8 - 22.8

The mortality assumptions used are based on advice from the pension schemes' actuaries and reflect each scheme's population. There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. As an indication of the impact of changes in actuarial assumptions, an increase of 0.5% to the discount rates would reduce the pension schemes' liabilities by approximately 7%.

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
	€'000	€'000
Current service cost	3,175	4,436
Interest cost	3,847	5,021
Expected return on scheme assets	(5,794)	(7,099)
Past service cost	87	-
Settlement gain	-	(1,592)
	1,315	766

Of the charge for the year, €0.8 million (2006: €0.7 million) has been included in cost of sales, €0.2 million (2006: €0.1 million) included in distribution costs and €0.4 million (2006: €0.2 million) included in administration expenses. Actuarial gains and losses have been reported in the statement of recognised income and expense.
The actual loss on scheme assets in the year ended 31 December 2007 was €1.8 million (2006: €10.2 million gain).

Reconciliation of actuarial value of liabilities

	31 December 2007	31 December 2006
	€'000	€'000
Opening defined benefit obligation	125,965	142,653
Exchange differences	(788)	-
Obligation acquired on acquisition	7,846	-
Current service cost	3,175	4,436
Past service cost	87	-
Settlement gain	-	(1,592)
Interest cost	3,837	5,021
Actuarial gain	(12,146)	(17,026)
Transfer of liabilities	(29,364)	-
Benefits paid	(3,558)	(7,527)
Closing defined benefit obligation	95,054	125,965

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32. Pensions (continued)

Changes in fair value of plan assets

	31 December 2007	31 December 2006
	€'000	€'000
Opening fair value of plan assets	145,924	141,811
Exchange differences	(559)	-
Assets acquired on acquisition	5,691	-
Expected return	5,794	7,099
Employer contributions	2,537	1,412
Benefits paid	(3,558)	(7,527)
Transfer of assets	(42,832)	-
Actuarial (loss) / gains	(5,945)	3,129
Closing fair value of plan assets	107,052	145,924

As noted in the above tables, assets and liabilities have been reduced by €42.8 million and €29.4 million respectively. These transfers are in respect of pension obligations which have been secured without recourse to the participating companies in an independently managed and fully funded arrangement. The €13.5 million excess of assets over liabilities is to provide the appropriate level of asset cover necessary to settle contracted future pension increases and to provide sufficient asset cover to cope with market valuation experience losses in the future. This surplus was accounted for as fully restricted in the year ended 31 December 2006 and prior years. The transfer recognises the effective settlement of the pension obligations without recourse to the contributing companies.

Anticipated employer contributions payable in the 2008 financial year amount to €2.8 million.

The experience gains and losses in the year ended 31 December 2007 and 2006 were as follows:

	31 December 2007	31 December 2006
	€'000	€'000
(Deficit) over expected return on scheme assets	(1,183)	(1,158)
Deficit expressed as a percentage of scheme assets	*1.1%*	*0.8%*
Experience (loss) / gain on pension scheme liabilities	(1,298)	120
(Loss) / Gain expressed as percentage of scheme liabilities	*1.4%*	*0.1%*
Gain from changes in the assumptions used to value liabilities	2,105	5,271
Gain expressed as percentage of scheme liabilities	*2.2%*	*4.2%*
Total actuarial (loss) / gain	(376)	4,233
Total actuarial (loss)/gain expressed as percentage of scheme liabilities	*0.4%*	*3.4%*

History of scheme assets, liabilities and actuarial gains and losses

	31 December			
	2007	2006	2005	2004
	€'000	€'000	€'000	€'000
Bid value of assets	107,052	145,924	141,811	129,144
Actuarial value of liabilities	(95,054)	(125,965)	(142,653)	(132,149)
Deficit	11,998	19,959	(842)	(3,005)
Surplus restriction	(16,167)	(21,996)	(6,074)	(4,624)
Net deficit after restriction	(4,169)	(2,037)	(6,916)	(7,629)
(Deficit) / actual return less expected return on scheme assets	(1,183)	(1,158)	5,998	1,328
% of scheme assets	(1.1%)	(0.8%)	4.2%	1.0%
Experience (loss) / gain arising on scheme liabilities	(1,298)	120	2,240	385
% of scheme liabilities	1.4%	0.1%	1.6%	0.3%

33. Statutory rules concerning profit appropriation

Article 21. Profits

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.

34. Proposed profit appropriation for the financial year 2007

The board of directors proposed that the profit for the financial year 2007 should be transferred to reserves without payment of dividend. Anticipating the decision of the general meeting of shareholders, the financial statements reflect this proposal.

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CLONDALKIN INDUSTRIES B.V.

COMPANY INCOME STATEMENT

for the year ended 31 December 2007

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Administrative expenses	(26)	(56)
Net interest receivable	215	213
Profit before taxation	189	157
Taxation charge	(48)	(46)
Net profit	141	111

The Company had no other recognised gains or losses during the year.

The Notes on pages 48 to 53 form part of these financial statements.

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CLONDALKIN INDUSTRIES B.V.

COMPANY BALANCE SHEET
(after proposed appropriation of profit)
As at 31 December 2007

	Notes	31 December 2007 €'000	31 December 2006 €'000
Non-current assets			
Investments in subsidiaries		343,060	343,060
Current assets			
Trade and other receivables		91,618	69,258
Cash and cash equivalents		17	-
		91,635	69,258
Total assets		434,695	412,318
Equity			
Called up share capital	4	20	20
Share premium account	4	3,678	3,678
Capital contribution	4	3,425	3,425
Retained earnings	5	301	160
Total equity	6	7,424	7,283
Non-current liabilities			
Senior notes		170,000	170,000
Amounts due to shareholders		218,713	203,390
Interest due on senior notes		3,967	3,967
		392,680	377,357
Current liabilities			
Creditors - amounts falling due within one year		34,591	27,678
Total liabilities		427,271	405,035
Total equity and liabilities		434,695	412,318

The Notes on pages 48 to 53 form part of these financial statements.

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CLONDALKIN INDUSTRIES B.V.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2007

	Year ended 31 December 2007 €'000	Year ended 31 December 2006 €'000
Profit before taxation	189	157
Finance costs	(215)	(213)
Increase in creditors	33	56
Net cash generated from operating activities	7	-
Net increase in cash and cash equivalents	7	8
Cash and cash equivalents at beginning of year	-	2
Cash and cash equivalents at end of year	17	10

The Notes on pages 48 to 53 form part of these financial statements.

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CLONDALKIN INDUSTRIES B.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2007

1. General information

Clondalkin Group Holdings B.V. is the ultimate holding company of the Group and is the parent company of Clondalkin Industries B.V. ("the Company") with address and statutory seat at Raadhuisstraat 15, 1016 DB Amsterdam, the Netherlands. The Company was incorporated on 12 January 2004 and is the parent company of Clondalkin Industries B.V., which is the parent company of Clondalkin Acquisition B.V..

These three companies, all Dutch incorporated, were formed to facilitate Clondalkin Acquisition B.V.'s acquisition of all the shares in Clondalkin Group Holdings Limited. The acquisition of Clondalkin Group Holdings Limited was completed effective 28 February 2004 and its results have been consolidated from that date.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On 19 June 2007, the Company's 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, which mature 15 December 2013, 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 guaranteed on a senior basis by the Company, by its immediate parent Clondalkin Group Holdings B.V., 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 95% of each of the Group's tangible assets, EBITDA and revenue. The obligations of CABV and the subsidiary Guarantors under the Guarantees are secured by liens over substantially all of the assets of CABV and CABV's subsidiaries.

2. Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with IFRS. The financial statements have also been prepared in accordance with IFRS as adopted by the European Union.

General

The financial statements of the Company have been prepared using the option of Section 362 of Book 2 of the Netherlands Civil Code, meaning that the accounting principles used are the same as for the consolidated financial statements. Foreign currency has been translated, assets and liabilities have been valued and net income has been determined in accordance with the principles of valuation and determination of income provided therein. The financial statements are prepared under the historic cost convention as modified by the periodic revaluation of certain tangible assets and financial instruments. The principal accounting policies adopted are set out below.

Borrowing costs

Borrowing costs on shareholder loans are expensed in the period in which they are incurred.

Investments in Subsidiary companies

The Company fair values its investment in subsidiary companies at cost value less any accumulated impairment.

Shareholder loans

Shareholder loans are recorded at fair value proceeds received less principal repayments.

4. Share capital, share premium and capital contribution

	Ordinary shares	Share Premium	Capital Contribution	Total
		(thousands)		
Authorised number of shares (€0.01 each)				
At 31 December 2006 and 2007	10,000	-	-	10,000
Number of allotted called up and fully paid share capital (in thousands)				
At 1 January 2006	2,000	-	-	2,000
Issue of shares	-	-	-	-
At 31 December 2006	2,000	-	-	2,000
Issue of shares	-	-	-	-
At 31 December 2007	2,000	-	-	2,000
Value in €'000 at 31 December 2007	20	3,678	3,425	7,123

5. Retained Earnings

	31 December 2007 €'000	31 December 2006 €'000
At 1 January	160	49
Net profit	141	111
At 31 December	301	160

6. Reconciliation of movement in Equity

	31 December 2007 €'000	31 December 2006 €'000
At 1 January	7,283	7,172
Net profit	141	111
At 31 December	7,424	7,283

The difference in equity and results between the consolidated financial statements and Company financial statements is due to the results of investments, actuarial movement on pensions and foreign currency translation movements not included in the Company financial statements.

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7. Principal subsidiaries as at 31 December 2007

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 as follow:

Name of company	Registered office in	Nature of business
AP Burt & Sons Limited	Bristol, Britain	Packaging
Better Business Forms Inc	Florida, USA	Printing
Bideford Limited	Dublin, Ireland	Investment Holding Company
Boxes (GH) Limited	Bristol, Britain	Packaging
Boxes LPF B.V.	Leeuwarden, The Netherlands	Packaging
Boxes (Prestige) Limited	Bristol, Britain	Packaging
Boxes Prestige sp Z.o.o.	Lublin, Poland	Packaging
Cahill Printers Limited	Dublin, Ireland	Printing
Cartonplex S.A.	Barcelona, Spain	Packaging
Cats Flexible Packaging B.V.	Rotterdam, The Netherlands	Packaging
C.B. Packaging Limited	Dublin, Ireland	Packaging
C.B. Packaging Limited	Bristol, Britain	Packaging
Chadwicks of Bury Limited	Bristol, Britain	Packaging
Clondalkin Acquisition B.V.	Amsterdam, The Netherlands	Investment Holding Company
Clondalkin Group (UK) Limited	Bristol, Britain	Investment Holding Company
Clondalkin Holdings B.V.	Amsterdam, The Netherlands	Investment Holding Company
Clondalkin Holdings GmbH	Höxter, Germany	Investment Holding Company
Clondalkin International Finance	Dublin, Ireland	Investment Holding Company
Direct Plastics Limited	Ontario, Canada	Packaging
Ditone Labels Limited	Bristol, Britain	Printing
Edgemead Limited	Dublin, Ireland	Investment Holding Company
Flexoplast B.V.	Wieringerwerf, The Netherlands	Packaging
Fortune Plastics Inc.	Connecticut, USA	Packaging
Guy and Company (Distribution) Limited	Dublin, Ireland	Packaging Merchants
Guysal Limited	Dublin, Ireland	Printing
Hansel Flexible Packaging GmbH	Freital, Germany	Packaging
Harlands of Hull Limited	Bristol, Britain	Printing
Keller Crescent Inc	Indiana, USA	Packaging
Kenilworth Products Limited	Dublin, Ireland	Printing
Linde Vouwkartonnage B.V.	Denekamp, The Netherlands	Packaging
LPF Flexible Packaging B.V.	Grootegast, The Netherlands	Packaging
Munster Paper Sacks Limited	Dublin, Ireland	Packaging
Nimax B.V.	Elst, The Netherlands	Packaging
Nyco Flexible Packaging GmbH	Kirchberg, Switzerland	Packaging
Pharmagraphics Inc	North Carolina, USA	Packaging
Pharmagraphics Guy Limited	Dublin, Ireland	Printing
Ritchie (UK) Limited	Bristol, Britain	Printing
Swiftbrook Limited	Dublin, Ireland	Paper Merchants
The Cavendish Press Limited	Bristol, Britain	Printing
US New Co Inc	Delaware, USA	Investment Holding Company
Vaassen Flexible Packaging B.V.	Vaassen, The Netherlands	Packaging
Vaassen Inc	Florida, USA	Packaging
Van der Windt GmbH	Höxter, Germany	Packaging Merchants
Van der Windt Packaging N.V.	Hoogstraten, Belgium	Packaging Merchants
Van der Windt Verpakking B.V.	Honselersdijk, The Netherlands	Packaging Merchants
Van der Windt (UK) Limited	Bristol, Britain	Packaging Merchants
Verpakkingsindustrie Velsen B.V.	Wieringerwerf, The Netherlands	Packaging
Wentus Kunststoff GmbH	Höxter, Germany	Packaging

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8. Guarantees

The Company, has given guarantees in respect its following Dutch subsidiaries under the provisions of Section 403, Book 2 of the Netherlands Civil Code:

- Aluminium Industrie Vaassen B.V. (Vaassen, The Netherlands)
- Boxes LPF B.V. (Leeuwarden, The Netherlands)
- Cats Flexible Packaging B.V. (Rotterdam, The Netherlands)
- Clondalkin Acqusitions B.V. (Amsterdam, The Netherlands)
- Clondalkin Group B.V. (Amsterdam, The Netherlands)
- Clondalkin Group Investments B.V. (Amsterdam, The Netherlands)
- Clondalkin Holdings B.V. (Amsterdam, The Netherlands)
- CNED I B.V. (Amsterdam, The Netherlands)
- CNED II B.V. (Amsterdam, The Netherlands)
- Emballage Artikelen J. van der Windt B.V. (Honselersdijk, The Netherlands)
- Flexoplast B.V. (Wieringerwerf, The Netherlands)
- Leeuwenhoek Holding B.V. (Wieringerwerf, The Netherlands)
- Leeuwhoek Onroerend Goed B.V. (Wieringerwerf, The Netherlands)
- Linde Vouwkartonnage B.V. (Denekamp, The Netherlands)
- LPF Flexible Packaging B.V. (Grootegast, The Netherlands)
- LPF Verpakkingen B.V. (Leeuwarden, The Netherlands)
- Plastic Flexible Packing B.V. (Grootegast, The Netherlands)
- Plastic Packing B.V. (Honselersdijk, The Netherlands)
- Nimax B.V. (Elst, The Netherlands)
- Nimax Onroerend Goed en Beheer B.V. (Elst, The Netherlands)
- Van der Windt Verpakkingen B.V. (Honselersdijk, The Netherlands)
- Varia Vlaardingen B.V. (Honselersdijk, The Netherlands)
- Vaassen Flexible Packaging B.V. (Vaassen, The Netherlands)
- Verpakkingsindustrie Rotterdam B.V. (Wieringerwerf, The Netherlands)
- Verpakkingsindustrie Velsen B.V. (Wieringerwerf, The Netherlands)
- Wentus B.V. (Honselersdijk, The Netherlands)
- Winzo Beheer B.V. (Honselersdijk, The Netherlands)

The Company, has given guarantees in respect its following Irish subsidiaries under the provision of Section 17 of the Irish Companies Act 1986:

- Bailey Gibson Limited (Dublin, Ireland)
- Bideford Limited (Dublin, Ireland)
- B.G. Flexible Packaging Limited (Dublin, Ireland)
- Brittas Plastics Limited (Dublin, Ireland)
- Cahill Printers Limited (Dublin, Ireland)
- C.B. Packaging Limited (Dublin, Ireland)
- European Manufacturing Services Limited (Dublin, Ireland)
- Guy and Company (Distribution) Limited (Dublin, Ireland)
- Guysal Limited (Dublin, Ireland)
- Foxfield Investments Limited (Dublin, Ireland)
- James Wilkes (Ireland) Limited (Dublin, Ireland)
- Munster Paper Sacks Limited (Dublin, Ireland)
- Pharmagraphics Guy Limited (Dublin, Ireland)
- Swiftbrook Limited (Dublin, Ireland)
- Topaz Digital Print (Ireland) Limited (Dublin, Ireland)
- Verdosa Limited (Dublin, Ireland)
- Wilkes-Cerdac Limited (Dublin, Ireland)

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CLONDALKIN INDUSTRIES B.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2007

9. Board approval

The consolidated and Company financial statements were approved by the Executive Directors on:

Place...Amsterdam **Date... 29 July 2008**

________________ Marinus Ditzel

________________ Jim Farrell

________________ Colman O'Neill

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NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

10. Statutory rules concerning profit appropriation

Article 21. Profits

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.

11. Proposed profit appropriation for the financial year 2007

The board of directors proposed that the profit for the financial year 2007 should be transferred to reserves without payment of dividend. Anticipating the decision of the general meeting of shareholders, the financial statements reflect this proposal

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