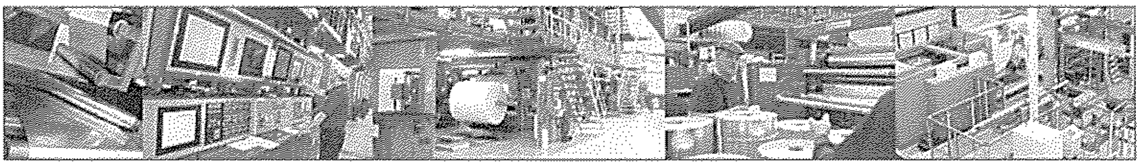
CLONDALKIN
a group with focus



CLONDALKIN INDUSTRIES B.V.

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

For the year ended

31 December, 2009

CLONDALKIN INDUSTRIES B.V.

CONTENTS

CLONDALKIN INDUSTRIES B.V.

COMPANY INFORMATION

Executive Directors	Marinus Ditzel (resigned 30 September, 2009) 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

CLONDALKIN INDUSTRIES B.V.

REPORT OF THE EXECUTIVE DIRECTORS

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

Review of the Business

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

The Group 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 packaging 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, 2009, the average number of employees was 4,319.

We divide our businesses into two reporting segments; namely flexible packaging and specialist packaging.

The flexible packaging businesses, which represented 72.1% of 2009 sales (2008: 72.2%), manufacture products including lids and seals for food and beverage containers, tobacco packaging products, flower sleeves, agricultural produce bags, wraps, paper bags and sacks, 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 27.9% of 2009 sales (2008: 27.8%), manufacture products including folding cartons, labels and leaflets, inserts and outserts, direct mail 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 parent company of the Company. WP Flexpack Holdings S.a r.l. is the majority shareholder in Clondalkin Group Holdings B.V., holding approximately 85.2% of the issued ordinary share capital, equivalent to 79.2% 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. Clondalkin management own approximately 14.8% of the issued ordinary share capital of the Clondalkin Group Holdings B.V. which increases to 20.8% subject to the rights and options over ordinary share capital in Clondalkin Group Holdings B.V. being taken up by management. The majority shareholders in WP Flexpack Holdings S.a r.l. are Warburg Pincus Private Equity VIII L.P. and Warburg Pinucs International Partners L.P. which are both investment funds incorporated by Warburg Pincus.

Warburg Pincus is a leading global private equity firm. Founded in 1966, Warburg Pincus has raised 12 private equity funds which have invested more than $35 billion in more than 600 companies in over 30 countries. The firm invests in a range of sectors including consumer and industrial, energy, financial services, healthcare, real estate, and technology, media and telecommunications and has an active portfolio of more than 110 companies.

Results for the year ended 31 December, 2009

Introduction and overview

In our opinion, the profit from operations of €47.3 million (2008: €61.0 million) on sales of €789.9 million (2008: €877.4 million) for the year ended 31 December, 2009 is a very satisfactory result in extremely challenging economic conditions. As in prior years, the Group benefited from its broad diversification of activities in the flexible and specialist packaging markets. Cash flow from operations was €82.9 million (2008: €96.5 million) for the year ended 31 December, 2009. At 31 December, 2009 our cash balances were €112.0 million (2008: €95.9 million).

Our annual cash generated from operations and significant cash balances combined with the fact that we have no near term scheduled debt repayments give us considerable financial flexibility in managing our businesses and their continued development in an orderly way.

Acquisitions

Effective 1 July, 2009, the Group acquired the business of Cleveland Plastic Films ("Cleveland"). Cleveland, based in Ohio, United States of America, manufactures customised flexible packaging films for industrial applications. The acquisition consideration before expenses to acquire Cleveland on a debt free basis was €3.7 million. Cleveland's business complements our existing North American plastics packaging businesses.

Effective 11 December, 2009, the Group acquired the business of Lehigh Press ("Lehigh"), based in Puerto Rico, for the consideration before expenses of €3.7 million. Lehigh manufactures labels, inserts, outserts and other packaging products, mainly for the pharmaceutical market. This acquisition complements our existing pharmaceutical packaging businesses in Puerto Rico and in North America.

The results of these businesses are included in the financial statements from their effective acquisition dates.

REPORT OF THE EXECUTIVE DIRECTORS (CONTINUED)

Revenue and profit from operations for the year ended 31 December, 2009 compared to the year ended 31 December, 2008

Our revenue decreased by €87.5 million, or by 10.0%, from €877.4 million in the year ended 31 December, 2008 to €789.9 million in the year ended 31 December, 2009, reflecting a decrease in flexible packaging and specialist packaging revenues of €64.0 million and €23.5 million respectively.

Excluding the profit on disposal of investments of €0.7 million recorded in the year ended 31 December, 2008, as there was no such corresponding profit in the year ended 31 December, 2009, our profit from operations decreased by €12.8 million reflecting the following main items:

- Our flexible packaging profit from operations decreased by €3.0 million and our specialist packaging profit from operations decreased by €6.8 million;
- Our restructuring costs increased by €2.8 million.

Flexible Packaging revenue and profit from operations

Flexible packaging revenue decreased by €64.0 million, or by 10.1%, from €633.5 million in the year ended 31 December, 2008 to €569.5 million in the year ended 31 December, 2009. The decrease comprises the following main items:

- Revenue in our plastic packaging businesses decreased by €55.7 million reflecting lower raw material costs, which reduced revenue by approximately €45.0 million, and lower volumes, down approximately 4% compared to the prior year; and
- Revenue in our foils and laminates flexible packaging businesses decreased by €11.5 million. This decrease is attributable both to lower raw material costs prices and volumes down 4% compared to the prior year.
- The stronger U.S. dollar translation rates, partially offset by weaker sterling translation rates, against the Euro for the year ended 31 December, 2009 compared to the corresponding exchange rates used for the year ended 31 December, 2008 caused revenue to increase by €3.2 million.

Profit from operations reported by our flexible packaging businesses decreased by €3.0 million, or by 6.6%, from €45.3 million in the year ended 31 December, 2008 to €42.3 million in the year ended 31 December, 2009. The decrease comprises the following main items:

- Our foils and laminates businesses reported €2.8 million reduced profit from operations, due to uneven month to month demand conditions primarily in the first half of 2009; and
- Our plastic packaging businesses reported €0.4 million reduced profit from operations due to reduced activity primarily in the first half of 2009. This has been partially offset by an improved mix following recent investments with the benefits reflected in the second half of 2009.
- The stronger U.S. dollar translation rates, partly offset by weaker sterling translation rates, against the Euro for the year ended 31 December, 2009 compared to the corresponding exchange rates used for the year ended 31 December, 2008 caused our profit from operations to increase by €0.2 million.

Specialist Packaging revenue and profit from operations

Specialist packaging revenue decreased by €23.5 million, or by 9.6%, from €243.9 million in the year ended 31 December, 2008 to €220.4 million in the year ended 31 December, 2009. The decrease comprises the following main items:

- Revenue in our specialist packaging businesses decreased by €21.6 million, reflecting volume decreases of approximately 9% due to weak demand conditions. The weak demand conditions have been more pronounced in our European higher value added luxury and branded consumer businesses. Our North American pharmaceutical businesses reported improving volumes and results as the year progressed; and
- Weaker sterling translation rates, partially offset by stronger U.S. dollar translation rates, against the Euro for the year ended 31 December, 2009 compared to the corresponding exchange rates used for the year ended 31 December, 2008 caused revenue to decrease by €1.9 million.

Profit from operations reported by our specialist packaging businesses reduced by €6.8 million, or by 31.8%, from €21.4 million in the year ended 31 December, 2008 to €14.6 million in the year ended 31 December, 2009. The decrease comprises the following main items:

REPORT OF THE EXECUTIVE DIRECTORS (CONTINUED)

Revenue and profit from operations for the year ended 31 December, 2009 compared to the year ended 31 December, 2008 (continued)

Specialist Packaging revenue and profit from operations (continued)

- Our European specialist packaging businesses reported €6.2 million reduced profit for the year reflecting weaker demand conditions. These businesses supply into the higher value-added luxury and branded consumer products markets. This decrease occurred mainly in the first half of 2009; and
- Our North American specialist packaging businesses reported €0.7 million reduced profit from operations reflecting the weak demand conditions at the start of the year. These businesses recovered well as the year progressed, with the final quarter profit from operations up €1.4 million on the prior year corresponding quarter.
- The stronger U.S. dollar translation rates, partly offset by weaker sterling translation rates, against the Euro for the year ended 31 December, 2009 compared to the corresponding exchange rates used for the year ended 31 December, 2008 caused our profit from operations to increase by €0.1 million.

Rationalisation and development investments

In the year ended 31 December, 2009, we implemented rationalisation and development investments to improve our revenue and cost alignments, to divest from lower value added businesses and to invest in higher value added businesses.

We incurred restructuring costs of €5.1 million in the year ended 31 December, 2009 compared to €2.2 million in the year ended 31 December, 2008. The restructuring costs mainly relate to employment reductions of approximately 7% in the year ended 31 December, 2009 compared to the prior year and to the consolidation of production sites to maximise asset utilisation.

Investments in existing operations to add new technologies and to upgrade existing assets were approximately €16.9 million in the year ended 31 December, 2009, compared to €29.0 million in the year ended 31 December, 2008. Our operations are well invested in modern technologies.

Asset disposals

Proceeds from surplus asset disposals including properties were approximately €7.0 million in 2009 compared to €2.7 million in 2008.

Cash balances and cash flow

At 31 December, 2009 our cash balances were €112.0 million (2008: €95.9 million). The Group has no scheduled debt repayments until December 2013.

Cash generated from operations was €82.8 million (2008: €95.7 million) for the year ended 31 December, 2009. Our strong cash generation capability, which has long been the hall mark of our business performance, is sufficient to support our debt servicing obligations and to fund the continuing development of the Group's businesses.

The Group has the financial resources and capability to respond to opportunities and developments as they present in 2010.

Principal risks and uncertainties

Under Dutch and European regulations, the Company and its subsidiaries are required to describe the potential principal risks and uncertainties faced by the Company and its subsidiaries. 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 our profit from operations;
- If the markets in which we operate face unfavourable economic conditions, our profitability and cash flow may decrease;

REPORT OF THE EXECUTIVE DIRECTORS (CONTINUED)

Principal risks and uncertainties (continued)

- 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.

Our businesses are experienced in managing these risks successfully.

Financial risk management

The principal financial instruments used to fund our businesses comprise floating rate notes, fixed rate notes, shareholders' loans and callable bank loans and our available cash balances. 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 hedging arrangements to manage our exposure to fluctuating interest rates through the use of derivative financial instruments such as interest rate swaps.

Details of the Group's hedging arrangements and financial risk exposures are described in the financial statements at note 17.

Future development of the Clondalkin business

The Executive Directors with the support of the shareholders, management and employees plan to continue the growth policy 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.

Product 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 to invest in research and development and plan to develop new packaging products and applications to enhance our product and service offering to our existing customers and to new customers.

Employment

Our average employment decreased from 4,584 employees in the year ended 31 December, 2008 to 4,433 employees in the year ended 31 December, 2009 assuming all acquired companies were acquired at the beginning of the year; a decrease of 151 employees. Businesses we acquired during 2009 increased the average employment by approximately 155 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 306 employees mainly in existing businesses where we experienced reduced activity and reduced profitability due to the difficult economic conditions presenting in the latter half of 2008 and in 2009.

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.

It is through our employees that we distinguish our products and services in the market place. 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. 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 2009.

CLONDALKIN INDUSTRIES B.V.

REPORT OF THE EXECUTIVE DIRECTORS (CONTINUED)

Statements by the Executive Directors

We have prepared the financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

As required by section 5:25c (2) (c) of the Dutch Act on financial supervision the Executive Directors confirm that to the best of our knowledge:

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

For and on behalf of the Executive Directors on 16 April, 2010:

________________________________ Colman O'Neill

________________________________ Jim Farrell

CLONDALKIN INDUSTRIES B.V.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December, 2009

	Notes	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Revenue	3	789,885	877,420
Cost of sales		(658,098)	(732,978)
Gross profit		131,787	144,442
Distribution costs		(33,720)	(34,792)
Administrative expenses		(46,950)	(47,415)
Profit on disposal of property, plant and equipment		1,222	305
Profit on sale of investment	11	-	699
Restructuring costs	4	(5,065)	(2,248)
Profit from operations	3	47,274	61,004
Finance costs	5	(54,381)	(58,456)
(Loss) / profit before income tax	6	(7,107)	2,548
Income tax credit / (expense)	8	1,826	(769)
(Loss) / profit for the year from continuing operations attributable to equity holders		(5,281)	1,779

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December, 2009

	Notes	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
(Loss) / profit for the year from continuing operations		(5,281)	1,779
Items of income and expense recognised directly within equity			
Exchange differences on translation of foreign operations	22	1,304	(9,440)
Movement in value of cash flow hedges	22	(556)	(5,670)
Deferred tax credit on cash flow hedges	22	142	1,446
Actuarial gains / (losses) on defined benefit pension plans	22	2,235	(7,499)
Deferred tax (charge) / credit on defined benefit pensions	22	(40)	782
Net income / (expense) recognised directly within equity		3,085	(20,381)
Total recognised expense for the year		(2,196)	(18,602)

The Notes on pages 12 to 48 form part of these financial statements.

CLONDALKIN INDUSTRIES B.V.

CONSOLIDATED BALANCE SHEET
As at 31 December, 2009

	Notes	31 December, 2009 €'000	31 December, 2008 €'000
Non-current assets			
Goodwill	9	537,318	534,514
Property, plant and equipment	10	194,298	208,917
Deferred tax assets	18	20,684	11,803
		752,300	755,234
Current assets			
Inventories	12	74,847	78,481
Trade and other receivables	13	90,773	98,841
Cash and cash equivalents	14	111,989	95,927
		277,609	273,249
Total assets		1,029,909	1,028,483
Equity			
Called up share capital	19	7,123	7,123
Other reserves	20	(33,741)	(36,826)
Retained earnings	21	46,928	52,209
Total equity attributable to equity holders of the Company	22	20,310	22,506
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	16	562,739	563,575
Shareholders' loans	16	174,985	175,055
Other financial liabilities		1,795	2,142
Interest due on shareholders' loans		86,737	68,945
Retirement benefit obligations	31	12,181	14,526
Deferred tax liabilities	18	24,484	21,631
		862,921	845,874
Current liabilities			
Interest bearing loans and borrowings	16	-	9,321
Other financial liabilities		4,333	3,528
Interest due on bank loans and other borrowings		4,814	5,163
Trade and other payables	15	133,830	138,279
Current tax liabilities		3,701	3,812
		146,678	160,103
Total liabilities		1,009,599	1,005,977
Total equity and liabilities		1,029,909	1,028,483

The Notes on pages 12 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2009

	Ordinary shares	Retained earnings	Currency translation reserve	Hedge reserve	Actuarial reserve	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January, 2008	7,123	50,430	(15,670)	-	(775)	41,108
Profit for the year	-	1,779	-	-	-	1,779
Currency Translation	-	-	(9,440)	-	-	(9,440)
Movement in value of cash flow hedges	-	-	-	(5,670)	-	(5,670)
Deferred tax credit on cash flow hedges	-	-	-	1,446	-	1,446
Actuarial losses on defined benefit pension plan	-	-	-	-	(7,499)	(7,499)
Deferred tax credit on defined benefit pension plans	-	-	-	-	782	782
At 31 December, 2008	7,123	52,209	(25,110)	(4,224)	(7,492)	22,506
Loss for the year	-	(5,281)	-	-	-	(5,281)
Currency Translation	-	-	1,304	-	-	1,304
Movement in value of cash flow hedges	-	-	-	(556)	-	(556)
Deferred tax credit on cash flow hedges	-	-	-	142	-	142
Actuarial gains on defined benefit pension plans	-	-	-	-	2,235	2,235
Deferred tax charge on defined benefit pension plans	-	-	-	-	(40)	(40)
At 31 December, 2009	7,123	46,928	(23,806)	(4,638)	(5,297)	20,310

The Notes on pages 12 to 48 form part of these financial statements.

CLONDALKIN INDUSTRIES B.V.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December, 2009

	Notes	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Cash flows from operating activities			
(Loss) / profit for the year from continuing operations		(5,281)	1,779
Income tax (credit) / expense recognised in income statement		(1,826)	769
Finance costs recognised in income statement		54,381	58,456
Restructuring costs charge recognised in income statement		5,065	2,248
Restructuring costs paid		(3,967)	(1,811)
Profit on disposal of property, plant, equipment and investments		(1,222)	(1,004)
Depreciation		28,503	27,774
Decrease in inventories		5,228	11,840
Decrease in trade and other receivables		9,885	9,207
Decrease in trade and other payables		(7,898)	(12,799)
Cash generated from operations		82,868	96,459
Income taxation paid		(4,529)	(6,395)
Net cash generated from operating activities		78,339	90,064
Cash flows from investing activities			
Interest received		491	1,459
Purchase of property, plant and equipment		(16,931)	(29,001)
Proceeds on disposal of property, plant, equipment and investments		7,042	2,731
Subsidiaries acquired	23	(9,404)	(29,635)
Net cash used in investing activities		(18,802)	(54,446)
Cash flows from financing activities			
Interest paid		(34,342)	(40,426)
Repayment of shareholder loans		(69)	(769)
Proceeds from investors		-	1,040
Payment to leavers		96	(1,842)
(Repayment of) / proceeds from bank loans		(9,321)	9,321
Payment of finance fees		-	(212)
Net cash used in financing activities		(43,828)	(32,888)
Net increase in cash and cash equivalents	24	15,709	2,730
Cash and cash equivalents at beginning of year		95,927	94,643
Effects of exchange rate changes	25	353	(1,446)
Cash and cash equivalents at end of year		111,989	95,927

The Notes on pages 12 to 48 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

The Company, which has its address and statutory seat at Raadhuisstraat 15, 1016 DB Amsterdam, the Netherlands is a holding company of the Group.

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 Executive 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

The following new and revised Standards and Interpretations applied for the first time in the year ended 31 December, 2009. The adoption of these new and revised Standards and Interpretations did not have a material effect on the financial statements.

- IAS 1 (Revised) Presentation of Financial Statements;
- IFRS 8 Operating Segments;
- IFRS 7 (Amendments) Financial Instruments: Disclosures;
- IAS 32 (Revised) Financial Instruments: Presentation;
- IAS 23 (Revised) Borrowing Costs;
- IFRS 2 (Revised) Share Based Payment;
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement;
- IFRIC 12 Service Concession Arrangements;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate; and
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.

At the date these financial statements were approved by the Executive Directors, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July, 2009);
- IAS 28 (Revised) Investments in Associates (effective for accounting periods beginning on or after 1 July, 2009);
- IAS 39 (Amendments) Financial Instruments: Recognition and Measurement (effective for accounting periods beginning on or after 1 July, 2009);
- IFRS 3 (Revised) Business Combinations (effective for accounting periods beginning on or after 1 July, 2009);
- Amendment to IAS 7 Statement of Cash flows (effective for accounting periods beginning on or after 1 January, 2010);
- IFRIC 17 Distribution of Non cash assets to Owners (effective for accounting periods beginning on or after 1 July, 2009);
- IFRIC 18 Transfer of Assets from Customers (effective for accounting periods beginning on or after 1 July, 2009);
- IAS 17 Leases (effective for accounting periods beginning on or after 1 January, 2010).

The Executive Directors anticipate that as of the date of approving these financial statements, the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

2. Accounting policies

Basis of accounting

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

The financial statements are prepared under the historic cost convention other than certain financial instruments which are carried at fair value. 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, 2009. 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.

The results of companies acquired during the year are dealt with in the income statement from the date on which control over the operating and financial decisions is achieved and they cease to be consolidated from the date on which control is transferred to a third party. Control exists when the Group has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

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

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquireee (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or a group of cash generating units expected to benefit from the synergies of the combination. Cash-generating units or group of cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit or group of cash generating units is less than its carrying amount, 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. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets held for sale and discontinued operations which are recognised at fair value less costs to sell.

Revenue recognition

The Group measures revenue 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 for services rendered on these products net of value added and sales tax. The Group recognises revenue 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 revenue collection can be reasonably assured.

Profit on disposal of property, plant and equipment

Gains and losses arising from the disposal of property, plant and equipment are included in the income statement and measured as the difference between the net disposal proceeds, if any, and the carrying amount of the disposed asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

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 balance sheet date rates of exchange;
- 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 balance sheet date exchange rates 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. The Group has denominated part of its borrowings in U.S. dollars to provide a hedge against the Group's investment in U.S. dollar denominated businesses. 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 reserves to the extent of the exchange differences arising on the net investments. All other translation differences are included in arriving at trading profit.

Profit from operations

Profit from operations is calculated by the Group as profit before tax excluding finance costs.

Segmental Reporting

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Directors, in their capacity as the chief operating decision making authority, to allocate resources to the segments and to assess their performance.

We divide our businesses into two segments; namely flexible packaging and specialist packaging. Our flexible packaging businesses include our plastic and polymer based businesses, our foils and laminate businesses and our paper packaging businesses. Our specialist packaging businesses include our folding cartons, labels, leaflets and inserts and printing businesses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Depreciation is provided at rates calculated to write-off the cost of each item of property, plant and equipment, other than land, by equal annual instalments tangible assets, 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

Restructuring costs

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

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, fixed rate notes and bank and other loans are expensed in the period in which they are incurred.

2. Accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as expenses as the contributions fall due.

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

Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Recognised Income and Expense. Past service cost is recognised immediately in the income statement 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 plan 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.

Leased assets

Assets held under operating leases are not capitalised. The operating lease related leasing charges are charged to the income statement as an expense on a straight-line basis over the lease term.

Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the 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.

If the recoverable amount of an asset / cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset / cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset / cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss being recognised for the asset / cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Raw materials are valued on the basis of purchase cost on a first-in first-out basis. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity and excludes borrowing costs. 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 furthermore excludes items that are never taxable or deductible.

2. Accounting policies (continued)

Taxation (continued)

The Group's liability for current tax is calculated using rates that have been enacted or effectively enacted by the balance sheet date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases as used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is 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 at based on tax rates and laws enacted or effectively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Financial instruments

Financial assets and financial liabilities are recognised and reported on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade receivables

Trade and other receivables are financial assets with fixed payments. Such assets are recognised initially at fair value. Subsequent to initial recognition, the receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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

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. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Floating rate notes, fixed rate notes and bank borrowings

Interest-bearing third party borrowings, bank loans and overdrafts are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised costs using the effective interest method.

Shareholder loans

Shareholder loans are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised costs using the effective interest method. These are disclosed separately in the financial statements as they are subordinated to the floating and fixed rate note borrowings and are not due for repayment until these borrowings have been repaid.

Trade payables

Trade payables are not interest bearing, are stated at their fair value and are subsequently measured at amortised cost.

Equity instruments

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

2. Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

The Group uses derivative financial instruments, principally being interest rate swaps and forward foreign exchange contracts to hedge its exposure to interest rates and foreign exchange risks arising from operational and financing activities. The Group does not enter into speculative transactions.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account the current interest and currency exchange rates and the current creditworthiness of the swap counterparties. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles and equates to the quoted market price at the balance sheet date.

Gains or losses on re-measurement to fair value are recognised immediately in the income statement except where derivatives are designated and effective as hedge instruments, in which event the timing of the recognition in the Consolidated Income Statement depends on the nature of the hedge relationship. The Group designates certain derivatives as either (a) hedges of the fair value of recognised assets or liabilities of firm commitments (fair value hedges) or (b) hedges of foreign currency risk of firm commitments (cash flow hedges) or (c) hedges of net investments in foreign operations.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 17 on financial instruments. Movements on the cash flow hedging reserve in equity are shown in note 20, Other Reserves. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non derivatives in respect of foreign currency risk, as either cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Group designate its U.S. dollar floating rate notes of $150 million as a hedge of its net investment in its U.S. operations. This is in line with the Group risk management strategy.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedging

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are reported in the consolidated statement of recognised income and expense and in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss reported in the consolidated statement of recognised income and expense that has not been recognised in profit or loss when the hedged item is no longer expected to occur is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. The Group designate its U.S. dollar floating rate notes of $150 million as a hedge of its net investment in its U.S. operations. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. Sensitivity analysis is performed in respect of the main assumptions used. The results of this analysis are disclosed in note 9. The carrying value of goodwill as at 31 December, 2009 was €537.3 million (2008: €534.5 million).

Deferred taxation

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, 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 net deferred tax liability at 31 December, 2009 was €3.8 million (2008: €9.8 million).

Property, plant and equipment

Useful lives for property plant and equipment and their annual depreciation charge depend 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 utilisation 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 captioned Property, Plant and Equipment on page 14.

The depreciation charge for the year ended 31 December, 2009 was €28.5 million (2008: €27.8 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 assumptions 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, 2009 was €12.2 million (2008: €14.5 million). Sensitivity analysis on the various assumptions used is provided in note 31.

3. Segment information

The Group has two reportable segments which are the Group's strategic businesses. The businesses offer different products and are managed separately because they require different technology, equipment and marketing strategies. Information regarding the revenue, profit and assets and other information is included below.

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

Our flexible packaging businesses include our plastic and polymer, foils and laminates and paper packaging businesses. Our specialist packaging businesses include our folding cartons, labels, leaflets and inserts and printing businesses.

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Revenue		
Flexible packaging	569,517	633,531
Specialist packaging	220,368	243,889
Total revenue	789,885	877,420
Profit for the period		
Flexible packaging	42,330	45,339
Specialist packaging	14,566	21,385
Unallocated corporate expenses	(4,557)	(4,171)
Profit before disposals of investment and restructuring costs	52,339	61,553
Profit on disposal of investment	-	699
Restructuring costs	(5,065)	(2,248)
Profit from operations	47,274	61,004
Finance costs	(54,381)	(58,456)
(Loss) / profit before tax	(7,107)	2,548
Income tax credit / (expense)	1,826	(769)
(Loss) / profit for the year from continuing operations	(5,281)	1,779

The revenue reported above represents revenue generated from external customers. There were no material inter-segment sales in the year (2008: Nil).

Revenue by products would not differ from the flexible and specialist packaging revenue reported above.

No individual customer comprises more than 10% of revenue for each reporting segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above.

Segment profit represents the profit before disposals of investment earned by each segment without allocation of central administration costs and finance costs and income tax expense. Management believes that such information is the most relevant in evaluating the results of the businesses.

Of the 2009 restructuring costs of €5.1 million (2008: €2.2 million), €3.3 million (2008: €0.7 million) relates to our flexible packaging businesses and €1.8 million (2008: €1.5 million) relates to our specialist packaging businesses.

3. Segment information (continued)

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Capital additions		
Flexible packaging	12,064	20,387
Specialist packaging	4,473	9,482
	16,537	29,869
Depreciation		
Flexible packaging	18,376	17,121
Specialist packaging	10,127	10,653
	28,503	27,774

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Balance Sheet		
Assets		
Flexible packaging	639,317	669,443
Specialist packaging	291,413	278,325
	930,730	947,768
Unallocated corporate assets	99,179	80,715
Total assets	1,029,909	1,028,483
Liabilities		
Flexible packaging	120,629	121,538
Specialist packaging	52,731	60,438
	173,360	181,976
Unallocated corporate liabilities	836,239	824,001
Total liabilities	1,009,599	1,005, 977

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than centrally held corporate assets; and
- all liabilities are allocated to reportable segments other than interest bearing loans and borrowings, shareholders' loans, interest due on loans and other borrowings, interest due on shareholders' loans, and other financial liabilities.

	Year ended 31 December, 2009	Year ended 31 December, 2008
Average number of full time employees during the year		
Flexible packaging	2,274	2,358
Specialist packaging	2,045	2,226
	4,319	4,584

3. Segment information (continued)

Geographical information

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Analysis of revenue by manufacturing origin		
Europe	562,823	630,290
North America	227,062	247,130
	789,885	877,420

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Analysis of profit from operations by location before restructuring costs and investments by location		
Europe	39,843	49,397
North America	12,496	13,156
	52,339	62,553

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Analysis of segment assets by location		
Europe	769,814	775,759
North America	260,095	252,724
	1,029,909	1,028,483

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Capital additions		
Europe	12,444	23,451
North America	4,093	6,418
	16,537	29,869
Depreciation		
Europe	19,671	19,370
North America	8,832	8,404
	28,503	27,774

4. Restructuring costs

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Termination costs	2,330	1,440
Other restructuring costs	2,735	808
	5,065	2,248

The restructuring costs relate to employment reductions, the consolidation of production sites and other initiatives to maximise the potential of our businesses.

5. Finance costs

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
On all other loans, excluding shareholders' loans	34,242	40,567
On shareholders' loans - accumulating interest	17,810	16,528
Finance cost amortisation on debt	2,820	2,820
	54,872	59,915
Interest receivable	(491)	(1,459)
	54,381	58,456

The weighted average capitalisation rate on funds borrowed is 6% per annum (2008: 7%).

6. Profit before income tax

	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
The profit before income tax is stated after charging / (crediting)		
Raw material costs	451,184	520,421
Depreciation of property, plant and equipment	28,503	27,774
Net foreign exchange gain	(376)	(336)
Other production overheads	178,787	185,119
Cost of sales	658,098	732,965
Executive Directors' emoluments	786	851
Remuneration Deloitte Accountants B.V.:		
Audit	208	242
Tax advisory	-	-
Non audit related	-	-
	208	242
Remuneration other Deloitte member firms/affiliates:		
Audit	487	523
Tax advisory	120	105
Non audit related	-	-
	607	627

The audit fee for Non Deloitte firms was €193 thousand (2008: €218 thousand).

7. Employees and remuneration

	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Wages and salaries	155,047	160,819
Social welfare costs and other taxes	23,654	24,359
Pension costs	6,418	6,411
	185,119	191,589
Average number of full time employees during the year	4,319	4,584

Compensation of key management personnel

	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Short term benefits	1,041	1,181
Post employment benefits	749	603
	1,790	1,784

IAS24: Related Party Disclosures defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The key management personnel compensation noted above is in respect of Supervisory and Executive Board Directors of Clondalkin Group Holdings B.V.

8. Income tax expense

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Income tax recognised in profit or loss		
The Netherlands	-	-
Foreign taxation	4,349	4,925
Current tax expense	4,349	4,925
Deferred taxation relating to the origination and reversal of temporary differences	(6,175)	(4,156)
Total tax (credit) / expense relating to continuing operations	(1,826)	769

Reconciliation of the effective tax rate

	2009	2008
(Loss) / profit before tax multiplied by standard rate of corporation taxation in the Netherlands of 25.5% (2008: 25.5%)	(1,813)	650
Factors affecting income tax expense / credit		
Other differences	393	(644)
Effect of other tax rates on foreign earnings	(406)	763
Income tax (credit) / expense	(1,826)	769

Tax (credit) / charge recognised in the consolidated statement of recognised income and expense

	2009	2008
Deferred tax charge / (credit) on actuarial gains / losses	40	(782)
Deferred tax credit on cash flow hedge	(142)	(1,446)
Tax credit recognised directly in the consolidated statement of recognised income and expense	(102)	(2,228)

9. Goodwill

	31 December, 2009	31 December, 2008
	€'000	€'000
At beginning of period	534,514	512,237
Acquired during the year (note 23)	5,409	20,254
Foreign currency translation	(2,605)	2,023
At end of period	537,318	534,514

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

9. Goodwill (continued)

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

	31 December, 2009	31 December, 2008
	€'000	€'000
Flexible packaging	371,610	374,711
Specialist packaging	165,708	159,803
	537,318	534,514

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired, by comparing the carrying amount of the cash-generating units or group of cash-generating units to their recoverable amounts, based on value-in-use calculations.

Value-in-use calculations are determined by discounting the forecasted cash flows from the cash-generating units based on the following key assumptions:

- Cash flows are projected based on actual operating results and next three year financial projections approved by management. Cash flows beyond this period are extrapolated using a constant growth rate of 2% per annum;
- The projected revenue growth and margin development included in the cash flow projections is based on historical experience and the expected development of new products, as set out in management's financial projections; and
- The projected pre-tax cash flows are discounted to their present value using a pre-tax weighted average cost of capital ("WACC") of 9.0 %.

The impairment review carried out as described above with an effective date of 31 December, 2009 did not prompt any impairment charge or write off as the value-in-use recoverable amounts exceeded the carrying value of the cash-generating units. Furthermore, an increase of 1% in the WACC would not cause any goodwill impairment.

10. Property, plant and equipment

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 January, 2008	92,715	178,248	15,750	286,713
Foreign currency translation	(816)	(2,535)	(215)	(3,566)
Acquired on acquisition	2,181	5,901	127	8,209
Additions	2,052	25,336	2,481	29,869
Disposals	(3)	(2,002)	(144)	(2,149)
At 31 December, 2008	96,129	204,948	17,999	319,076
Foreign currency translation	(145)	151	58	64
Acquired on acquisition	-	2,944	-	2,944
Additions	1,528	13,206	1,803	16,537
Disposals	(5,914)	(4,644)	(271)	(10,829)
At 31 December, 2009	91,598	216,605	19,589	327,792
Accumulated depreciation				
At 1 January, 2008	6,192	70,779	8,107	85,078
Foreign currency translation	(228)	(579)	(102)	(909)
Disposals	(3)	(1,709)	(72)	(1,784)
Charge for the period	2,568	22,369	2,837	27,774
At 31 December, 2008	8,529	90,860	10,770	110,159
Foreign currency translation	(58)	(313)	24	(347)
Disposals	(465)	(4,157)	(199)	(4,821)
Charge for the period	3,104	22,991	2,408	28,503
At 31 December, 2009	11,110	109,381	13,003	133,494
Carrying amount				
At 31 December, 2008	87,600	114,088	7,229	208,917
At 31 December, 2009	80,488	107,224	6,586	194,298

11. Financial Assets

Group	31 December, 2009 €'000	31 December, 2008 €'000
At beginning of period	-	500
Part disposal of investment	-	(500)
At end of period	-	-

In 2008, we received €1.2 million upon the disposal of our investment in Kelvinside as that company, in which we had an approximate 16% equity interest, prompted a share buy back from all its shareholders on a pari-passu basis. The profit on sale of investment recognised in the year ended 31 December, 2008 was €0.7 million. This is in addition to the €2.1 million proceeds received in the year ended 31 December, 2007.

12. Inventories

	31 December, 2009 €'000	31 December, 2008 €'000
Raw materials	27,736	28,182
Work in progress	8,807	9,796
Finished goods	38,304	40,503
	74,847	78,481

The cost of inventories recognised as an expense during the year was €451.2 million (2008: €520.4 million).

13. Trade and other receivables

	31 December, 2009 €'000	31 December, 2008 €'000
Amounts falling due within one year		
Trade receivables	80,793	88,435
Prepayments and accrued income	9,980	10,406
	90,773	98,841

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 €16.1 million at 31 December, 2009 (2008: €21.9 million). Practically all of these past due receivables have been collected since the year end. In the year ended 31 December, 2009, our average credit days given varied between 39 days and 41 days (2008: between 39 days and 41 days).

13. Trade and other receivables (continued)

Analysis of Ageing Profile of Trade Receivables

		Of which:	Of which: not impaired on the reporting date and past due in the following periods			
	Carrying Amount	neither impaired nor past due	Less than 30 days	Between 30 & 60 days	Between 61 & 90 days	More than 90 days
	€'000	€'000	€'000	€'000	€'000	€'000
As at 31 December 2009	80,793	64,688	11,295	3,014	1,011	785
As at 31 December 2008	88,435	66,519	15,341	3,507	1,315	1,753

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

14. Cash and cash equivalents

	31 December, 2009	31 December, 2008
	€'000	€'000
Cash and cash equivalents	111,989	95,927

At 31 December, 2009 €0.8 million (2008: €0.8 million) of the above cash balances were restricted by the mandated cash reserve requirement to support the Group's self insured workers' compensation arrangement. The Group's cash balance is entirely comprised of cash and does not contain any cash equivalents.

15. Trade and other payables

	31 December, 2009	31 December, 2008
	€'000	€'000
Trade payables and accruals	124,933	131,641
Social security and other taxes	3,710	3,616
Value-added and sales taxes	5,187	3,022
	133,830	138,279

Trade payables and accruals include amounts due to suppliers who purport to hold reservation of title. In the year ended 31 December, 2009, our average credit days taken were 53 days (2008: 55 days).

16. Interest bearing loans and borrowings

	31 December, 2009	31 December, 2008
Amounts due within one year	€'000	€'000
Revolving credit facility	-	9,321
Amounts due after one year		
Floating rate notes	404,123	407,782
Fixed rate notes	170,000	170,000
Finance costs, net of amortisation €2.8 million (2008: €2.8 million)	(11,384)	(14,207)
	562,739	563,575
Amounts due to Clondalkin Group Holdings B.V	174,985	175,055
	737,724	738,630

Approximately, €8.9 million of the 31 December, 2009 (2008: €11.1 million) finance costs net of amortisation of €11.4 million (2008: €14.2 million) relate to the floating rate notes issued 19 June, 2007. The remaining finance costs net of amortisation €2.5 million (2008: €3.1 million) relate to the €170.0 million fixed rate notes issued 11 March, 2004.

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 Clondalkin Group Holdings B.V., the Company's parent company, and by its subsidiary 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 revenue, tangible assets and Earnings before interest, Tax, Depreciation and Amortisation (EBiTDA). The obligations of CABV and the subsidiary Guarantors under the Guarantees are secured by a combination of first priority fixed and floating charges and liens over substantially all of the assets of CABV and CABV's subsidiaries. Where such charges are not attached to assets, alternative security enforcement rights such as share pledges have been given. In addition, the Group has entered into various covenants which place restrictions on the incurrence of additional indebtedness and on dividend and other shareholder payments and on liens.

The proceeds of the floating rate notes were used to repay all of 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 floating rate notes are due as follows:

	31 December, 2009	31 December, 2008
	€'000	€'000
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	404,123	-
Between four and five years	-	407,782
Thereafter:		
By instalment	-	-
Other than by instalment	-	-
	404,123	407,782

16. Interest bearing loans and borrowings (continued)

Revolving credit facility

In addition, we have a €28.5 million revolving credit facility which we can draw upon to finance working capital requirements. On 3 December, 2008, we drew down €9.3 million of this facility which we repaid on 2 June, 2009.

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

Fixed rate notes

On 11 March, 2004, the Company issued €170 million Euro denominated fixed rate notes. These fixed rate notes mature in 15 March, 2014. The annual interest rate on the fixed rate 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 fixed rate 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 fixed rate notes. The guarantee is a general obligation that becomes due 179 days after a payment default or earlier in limited circumstances and is subordinated to the rights of the lenders of the revolving credit facility and floating rate note lenders.

The guarantee ranks equally with or senior to any other current or future subordinated indebtedness of the guarantor companies.

In addition, the Group has entered into various covenants which place restrictions on the incurrence of additional indebtedness and on dividend and other shareholder payments and on liens.

Shareholder's loans

In connection with the acquisition of Clondalkin Group Holdings Limited effective February 28, 2004, Clondalkin Group Holdings B.V., the Company's parent company, 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 €2.8 million in shares and loan notes were issued to management investors between 28 February 2004 and 31 December, 2008, including €0.5 million in 2007, mainly being the exercise of management options over shareholders' loans.

The shareholders' loans referred to above, which mature in 2015, are subordinated to the prior rights of the floating rate notes, revolving credit facility and the fixed rate notes and do not qualify for repayment until the floating rate notes and revolving credit facility are repaid and while the fixed rate notes are unpaid, certain significant restrictions on repayment are also applied. Interest accrues on the shareholders' loans at the rate of 7.57% per year payable in June and December each year, but until maturity, interest is to be capitalised provided, however, except that from 2008, 1.5% interest per annum may be payable in cash, subject to the terms of the floating rate notes, revolving credit facility and the fixed rate notes.

Clondalkin Group Holdings B.V. has granted a shareholder's loan to the Company of €175.0 million on approximately the same terms and conditions as above.

17. 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 receivables and payables, at 31 December, 2009 was as follows:

	Euro Denominated	Non Euro Denominated	Total
	€'000	€'000	€'000
Fixed rate debt			
Floating rate notes under interest hedging arrangements	151,715	54,989	206,704
Weighted average fixed debt interest rates	4.88%	5.27%	4.98%
Weighted average fixed debt period	2.5 years	2.5 years	2.5 years
Fixed rate notes	170,000	-	170,000
Weighted average fixed debt interest rates	8%	-	8%
Weighted average fixed debt period	4.2 years	-	4.2 years
Shareholders' loans and amounts due to shareholders	174,985	-	174,985
Weighted average fixed debt interest rates	7.695%	-	7.695%
Weighted average fixed debt period	5.2 years	-	5.2 years
	496,700	54,989	551,689
Variable rate debt			
Floating rate notes	300,000	104,123	404,123
Transfer to fixed rate debt – nominal value of interest swaps	(151,715)	(54,989)	(206,704)
	148,285	49,134	197,419
Total borrowings	644,985	104,123	749,108
Bank and cash balances – floating rates	87,377	24,612	111,989
Net debt by major currency	557,608	79,511	637,119
Trade and other receivables	49,796	40,977	90,773
Trade payables and accruals	68,641	56,292	124,933

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	54,989	-	-	54,989
Floating rate notes at variable rates	49,134	-	-	49,134
Bank and cash balances – floating rates	10,938	7,094	6,580	24,612
Trade and other receivables	21,021	12,612	7,344	40,977
Trade payables and accruals	28,081	16,212	11,999	56,292

17. 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 receivables and payables, at 31 December, 2008 was as follows:

	Euro Denominated	Non Euro Denominated	Total
	€'000	€'000	€'000
Fixed rate debt			
Floating rate notes under interest hedging arrangements	127,489	57,576	185,065
Weighted average fixed debt interest rates	6.29%	6.62%	6.39%
Weighted average fixed debt period	1.75 years	1.75 years	1.75 years
Fixed rate notes	170,000	-	170,000
Weighted average fixed debt interest rates	8%	-	8%
Weighted average fixed debt period	5.2 years	-	5.2 years
Shareholders' loans and amounts due to shareholders	175,055	-	175,055
Weighted average fixed debt interest rates	7.695%	-	7.695%
Weighted average fixed debt period	6.2 years	-	6.2 years
	472,544	57,576	530,120
Variable rate debt			
Floating rate notes	300,000	107,782	407,782
Transfer to fixed rate debt – nominal value of interest swaps	(127,489)	(57,576)	(185,065)
	172,511	50,206	222,717
Revolving credit facility	9,321	-	9,321
Total borrowings	654,376	107,782	762,159
Bank and cash balances – floating rates	(79,278)	(16,649)	(95,927)
Net debt	575,098	91,133	666,231
Trade and other receivables	56,155	42,686	98,841
Trade payables and accruals	73,969	57,672	131,641

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	57,576	-	-	57,576
Floating rate notes at variable rates	50,206	-	-	50,206
Bank and cash balances – floating rates	5,147	6,746	4,756	16,649
Trade and other receivables	24,146	11,371	7,169	42,686
Trade payables and accruals	32,025	13,781	11,866	57,672

17. Derivatives and financial instruments (continued)

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

The Group does not trade in financial instruments.

Capital management

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

EBiTDA performance is one of the Group's key measures. The Group sets EBiTDA targets that will allow the Group to achieve its objectives of maximising the return to stakeholders. These targets can be achieved through both acquisitive and organic growth. Actual EBiTDA is reviewed against target on a monthly basis and where variations occur corrective actions are prompted.

The capital structure of the Group comprises debt which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the Company, comprising capital, reserves and retained earnings as disclosed in notes 19, 20 and 21 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

The Executive Directors with the aid of the Group Corporate Treasury function monitor and manage 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 currency and interest 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. The policies used to mitigate market risk, credit risk and liquidity risk are described below in this note. 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 of finished goods and the purchase of raw materials where such sales and purchases are denominated in currencies other than the functional currency of the relevant business; and
- The Group converts some of its floating interest rate note borrowings to fixed interest rates by using interest rate swaps to mitigate the risk of increasing interest rates during the term of the borrowing.

Foreign currency risk management

The Group's foreign currency transaction risk is managed through the use of derivative instruments, 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 set out in the following table, which details the forward foreign currency contracts outstanding at 31 December, 2009 compared to 31 December, 2008.

17. Derivatives and financial instruments (continued)

Foreign exchange forward contracts	Notional Amount		Average contract rate		Fair value gain / (loss)	
	2009	2008	2009	2008	2009	2008
	'000	'000			€'000	€'000
Receive EUR, pay GBP............	€1,880	€4,214	0.8974	0.8100	(19)	630
Receive EUR, pay USD............	€3,158	€6,099	1.4630	1.3383	(49)	234
Receive GBP, pay EUR............	£2,991	£4,058	0.8889	0.8099	3	(750)
Receive GBP, pay USD............	£37	-	1.6288	-	-	-
Receive GBP, pay SEK............	-	£231	-	11.7863	-	(8)
Receive GBP, pay AUD...........	-	£650	-	2.2071	-	(25)
Receive GBP, pay NKR............	-	£124	-	10.4515	-	(3)
Receive GBP, pay NZD............	-	£296	-	2.6449	-	(13)
Receive USD, pay EUR............	$4,916	$4,377	1.4690	1.3872	66	(10)
Receive USD, pay GBP............	$34	-	1.6326	-	-	-
Receive SEK, pay EUR............	SEK 485	SEK 1,209	10.4375	9.9879	1	(10)
Receive SEK, pay GBP............	SEK 6,794	SEK 5,250	11.8216	12.1775	16	30

These forward foreign exchange contracts relate to forward commitments entered into during the year and outstanding at the year end. These contracts arise from our daily trading activities and are intended to mitigate foreign 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, 2009 is €12.6 million (2008: €19.6 million). The fair value of contracts entered into at 31 December, 2009 is less than €0.1 million (2008: €0.1 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. The currency exchange exposure on investments in U.S. dollar dominated entities is €183.6 million (2008: €187.4 million) and the group has designated U.S. dollar debt of €104.1 million (2008: €107.8 million) as a hedge against this net investment exposure. 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:

2009	U.S. Dollar	Sterling	Other	Total
	€'000	€'000	€'000	€'000
Assets..	34,909	19,133	12,165	66,207
Liabilities...	145,755	18,251	15,218	179,224
2008				
Assets..	32,393	17,583	10,785	60,761
Liabilities...	143,751	13,781	11,866	169,398

Foreign currency sensitivity analysis

The Group's main non Euro currency exposures are U.S. dollar and Sterling. The following table indicates the Group's sensitivity in terms of income statements 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 but results in a decrease in profit and other equity.

	31 December, 2009		31 December, 2008	
	Euro weaker	Euro stronger	Euro weaker	Euro stronger
	€'000	€'000	€'000	€'000
Profit or loss effect relating mainly to receivables and payables......	444	(444)	43	(43)
Other equity effect relating to financing arrangements.....................	(5,206)	5,206	(5,389)	5,389

17. Derivatives and financial instruments (continued)

Foreign currency sensitivity analysis (continued)

The profit or loss effect above is made up of a gain on the U.S. dollar receivables and payables of €0.3 million, a loss on the Sterling receivables of €0.1 million and a gain of €0.2 million on the other receivables and payables. The other equity effect is due primarily to the foreign currency translation of the U.S. dollar $150 million floating rate notes.

Interest rate risk management

The Group is exposed to interest rate risk as interest is received on cash and cash equivalents at floating rates and funds are borrowed at both fixed and floating rates. The interest rate risk is managed by the Group by 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 €1.2 million (2008: increase (decrease) by €0.7 million). The Group's sensitivity to interest rates increased during the year ended 31 December, 2009 due to the lower hedge proportion of variable rate debt in 2009 compared to 2008.

Interest rate swaps and capped rates

Under interest rate swap contracts, the Group agrees to swap floating rate debt for fixed rate debt. Such swaps enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the yield curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period. The floating rate on the interest rate swaps is the Euro and U.S. dollar three month interest rate. The Group settles the difference between the fixed and floating interest rate on a net basis, each quarter.

The Group has implemented interest hedge arrangements, using a combination of interest rate swaps and capped rates. The risk being hedged is the movement in the three month Euro and U.S. dollar interest rates.

The average hedged balance covered for the period to September, 2010 is €160.8 million. The all in hedged interest rates for the Euro debt is 6.3% and the all in hedged rate on the U.S. dollar debt is 6.6%. The all in combined for the Euro and U.S. dollar debt will be 6.4%.

In June 2009, we hedged 60% of our floating rate borrowing by swapping from floating rate debt to fixed rate debt from June 2010 to June 2012 using interest rate swaps at effective annual interest rates of 4.5% for the Euro denominated debt and 4.8% for the U.S. dollar denominated debt. The risk being hedged is the movement in the three month Euro and U.S. dollar interest rate.

Derivatives are recorded at fair value on the date the contract is entered into and subsequently re-measured to fair value at reporting dates. The gain or loss arising on re-measurement is recognised in the income statements except where the instrument is a designated hedging instrument under the cash-flow hedging model. In order to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument and demonstrate that the hedge relationship will be highly effective on an ongoing basis. The hedge relationship must also be tested for effectiveness retrospectively and prospectively on subsequent reporting dates.

Gains and losses on cash flow hedges that are determined to be highly effective are recognised in a cash-flow hedging reserve within equity to the extent that they are actually effective. When the underlying transaction occurs, the deferred gains or losses are released to the income statement. Ineffective portions of the gain or loss on the hedging instrument are recognised in the income statement.

All interest rate swaps entered into by the Group are designated as cash-flow hedges in accordance with IAS 39: Financial Instruments – Recognition and Measurement. The Group has tested the hedging relationships and determined them to be highly effective both prospectively and retrospectively.

17. Derivatives and financial instruments (continued)

The Group's derivative financial liabilities are as follows:	31 December, 2009	31 December, 2008
	€'000	€'000
Euro interest rate swaps	3,734	2,826
U.S. dollar interest rate swaps	2,394	2,844
	6,128	5,670
Analysed as:		
Non-current	1,795	2,142
Current	4,333	3,528
	6,128	5,670

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 primarily in Europe and North America. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where possible and appropriate credit guarantee insurance cover is purchased. The Group's total credit risk is its trade receivables of €81.7 million (2008: €89.2 million) as disclosed in note 13.

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 producing 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.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Executive Directors to 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 available cash balances, banking facilities and callable borrowing facilities, by continuously monitoring forecast and actual cash flows and by 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.

17. Derivatives and financial instruments (continued)

2009	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.....	86,174	31,494	19,865	8,603	25,661	171,797
Interest bearing instruments............	-	5,879	3,250	575,918	261,720	846,787
	86,174	37,373	23,115	584,521	287,381	1,018,564

2008	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.....	83,004	28,313	30,774	9,444	28,995	180,530
Interest bearing instruments............	-	15,366	2,856	409,714	414,000	841,936
	83,004	43,679	33,630	419,158	442,995	1,022,466

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 are Group's trade receivables and deferred tax assets (the latter being classified as receivable after more than one year).

	Less than one month	One to four months	Over one year	Total
2009	€'000	€'000	€'000	€'000
Non-interest bearing......................................	59,063	22,495	18,283	99,841
2008				
Non-interest bearing......................................	65,752	23,489	14,085	103,326

Fair value of financial assets and liabilities

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

	31 December, 2009		31 December, 2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	€'000	€'000	€'000	€'000
Assets				
Bank and cash balances...	111,989	111,989	95,927	95,927
Accounts receivable and prepayments.......................	90,773	90,773	98,841	98,841
Liabilities				
Accounts payable and accrued liabilities....................	124,933	124,933	131,641	131,641
Interest due on bank loans and other borrowings.......	4,814	4,814	5,163	5,163
Short term debt – revolving credit facility..................	-	-	9,321	9,321
Long term debt..	574,123	513,312	577,782	309,047
Derivative financial liabilities....................................	6,128	6,128	5,670	5,670
Interest due on shareholders' loans............................	86,737	86,737	68,945	68,945
Amounts due to parent...	174,985	174,985	175,055	175,055

17. Derivatives and financial instruments (continued)

The estimated fair value of the fixed rate notes of €170.0 million and floating rate notes of €404.1 million included above in long term debt, have not been adjusted to fair value of €513.3 million as at 31 December, 2009 (2008: €309.0 million) as our accounting policy is to carry debt at amortised cost.

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 reflecting the nearby maturity of these instruments.

Long term debt and shareholders' loans (including interest due): The carrying amount reported in the balance sheet is approximately the fair value of the instruments from the Group's perspective. The fair value of the floating rate notes and fixed rate notes described above are the quoted market value at 31 December, 2009.

Derivative financial liabilities: The fair values of derivative instruments are calculated using discounted cash flow analysis which is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Effective 1 January, 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. The amendment requires disclosure of fair value measurements by three different levels according to the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Only derivative financial liabilities of €6.1 million (2008: €5.7 million) are measured subsequent to initial recognition at fair value. These are categorised as Level 2 items, reflecting the above fair value measurement hierarchy.

No other valuation techniques are used to measure these instruments.

18. Deferred tax

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	31 December, 2009	31 December, 2008
	€'000	€'000
Deferred tax liabilities	24,484	21,631
Deferred tax assets	(20,684)	(11,803)
	3,800	9,828

	Accelerated tax depreciation	Property uplifts	Tax losses	Other temporary differences	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January, 2008	8,062	10,278	(8,028)	3,322	13,634
Exchange movement	(502)	135	-	50	(317)
Deferred tax charge (credit) to income statement	(1,011)	259	(3,775)	371	(4,156)
Deferred tax charge to equity	-	-	-	(2,228)	(2,228)
Acquisition of subsidiaries	2,895	-	-	-	2,895
A 1 January, 2009	9,444	10,672	(11,803)	1,515	9,828
Exchange movement	(111)	(54)	-	454	289
Deferred tax charge (credit) to income statement	(494)	(1,491)	(8,881)	4,691	(6,175)
Deferred tax credit to equity	-	-	-	(102)	(102)
Transfer to corporation tax	-	-	-	(40)	(40)
At 31 December, 2009	8,839	9,127	(20,684)	6,518	3,800

	31 December, 2009	31 December, 2008
	€'000	€'000
The deferred tax provision consists of the following amounts:		
Accelerated tax depreciation	8,839	9,444
Property uplifts	9,127	10,672
Tax losses	(20,684)	(11,803)
Other temporary differences	6,518	1,515
	3,800	9,828

At the balance sheet date, the Group had unused tax losses of €87.5 million (2008: €49.3 million) available for offset against future profits. A deferred tax asset has been recognised in respect of €70.8 million worth of these losses (2008: €46.3 million) as it is expected that there will be sufficient profits available in future years to utilise these losses. Taking into account current expected profitability and interest charges, we anticipate that all tax losses carried forward will be fully utilised by 2019.

The remaining unused tax losses of €16.7 million (2008: €3.0 million) are not recognised as deferred tax assets because their utilisation is restricted.

19. Share capital, share premium and capital contribution

	Preferred ordinary shares	Share premium	Capital contribution	Total
	€'000	€'000	€'000	€'000
Authorised number of shares (€0.01 each)				
At 31 December, 2008 and 2009	10,000	-	-	10,000
Number of allotted called up and fully paid share capital				
At 1 January, 200	2,000	-	-	2,000
Shares issued	-	-	-	-
At 31 December, 2008	2,000	-	-	2,000
Shares issued	-	-	-	-
At 31 December, 2009	2,000	-	-	2,000
	€'000	€'000	€'000	€'000
Value in €'000 at 31 December, 2009	20	3,678	3,425	7,123

The authorised share capital of the Company is €100,000 and consists of 10.0 million ordinary shares of €0.01 nominal value each. The issued share capital of the Company is €20,000 and consists of 2.0 million issued ordinary shares of €0.01 nominal value each. Each ordinary share in the capital of the Company carries one vote in a general meeting. All shares are held by Clondalkin Group Holdings B.V.

20. Other reserves

	Currency translation reserve	Hedging reserve	Actuarial reserve	Total
	€'000	€'000	€'000	€'000
At 1 January, 2008	(15,670)	-	(775)	(16,445)
Currency translation	(9,440)	-		(9,440)
Movement in cash flow hedges	-	(5,670)	-	(5,670)
Deferred tax credit on cash flow hedges	-	1,446	-	1,446
Actuarial loss on defined benefit pension plans	-	-	(7,499)	(7,499)
Deferred tax credit on defined benefit pension plans	-	-	782	782
At 31 December, 2008	(25,110)	(4,224)	(7,492)	(36,826)
Currency translation	1,304	-	-	1,304
Movement in cash flow hedges	-	(556)	-	(556)
Deferred tax credit on cash flow hedges	-	142	-	142
Actuarial gain on defined benefit pension plans	-	-	2,235	2,235
Deferred tax charge on defined benefit pension plans	-	-	(40)	(40)
At 31 December, 2009	(23,806)	(4,638)	(5,297)	(33,741)

20. Other reserves (continued)

The currency translation reserve relates to exchange differences relating to the translation of the net assets of the Group's non Euro denominated businesses from their functional currencies to the Group's presentation currency, being the Euro, which are recognised directly in the statement of recognised gains and losses. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve, arsing in respect of translating both the net assets of foreign operations and hedges of foreign operations, are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

The cash flow hedging reserve represents the cumulative portion of gains and losses on hedging instruments that are deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

The actuarial reserve relates to the immediate recognition of all actuarial gains and losses outside of the consolidated income statement in the Statement of Recognised Income and Expense as permitted by the option available within International Accounting Standard (IAS) 19: Employee Benefits.

21. Retained earnings

	31 December, 2009	31 December, 2008
	€'000	€'000
At beginning of year	52,209	50,430
(Loss) / profit after taxation	(5,281)	1,779
At end of year	46,928	52,209

22. Reconciliation of movement in equity

	31 December, 2009	31 December, 2008
	€'000	€'000
At beginning of year	22,506	41,108
Movement on currency translation reserve	1,304	(9,440)
Movement in cash flow hedges	(556)	(5,670)
Deferred tax credit on cash flow hedges	142	1,446
Actuarial gain / (loss) on defined benefit pension plans	2,235	(7,499)
Deferred tax credit on defined benefit pensions	(40)	782
(Loss) / profit retained for the year	(5,281)	1,779
At end of year	20,310	22,506

23. Subsidiaries acquired

2009	Book value Acquired €'000	Fair value adjustments €'000	Fair value Acquired €'000
Property, plant and equipment	2,944	-	2,944
Inventories	1,733	-	1,733
Receivables	1,553	-	1,553
Payables and accruals	(2,787)	(503)	(3,290)
	3,443	(503)	2,940
Goodwill			5,409
			8,349
Satisfied by:			
Consideration and expenses paid on 2009 acquisitions			7,957
Expenses due on 2009 acquisitions			392
			8,349
Consideration and expenses paid on 2009 acquisitions			7,957
Deferred consideration paid during the year			1,447
Total paid in respect of subsidiaries acquired			9,404

Effective 1 July, 2009, the Group acquired the business of Cleveland Plastic Films ("Cleveland"). Cleveland, based in Ohio, United States of America, manufactures customised flexible packaging films for industrial applications. The acquisition consideration before expenses to acquire Cleveland on a debt free basis was €3.7 million. Cleveland's business complements our existing North American plastics packaging businesses.

Effective 11 December, 2009, the Group acquired the business of Lehigh Press ("Lehigh"), based in Puerto Rico, for the consideration before expenses of €3.7 million. Lehigh manufactures labels, inserts, outserts and other packaging products, mainly for the pharmaceutical market. This acquisition complements our existing pharmaceutical packaging businesses in Puerto Rico and North America.

The results of these businesses are included in the financial statements from their effective acquisition dates.

The above acquisitions contributed €4.2 million revenue and €0.1 million to the Group's profit from operations for the periods between their acquisition dates and 31 December, 2009.

If these acquisitions had been completed on 1 January, 2009, total revenue for the period ending 31 December, 2008 would have been €807.4 million and total profit from operations would have been €47.5 million.

The goodwill arising on the acquisitions is mainly 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 are not recognised as the value that can be attached to them is immaterial.

23. Subsidiaries acquired (continued)

2008	Book value acquired €'000	Fair value adjustments €'000	Fair value acquired €'000
Property, plant and equipment	8,209	-	8,209
Inventories	4,175	(636)	3,539
Receivables	4,131	-	4,131
Corporation tax	246	-	246
Payables and accruals	(4,556)	(314)	(4,870)
Deferred tax	(850)	(2,045)	(2,895)
	11,355	(2,995)	8,360
Goodwill			20,254
			28,614
Satisfied by:			
Consideration and expenses paid			28,614
Deferred consideration paid during the year			1,021
Total paid in respect of subsidiaries acquired			29,635

On 1 January, 2008, the Group acquired 100% of 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 North America.

On 17 March, 2008, the Group acquired 100% of the business of Olsthoorn, based in The Netherlands, for the consideration of €3.1million. Olsthoorn is a supplier to the Dutch horticultural market.

The results of Accutech Films and Olsthoorn are included in these financial statements since 1 January, 2008 and 17 March, 2008 respectively.

The above acquisitions contributed €40.1 million revenue and €2.2 million to the Group's profit from operations for the periods between their acquisition dates and 31 December, 2008.

If these acquisitions had been completed on 1 January, 2008, total revenue for the period ending 31 December, 2008 would have been €879.8 million and total profit from operations would have been €61.0 million.

The goodwill arising on the acquisitions is mainly 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 are not recognised as the value that can be attached to them is immaterial.

24. Increase in net debt

	31 December, 2009 €'000	31 December, 2008 €'000
Increase in cash	15,709	2,727
Decrease / (increase) in loans due within one year	9,321	(9,321)
	25,030	(6,594)
Currency translation movement	4,011	(7,333)
Decrease / (increase) in net debt	29,041	(13,927)

25. Analysis of changes in net debt

	31 December, 2009 €'000	Cash flow €'000	Exchange Movements €'000	31 December, 2008 €'000
Cash balances and call deposits	111,989	15,709	353	95,927
Bank debt due within one year	-	9,321	-	(9,321)
Floating rate notes	(404,123)	-	3,659	(407,782)
Fixed rate notes	(170,000)	-	-	(170,000)
Net debt	(462,134)	25,030	4,012	(491,176)

26. Capital expenditure commitments

At the year end, the following capital expenditure commitments had been authorised to proceed, but not provided for in the financial statements as the obligations are not yet incurred:

	31 December, 2009 €'000	31 December, 2008 €'000
Contracted for	4,469	5,415
Not contracted for	2,762	1,748
	7,231	7,163

27. Leasing commitments

At the year-end, the Group had total commitments under non-cancellable operating leases with lease terms between one and ten years. In respect of certain leases, the Group has the option to extend the lease period at market rates. During the year ended 31 December, 2009 an amount of €7.1 million (2008: €7.3 million) was recognised as an expense in respect of leasing charges in the income statement. The leases expire as follows:

	31 December, 2009	31 December, 2008
	Premises	Premises
	€'000	€'000
Within one year	128	956
One to five years	7,114	3,550
Over five years	11,126	13,305
	18,368	17,811
	Equipment	Equipment
	€'000	€'000
Within one year	203	696
One to five years	5,073	5,252
Over five years	3	1,944
	5,279	7,892

28. Fiscal entity

Together with Clondalkin Group Holdings B.V., the Company 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.

29. 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. who controls 85.2% of the issued ordinary share capital (equivalent to 79.2% on a fully diluted basis).

30. Related Party Transactions

The principal related party relationships requiring disclosure under IAS 24: Related Party Disclosures relate to the existence of subsidiaries and transactions between these entities, and transactions with shareholders primarily being the interest charge on loans provided to the Company by the shareholders. The compensation of key management personnel is addressed in note 7.

Transactions with subsidiaries

The consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as set out in the basis of consolidation in the accounting policies note. A listing of the principal subsidiaries is provided on page 62 of this Annual Report. Sales to and purchases from subsidiaries, together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IAS 27: Consolidated and Separate Financial Statements.

Transactions with shareholders

To part finance the acquisition, 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 €2.8 million in shares and loan notes were issued to management investors between 28 February 2004 and December 31 2009, including €0.5 million in 2007, mainly being the exercise of management options over shareholders' loans.

30. Related Party Transactions (continued)

The shareholders' loans referred to above, which mature in 2015, are subordinated to the prior rights of the floating rate notes, revolving credit facility and the fixed rate notes and do not qualify for repayment until the floating rate notes and revolving credit facility are repaid and while the fixed rate notes are unpaid, certain significant restrictions on repayment are also applied. Interest accrues on the shareholders' loans at the rate of 7.57% per year payable in June, and December, each year, but until maturity, the payable interest is capitalised except that 1.5% interest per annum may be payable in cash, subject to the terms of floating rate note borrowings, the revolving credit borrowing facilities and the fixed rate notes.

Clondalkin Group Holdings B.V. has granted a shareholder's loan to the Company of €175.0 million (2008: €175.1 million) on approximately the same terms and conditions as above. The interest charge in 2008 was €17.8 million (2008: €16.5 million) bringing to €86.7 million (2008: €68.9 million) the total interest amount due to shareholders. Further details in respect of these amounts are disclosed in note 16.

31. 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 plans held separately from, and managed independently of, the participating companies.

The most common type of pension plan operated by the participating companies is the defined contribution type of plan. In these plans, the employer obligation is to pay agreed annual contributions. In addition, certain subsidiaries based in the Netherlands, in accordance with common practice in that country, contribute to defined benefit plans operated as part of broadly based industry plans. In these industry plans, there is no practical way to separate the pension benefit affairs of the operating companies' beneficiaries from the general membership of these plans. These industry plans therefore reflect features more normal to defined contribution plans than defined benefit plans. The annual contributions, expressed as a percentage of salary, both to the defined contribution plans and the industry plans have not varied significantly in recent years. The charge for the year ended 31 December, 2009 in respect of the defined contribution plans was €4.1 million (2008: €6.4 million) and the contributions due / prepaid at 31 December, 2009 and 2008 were not material.

Defined benefit type plans are also operated. In these plans, the employer obligation is to provide benefits linked to employees' service years. Annual contributions to these plans are based on advice from independent professional actuaries. Actuarial valuations have been carried out on all these plans 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 / (credit) for the year ended 31 December, 2009 in respect of these defined benefit plans was €2.3 million (2008: (€0.02) million) and there were no material contributions due / prepaid at 31 December, 2009 and 2008.

The market value and expected long term rate of returns on the main assets held by the pension plans determined in conjunction with the Group's actuaries at 31 December, 2009 and 2008, compared to the liability position at that date, were as follows:

	Expected Long term rate of return 2009	Market value at 31 December, 2009	Expected Long term rate of return 2008	Market value at 31 December, 2008
	Percent	€'000	Percent	€'000
Equities	6.50	21,264	6.61	25,497
Fixed income and indexed linked investments	3.72	43,134	3.68	42,257
Properties	4.39	15,007	5.27	15,157
Cash and other	3.20	10,871	6.15	4,339
Total assets		90,276		87,250
Present value of plan liabilities		(98,169)		(96,684)
Deficit of assets over present value of liabilities		(7,893)		(9,434)
Surplus restriction		(4,288)		(5,092)
Net deficit after restriction		(12,181)		(14,526)

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

The range of assumptions of the participating pension plans, used by the actuary in presenting the above summary details were:

31. Retirement benefit obligations (continued)

	31 December, 2009	31 December, 2008
Rate of increases in salaries	1% - 3%	1% - 3.5%
Rate of increase in pensions in payment	0% - 2%	0% - 2%
Discount rate	3.5% - 6%	3.5% - 6.25%
Inflation assumptions	1% - 3%	1% - 3%

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 plan, is as follows:

	31 December, 2009	31 December, 2008
	Years	Years
Males	17.9 - 19.8	17.9 - 19.8
Females	20.9 - 22.8	21.0 - 22.8

The mortality assumptions used are based on advice from the pension plans' actuaries and reflect each plan's population. There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. The impact of increasing the expected longevity for pension members by one year would result in an increase in the balance sheet liability of €2.6 million together with an increase in the charge to the income statement of €0.2 million.

The expected rate of returns for each of the categories of plan assets are assessed based on current market long term expectations for such rates and based upon the input from investment advisors. The rates of return on equities and property are based on current long term government bond yields (approximate risk free rates) plus an appropriate risk premium. The long term rates of return on bond and cash investments are based upon market yields available at the balance sheet date. The overall expected rate of return for each plan is calculated by weighting the expected return on each asset category by the anticipated balance in that asset category during the year in accordance with the plans' investment strategy.

The assumption for the rate of increase in salaries reflects the general rate of price inflation and historical experience.

As an indication of the impact of changes in actuarial assumptions, an increase of 0.5% to the discount rates would reduce the annual pension plans' liabilities by approximately 8%. A 1% increase in the expected return on assets would result in a reduction to the charge in the income statement of €1.5 million. A 1% decrease would have the opposite effect.

Amounts recognised in the income statement in respect of these defined benefit plans are as follows:

	Year ended 31 December, 2009	Year ended 31 December, 2008
	€'000	€'000
Current service cost	2,369	3,072
Interest cost	4,457	4,379
Expected return on plan assets	(4,548)	(5,623)
Settlement gain	-	(1,852)
	2,278	(24)

Of the charge / (credit) for the year, €1.2 million (2008: €1.0 million) has been included in cost of sales, €0.4 million (2008: €0.3 million) included in distribution costs and €0.7 million (2008: (€1.3) million) included in administration expenses.
Actuarial gains and losses have been reported in the statement of recognised income and expense.
The actual gain on plan assets in the year ended 31 December, 2009 was €4.9 million (2008: €19.4 million loss).

31. Retirement benefit obligations (continued)

Reconciliation of actuarial value of liabilities

	31 December, 2009 €'000	31 December, 2008 €'000
Opening defined benefit obligation	96,684	95,054
Foreign exchange differences	(679)	3,932
Current service cost	2,369	3,072
Settlement gain	-	(1,852)
Interest cost	4,457	4,379
Actuarial gain	(717)	(7,158)
Transfer of liabilities	-	2,352
Benefits paid	(3,945)	(3,095)
Closing defined benefit obligation	98,169	96,684

Changes in fair value of plan assets

	31 December, 2009 €'000	31 December, 2008 €'000
Opening fair value of plan assets	87,250	107,052
Foreign exchange differences	(414)	4,287
Expected return	4,548	5,623
Employer contributions	2,486	376
Benefits paid	(3,945)	(3,095)
Actuarial gain / (loss)	351	(26,993)
Closing fair value of plan assets	90,276	87,250

Anticipated employer contributions payable to defined benefit pension plans in the 2010 financial year amount to €2.6 million (2009: €3.0 million).

The experience gains and losses in the years ended 31 December, 2009 and 2008 were as follows:

	31 December, 2009 €'000	31 December, 2008 €'000
Surplus / (deficit) over expected return on plan assets	2,602	(11,755)
Surplus / (deficit) expressed as a percentage of plan assets	*2.9%*	*13.5%*
Experience gain on pension plan liabilities	333	45
Gain expressed as percentage of plan liabilities	*0.3%*	*0.1%*
(Loss) / gain from changes in the assumptions used to value liabilities	(700)	4,211
(Loss) / gain expressed as percentage of plan liabilities	*0.7%*	*4.4%*
Total actuarial gain / (loss)	2,235	(7,499)
Total actuarial gain / (loss) expressed as percentage of plan liabilities	*2.3%*	*7.8%*
Cumulative amount of actuarial losses recognised in the consolidated statement of recognised income and expense	(6,351)	(8,586)

History of plan assets, liabilities and actuarial gains and losses

	31 December,				
	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Bid value of assets	90,276	87,250	107,052	145,924	141,811
Actuarial value of liabilities	(98,169)	(96,684)	(95,054)	(125,965)	(142,653)
(Deficit) / surplus	(7,893)	(9,434)	11,998	19,959	(842)
Surplus restriction	(4,288)	(5,092)	(16,167)	(21,996)	(6,074)
Net deficit after restriction	(12,181)	(14,526)	(4,169)	(2,037)	(6,916)
(Deficit) / actual return less expected return on plan assets	2,602	(11,755)	(1,183)	(1,158)	5,998
% of plan assets	2.9%	(13.5%)	(1.1%)	(0.8%)	4.2%
Experience gain / (loss) arising on plan	333	45	(1,298)	120	2,240
% of plan liabilities	0.3%	0.1%	(1.4%)	0.1%	1.6%

CLONDALKIN INDUSTRIES B.V.

COMPANY INCOME STATEMENT

For the year ended 31 December, 2009

	Notes	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Administrative expenses		(137)	(45)
Finance income	3	31,673	30,347
Finance costs	3	(31,460)	(30,128)
Profit before taxation		76	174
Income tax expense		(19)	(44)
Profit after taxation	7	57	130

COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December, 2009

	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Profit after taxation	57	130
Total recognised income for the financial year	57	130

The Notes on pages 53 to 61 form part of these financial statements.

CLONDALKIN INDUSTRIES B.V.

COMPANY BALANCE SHEET
(after proposed appropriation of profit)

As at 31 December, 2009

	Notes	31 December, 2009 €'000	31 December, 2008 €'000
Non-current assets			
Investments in subsidiaries		343,060	343,060
Trade and other receivables		133,190	115,267
		476,250	458,327
Current assets			
Cash and cash equivalents		3	7
Total assets		476,253	458,334
Equity			
Called up share capital	5	20	20
Share premium account	5	3,678	3,678
Capital contribution	5	3,425	3,425
Retained earnings	6	488	431
Total equity	7	7,611	7,554
Non-current liabilities			
Fixed rate notes		170,000	170,000
Amounts due to shareholders		252,938	235,241
Interest due on shareholders' loans		3,967	3,967
		426,905	409,208
Current liabilities			
Payables - amounts falling due within one year		41,737	41,572
Total liabilities		468,642	450,780
Total equity and liabilities		476,253	458,334

The Notes on pages 53 to 61 form part of these financial statements.

CLONDALKIN INDUSTRIES B.V.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December, 2009

	Ordinary shares	Retained earnings	Total
	€'000	€'000	€'000
At 1 January, 2008	7,123	301	7,424
Profit retained	-	130	130
At 31 December, 2008	7,123	431	7,554
Profit retained	-	57	57
At 31 December, 2009	7,123	488	7,611

The Notes on pages 53 to 61 form part of these financial statements.

CLONDALKIN INDUSTRIES B.V.

COMPANY CASH FLOW STATEMENT

For the year ended 31 December, 2009

	Year ended 31 December, 2009 €'000	Year ended 31 December, 2008 €'000
Cash flows from operating activities		
Profit before taxation	76	174
Finance costs	(213)	(219)
Increase in payables	133	35
Net cash used in operating activities	(4)	(10)
Net decrease in cash and cash equivalents	(4)	(10)
Cash and cash equivalents at beginning of year	7	17
Cash and cash equivalents at end of year	3	7

The Notes on pages 53 to 61 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. General information

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

2. Accounting policies

General

These financial statements are prepared in accordance with the Netherlands Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the Notes to 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.

Taxation

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 effectively enacted by the balance sheet date.

Borrowing costs

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

Investments in subsidiary companies

The Company's investment in subsidiary companies is stated at cost value less any accumulated impairment.

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.

Shareholder loans

Shareholder loans are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised costs using the effective interest method.

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.

3. Related Party Transactions

The principal related party relationships requiring disclosure under IAS 24: Related Party Disclosures pertain to the existence of subsidiaries and transactions with these entities and transactions with shareholders primarily being the interest charge on loans provided to the company by shareholders.

Transactions with subsidiaries

In the year ended 31 December, 2009, interest of €31.5 million (2007: €30.3 million) was charged on loans granted to its immediate subsidiary Clondalkin Acquisition B.V.. The amount due to the Company from Clondalkin Acquisition B.V. at 31 December, 2009 is €133.2 million (2008: €115.3 million).

Transactions with shareholders

To part finance the acquisition, 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 €2.8 million in shares and loan notes were issued to management investors between 28 February 2004 and December 31 2009, including €0.5 million in 2007, mainly being the exercise of management options over shareholders' loans.

The shareholders' loans as referred to above, which mature in 2015, are subordinated to the prior rights of the floating rate notes, revolving credit facility and the fixed rate notes and do not qualify for repayment until the floating rate notes and revolving credit facility are repaid and while the fixed rate notes are unpaid, certain significant restrictions on repayment are also applied. Interest accrues on the shareholders' loans at the rate of 7.57% per year payable in June, and December, each year, but until maturity, the payable interest is capitalised except that 1.5% interest per annum may be payable in cash, subject to the terms of floating rate note borrowings, the revolving credit borrowing facilities and the fixed rate notes.

Clondalkin Group Holdings B.V. has granted a shareholder's loan to the Company of €175.0 million (2008: €175.1 million) on approximately the same terms and conditions as above. The interest charge in 2008 was €17.9 million (2008: €16.5 million) bringing to €87.2 million (2008: €69.3 million) the total interest amount due to shareholders. Further details in respect of these amounts are disclosed in note 17.

4. Financial Instruments

Interest rate and currency profile

The interest rate and currency profile of the Company's principal financial instruments, including short term receivables and payables, all of which are Euro denominated at 31 December, 2009 and 31 December, 2008 was as follows:

	31 December, 2009	31 December, 2008
Fixed rate debt	€'000	€'000
Amounts due to shareholders	252,938	235,241
Weighted average fixed debt interest rates	7.695%	7.695%
Weighted average fixed debt period	5.2 years	6.2 years
Fixed rate notes	170,000	170,000
Weighted average fixed debt interest rates	8%	8%
Weighted average fixed debt period	4.2 years	5.2 years
Bank and cash balances – floating rates	4	7
Trade and other receivables	133,190	115,267
Trade payables and accruals	41,737	41,572

The principal financial instruments used to fund the company comprise shareholders' loans, cash and receivables, from subsidiaries. The Company does not trade in financial instruments.

4. Financial Instruments (continued)

Capital risk management

The Company manages its capital to ensure that the Company 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 comprises debt which includes the shareholder loans disclosed in note 16 of the consolidated financial statements, cash and cash equivalents and equity attributable to equity holders of the Company, comprising capital, reserves and retained earnings as disclosed in the following notes 6 and 7 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 Company to continue as a going concern for the foreseeable future.

Financial risk management objectives

The Executive Directors along with the Group Corporate Treasury function monitor the financial risks relating to the Company on an ongoing basis. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risks if required. 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. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Company does not trade and its main source of income relates to loans provided to subsidiary companies and interest charged on these loans. Therefore, the Company does not have any market risk.

Foreign currency risk management

The Company has no foreign currency risk as it deals exclusively in Euro.

Interest rate risk management

The Company pays a fixed interest charge of 8% on its fixed rate notes and receives a fixed interest charge of 8.125% on loans granted to subsidiaries. Therefore the company does not have any interest rate risk.

Price risk management

As the Company does not trade other than as described above, the Company does not have any price risk.

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 Company. The Company deals almost exclusively with its immediate subsidiary company, Clondalkin Acquisition BV. As both companies are under common control, credit risk is limited. 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.

4. Financial instruments (continued)

Liquidity risk management

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

Liquidity tables

The following table indicates the Company'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 Company's total non-current liabilities and current liabilities.

2009	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.....	-	-	41,737	-	-	41,737
Interest bearing instruments............	-	-	-	170,000	256,905	426,905
	-	-	41,737	170,000	256,905	468,642

2008	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.....	-	-	41,572	-	-	41,572
Interest bearing instruments............	-	-	-	-	409,208	409,208
	-	-	-	-	409,208	450,780

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

	Less than 12 months	Over 5 years	Total
2009	€'000	€'000	€'000
Non-interest bearing..	-	-	-
Interest bearing instruments...	-	133,190	133,190
	-	133,190	133,190
2008			
Non-interest bearing..	-	-	-
Interest bearing instruments...	-	115,267	115,267
	-	115,267	115,267

4. 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, 2009		31 December, 2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	€'000	€'000	€'000	€'000
Assets				
Receivables due after one year	133,190	133,190	115,267	115,267
Bank and cash balances	4	4	7	7
Liabilities				
Payables – amounts falling due within one year	41,737	41,737	41,572	41,572
Interest due on fixed rate notes	3,967	3,967	3,967	3,967
Fixed rate notes	170,000	170,000	170,000	170,000
Shareholders' loans	252,938	252,938	235,241	235,241

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

Cash, short term deposits, accounts receivable and accounts payable: The carrying amount reported in the balance sheet approximates fair value reflecting the short maturity of these instruments. No other valuation techniques are used to measure these instruments.

Fixed rate notes and Shareholders' loans (including interest due): The carrying amount reported in the balance sheet is approximately fair value, at 31 December, 2009.

5. Share capital, share premium and capital contribution

	Ordinary shares	Share Premium	Capital contribution	Total
Authorised number of shares (€0.01 each)				
At 31 December, 2008 and 2009	10,000	-	-	10,000
Number of allotted called up and fully paid share capital (in thousands)				
At 1 January, 2008	2,000	-	-	2,000
Issue of shares	-	-	-	-
At 31 December, 2008	2,000	-	-	2,000
Issue of shares	-	-	-	-
At 31 December, 2009	2,000	-	-	2,000
Value in €'000 at 31 December, 2009	20	3,678	3,425	7,123

The authorised share capital of the Company is €100,000 and consists of 10.0 million ordinary shares of €0.01 nominal value each. The issued share capital of the Company is €20,000 and consists of 2.0 million issued ordinary shares of €0.01 nominal value each. Each ordinary share in the capital of the Company carries one vote in a general meeting. All shares are held by Clondalkin Group Holdings B.V..

6. Retained Earnings

	31 December, 2009	31 December, 2008
	€'000	€'000
At beginning of period	431	301
Net profit	57	130
At end of period	488	431

7. Reconciliation of movement in equity

	31 December, 2009	31 December, 2008
	€'000	€'000
At beginning of period	7,554	7,424
Net profit	57	130
At end of period	7,611	7,554

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

8. Principal subsidiaries as at 31 December, 2009

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
Accutech Films Inc.	Ohio, USA	Packaging
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 Industries B.V.	Amsterdam, The Netherlands	Investment Holding Company
Clondalkin Group (UK) Limited	Bristol, Britain	Investment Holding Company
Clondalkin Holdings GmbH	Höxter, Germany	Investment Holding Company
Clondalkin Holdings S.A.	Barcelona, Spain	Investment Holding Company
Clondalkin Industries Limited	Dublin, Ireland	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
Obelisk Investments Limited	Dublin, Ireland	Investment Holding Company
Pharmagraphics Inc.	North Carolina, USA	Packaging
Pharmagraphics Guy Limited	Dublin, Ireland	Printing
Ritchie (UK) Limited	Bristol, Britain	Printing
Spiralkote Inc.	Florida, USA	Packaging
Swiftbrook Limited	Dublin, Ireland	Paper Merchants
The Old Cambridge Road Print Company Limited	Bristol, Britain	Printing
US New Co Inc.	Delaware, USA	Investment Holding Company
Vaassen Flexible Packaging B.V.	Vaassen, The Netherlands	Packaging
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
Wilkes-Cerdac Limited	Dublin, Ireland	Printing

9. 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:

- Boxes LPF B.V. (Leeuwarden, The Netherlands)
- Cats Flexible Packaging B.V. (Rotterdam, The Netherlands)
- Clondalkin Acquisition B.V. (Amsterdam, The Netherlands)
- Clondalkin Group Investments B.V. (Amsterdam, The Netherlands)
- CNED I B.V. (Amsterdam, The Netherlands)
- CNED II B.V. (Amsterdam, The Netherlands)
- Flexoplast B.V. (Wieringerwerf, The Netherlands)
- Leeuwenhoek Holding B.V. (Wieringerwerf, The Netherlands)
- Linde Vouwkartonnage B.V. (Denekamp, The Netherlands)
- LPF Flexible Packaging B.V. (Grootegast, 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)
- Vaassen Flexible Packaging B.V. (Vaassen, The Netherlands)
- Verpakkingsindustrie Velsen B.V. (Wieringerwerf, 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)
- Cahill Printers Limited (Dublin, Ireland)
- C.B. Packaging 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)
- Verdosa Limited (Dublin, Ireland)
- Wilkes-Cerdac Limited (Dublin, Ireland)

10. Board approval

The consolidated financial statements and the company financial statements of Clondalkin Industries B.V. were approved by the Executive Directors on 16 April, 2010 and will be put before the Shareholders for adoption at the Annual General Meeting of Shareholders.

_______________________Colman O'Neill

_______________________ Jim Farrell

CLONDALKIN INDUSTRIES B.V.

OTHER INFORMATION

1. 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.

2. Proposed profit appropriation for the financial year 2009

The Executive Directors proposed that the profit for the financial year 2009 should be transferred to reserves without payment of dividends to shareholders. The financial statements presented herewith anticipate that the shareholders in general meeting will approve this proposal.

3. Auditor's report

The auditor's report is set forth on the next page.

Deloitte Accountants B.V.
Orlyplein 10
1043 DP Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (88) 2882888
Fax: +31 (88) 2889742
www.deloitte.nl

To the Shareholders of
Clondalkin Industries B.V.
Amsterdam

Date
May 10, 2010

Reference
3100042702/OP980/ahdr

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Clondalkin Industries B.V. Amsterdam , which comprise the consolidated and company balance sheet as at December 31, 2009, income statement, statement of recognised income and expense, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Executive Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Clondalkin Industries B.V. Amsterdam as at December 31, 2009 and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Executive Directors is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

already signed: R.M.A. Zuiverloon