

Clondalkin Industries B.V.

Annual Report and Financial Statements

For the year ended 31 December, 2011



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REPORT OF THE EXECUTIVE DIRECTORS

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

Review of the business

Activities

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

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

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

In the year ended 31 December, 2011, the average number of full time employees was 4,792 (2010: 4,423).

Segments

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

The flexible packaging businesses, which represented 67.5% of 2011 revenues (2010: 70.2%), supply protective and presentation packaging products to customers in the food, beverage and delicatessen, agricultural and horticultural, tobacco, hospital and healthcare, and the industrial and services markets.

The specialist packaging businesses, which represented 32.5% of 2011 revenues (2010: 29.8%), supply folding cartons, labels and leaflets, inserts and outserts, direct mail and commercial print materials to customers in the pharmaceutical and healthcare, cosmetics, hospital care, fast moving consumer goods and industrial markets.

Product development

The Group has developed leading positions in several of its markets by focusing on and by investing in modern technologies and in research and development. The Group will continue to invest in developing new packaging products and applications to enhance its product and service offering to existing and new customers.

Results for the year ended 31 December, 2011

Overview

The Executive Directors consider that the profit from operations of €52.4 million excluding non-operating expenses (2010: €55.6 million) on revenues of €932.8 million (2010: €853.7 million) for the year ended 31 December, 2011 is a satisfactory result in extremely challenging economic conditions. The Group's businesses are focused on new product development and new business development activities to promote new market opportunities. These activities, supported by extensive investment programmes and cost reduction actions completed in 2011, provide platforms for profitable growth in

coming years. As in prior years, the Group benefited from its focus on delivering leading packaging solutions to meet customers' requirements. Cash generated from operations, which excludes non-recurring acquisition-related costs paid and post acquisition restructuring costs paid, was €72.0 million for the year ended 31 December, 2011 (2010: €62.2 million). At 31 December, 2011 cash balances were €92.7 million (2010: €115.2 million).

Annual cash generated from operations and significant cash balances combined with the fact that no debt repayments are scheduled until December 2013 enable the Group to manage its businesses and their continued development in an orderly way.

Business acquisitions

Effective 3 April, 2011, the Group acquired the Printed Components businesses from Catalent Pharma Solutions, Inc. ("CPS").

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

Also, the Group and CPS entered into a five year agreement whereby the Group supplies packaging components to CPS.

The Group did not acquire any businesses in the year ended 31 December, 2010.

Revenue and profit from operations for the year ended 31 December, 2011 compared to the year ended 31 December, 2010

Revenue increased by €79.1 million, or by 9.3%, from €853.7 million in the year ended 31 December, 2010 to €932.8 million in the year ended 31 December, 2011, reflecting an increase in flexible packaging and specialist packaging revenues of €30.0 million and €49.1 million respectively.

Profit from operations, excluding acquisition-related costs and restructuring costs, decreased by €3.2 million, or by 5.7%, from €55.6 million in the year ended 31 December, 2010 to €52.4 million in the year ended 31 December, 2011.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of €83.8 million in the year ended 31 December, 2011 is in line with EBITDA reported for the year ended 31 December, 2010.

Flexible packaging

Flexible packaging revenue increased by €30.0 million, or by 5.0%, from €599.3 million in the year ended 31 December, 2010 to €629.3 million in the year ended 31 December, 2011. The increase comprises the following main items:

- Revenue in the plastic and polymer based businesses increased by €28.0 million, mainly due to higher raw material costs prompting higher selling prices which caused revenue to increase; and
- Revenue in the foils and laminates and paper packaging businesses increased by €6.6 million, mainly due to higher raw material costs prompting higher selling prices which caused revenue to increase by €10.6 million, partially offset by volume decreases in the second half of the year, which caused revenue to decrease by €4.0 million.
- Weaker U.S. dollar and sterling translation rates against the Euro caused revenue to decrease by €4.4 million.

Profit from operations reported by the flexible packaging businesses decreased by €5.1 million, or by 13.2%, from €39.1 million in the year ended 31 December, 2010 to €34.0 million in the year ended 31 December, 2011. The decrease comprises the following main items:

- The plastic and polymer based businesses reported profit from operations in line with the prior year; and
- The foils and laminates and paper packaging businesses reported lower profit from operations of €5.1 million due to weaker demand conditions and margin pressures experienced mainly in the second half of the year.
- Weaker U.S. dollar and sterling translation rates against the Euro caused profit from operations to decrease by €0.1 million.

Specialist packaging

Specialist packaging revenue increased by €49.1 million, or by 19.3%, from €254.4 million in the year ended 31 December, 2010 to €303.5 million in the year ended 31 December, 2011. The increase comprises the following main items:

- Acquisition effects, related to the acquisition of the Printed Components businesses acquired effective 3 April, 2011, caused revenue to increase by €52.3 million; and
- Excluding acquisition effects, revenue increased by €5.5 million, mainly due to higher raw material costs prompting higher selling prices.
- Weaker U.S. dollar and sterling translation rates against the Euro caused revenue to decrease by €8.8 million.

Profit from operations reported by the specialist packaging businesses increased by €2.3 million, or by 10.2%, from €22.3 million in the year ended 31 December, 2010 to €24.6 million in the year ended 31 December, 2011. The increase comprises the following main items:

- Acquisition effects, related to the acquisition of the Printed Components businesses acquired effective 3 April, 2011, caused profit from operations to increase by €1.8 million. The EBITDA acquisition effect for the nine months since 3 April, 2011 was €4.5 million; and
- Excluding acquisition effects, the specialist packaging businesses reported increased profit from operations of €1.4 million, mainly reflecting volume advances in the North American pharmaceutical and healthcare packaging businesses and the European consumer packaging businesses.
- Weaker U.S. dollar and sterling translation rates against the Euro caused our profit from operations to decrease by €1.0 million.

Development and rationalisation investments

In the year ended 31 December, 2011, the Group implemented development and rationalisation investments to improve revenue and cost alignments, to withdraw from lower value-added businesses and to invest in higher value-added businesses.

Investments in existing operations to add new technologies and to upgrade existing assets were €29.2 million in the year ended 31 December, 2011, compared to €26.3 million in the year ended 31 December, 2010. The Group's operations are well invested in modern technologies.

In existing businesses the Group incurred restructuring costs of €2.3 million in the year ended 31 December, 2011 compared to €4.6 million in the year ended 31 December, 2010. The restructuring costs relate mainly to employment reductions to increase operating efficiencies and to align business capacity to market requirements.

Following the acquisition of the Printed Components businesses, the Group incurred post acquisition rationalisation costs of €3.2 million, mainly in respect of employee reductions and plant reconfigurations. The Group also provided for €2.3 million in respect of assets withdrawn from use upon integrating the Printed Components businesses with the Group's existing businesses.

Asset disposals

Proceeds from surplus asset disposals including properties were €0.6 million in the year ended 31 December, 2011 compared to €0.5 million in prior year.

Cash balances and cash flow

At 31 December, 2011 cash balances were €92.7 million (2010: €115.2 million). The Group has no scheduled debt repayments until December 2013.

Operating cash flow after working capital changes was €68.1 million for the year ended 31 December, 2011 (2010: €62.2 million). The operating cash flows for the year 2011 include non-recurring payments of €1.6 million for acquisition-related costs and €2.4 million for post-acquisition restructuring costs.

The Group's strong cash generation capability, which has long been the hall mark of the Group's business performance, is sufficient to support the 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 2012.

Financing

The Group's gross borrowings at 31 December, 2011, excluding shareholder's loans, were €585.9 million (2010: €582.3 million) comprising floating rate notes of €300.0 million and U.S. \$150.0 million (€115.9 million at the 31 December, 2011 exchange rates) and the fixed rate notes of €170.0 million.

The net borrowings at 31 December, 2011, excluding shareholder's loans, were €493.2 million (2010: €467.1 million).

The floating rate notes mature in December 2013 and the fixed rate notes mature in March 2014.

The directors are reviewing the refinancing possibilities.

Employment

The average number of full time employees increased from 4,423 employees in the year ended 31 December, 2010 to 4,792 employees in the year ended 31 December, 2011.

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

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

Principal risks and uncertainties

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

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

The Group is experienced in managing these risks successfully.

Financial risk management

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

The Group enters into foreign currency forward contracts to manage its currency exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the principal markets the Group operates in.

The Group also enters into interest rate hedging arrangements to manage its 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 note 22 to the consolidated financial statements.

Ownership

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

WP Flexpack Holdings S.à r.l. is the majority shareholder in CGHBV, holding approximately 86.1% of the issued ordinary share capital, equivalent to 79.2% of the fully diluted ordinary share capital in CGHBV taking into account options and rights over shares reserved for future issuance to management. Clondalkin management owns approximately 13.4% of the issued ordinary share capital of CGHBV which increases to 15.5% subject to the rights and options over ordinary share

capital in CGHBV being taken up by management. The majority shareholders in WP Flexpack Holdings S.à r.l. are Warburg Pincus Private Equity VIII L.P. and Warburg Pincus International Partners L.P., which are both investments funds incorporated by Warburg Pincus.

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

Future development of the Clondalkin business

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

Statement of the Executive Directors

The Executive Directors have prepared the Annual Report and Financial Statements for the year ended 31 December, 2011 of the Company in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

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

The financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and its undertakings included in the consolidation taken as a whole; and

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

The Executive Directors sincerely thank all of the Group's employees for their commitment and skilful application during 2011.

7 March, 2012

Executive Directors

Colman O'Neill

Jim Farrell

FINANCIAL STATEMENTS

Consolidated income statement

For the year ended 31 December,

In thousands of euro

Note

		2011	2010
Revenue		932,807	853,745
Cost of sales		(794,108)	(713,344)
Gross profit		138,699	140,401
Distribution costs		(36,033)	(36,085)
General and administrative expenses		(50,880)	(48,827)
Profit on disposal of property, plant and equipment		614	113
Restructuring costs		(2,274)	(4,641)
Acquisition-related costs		(1,995)	-
Post-acquisition restructuring costs, including asset write down provisions		(5,492)	-
Profit from operations		42,639	50,961
Net finance costs	7	(53,088)	(53,124)
Loss before income tax		(10,449)	(2,163)
Income tax charge	9	(2,596)	(606)
Loss for the year		(13,045)	(2,769)

Consolidated statement of comprehensive income

For the year ended 31 December,

In thousands of euro

Note

		2011	2010
Loss for the year		(13,045)	(2,769)
Other comprehensive income			
Foreign currency translation differences for foreign operations		8,960	15,788
Net change in fair values of cash flow hedges	19	3,835	757
Actuarial losses on defined benefit pension plans	20	(3,299)	(4,021)
Income tax on other comprehensive income	18	(358)	20
Other comprehensive income for the year		9,138	12,544
Total comprehensive income for the year		(3,907)	9,775

The notes on pages 12 through 47 are an integral part of these consolidated financial statements.

Consolidated balance sheet**As at 31 December,**

In thousands of euro

Note

2011**2010****Assets**

Intangible assets	10	564,546	551,279
Property, plant and equipment	11	224,470	204,353
Deferred tax assets	18	24,769	21,974
Total non-current assets		813,785	777,606
Inventories	12	96,757	96,346
Trade and other receivables	13	121,039	105,679
Cash and cash equivalents	14	92,737	115,207
Total current assets		310,533	317,232
Total assets		1,124,318	1,094,838

Equity

Share capital	19	20	20
Share premium	19	7,103	7,103
Other reserves		(284)	(12,120)
Retained earnings		19,339	35,082
Total equity		26,178	30,085

Liabilities

Loans and borrowings	16	580,185	573,695
Amount due to Clondalkin Group Holdings B.V.	17	301,011	280,972
Derivatives	22	-	1,748
Retirement benefit obligations	20	15,680	13,554
Deferred tax liabilities	18	29,514	26,200
Other financial liabilities		2,638	-
Total non-current liabilities		929,028	896,169
Derivatives	22	1,795	3,811
Trade and other payables	15	160,911	158,055
Current tax liabilities		217	1,798
Other financial liabilities		6,189	4,920
Total current liabilities		169,112	168,584
Total liabilities		1,098,140	1,064,753
Total equity and liabilities		1,124,318	1,094,838

The notes on pages 12 through 47 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December, 2011

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

For the year ended 31 December, 2010

In thousands of euro	Share capital	Share premium	Translation reserve	Hedge reserve	Retained earnings	Total equity
Balance at 1 January	20	7,103	(23,806)	(4,638)	41,631	20,310
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(2,769)	(2,769)
Other comprehensive income	-	-	15,788	536	(3,780)	12,544
Total comprehensive income for the year	-	-	15,788	536	(6,549)	9,775
Balance at 31 December	20	7,103	(8,018)	(4,102)	35,082	30,085

The notes on pages 12 through 47 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows**For the year ended 31 December,**

In thousands of euro

Note

2011**2010****Cash flows from operating activities**

Loss for the year (13,045) (2,769)

Adjustments for:

Net finance costs 7 53,088 53,124

Restructuring costs 2,274 4,641

Restructuring costs paid (2,597) (2,994)

Acquisition-related costs 1,995 -

Acquisition-related costs paid (1,592) -

Post-acquisition restructuring costs, including
asset wrote down provisions 5,492 -

Post-acquisition restructuring costs paid (2,369) -

Settlement of employee benefits 20 (558) (2,841)

Profit on disposal of property, plant and equipment (614) (113)

Income tax charge 9 2,596 606

Depreciation 11 31,395 28,202

Operating cash flow before working capital changes 76,065 77,856

Increase in working capital (7,982) (15,706)

Operating cash flow after working capital changes 68,083 62,150

Income tax paid (4,177) (4,139)

Net cash from operating activities 63,906 58,011**Cash flows from investing activities**

Acquisition of subsidiaries, net of cash acquired 23 (28,398) -

Acquisition of property, plant and equipment 11 (29,159) (26,346)

Proceeds from sale of property, plant and equipment 593 491

Net cash used in investing activities (56,964) (25,855)**Cash flows from financing activities**

Net interest paid (29,925) (30,714)

Other - (60)

Net cash used in financing activities (29,925) (30,774)**Net (decrease) increase in cash and cash equivalents**

(22,983) 1,382

Cash and cash equivalents at 1 January 115,207 111,989

Effect of exchange rate fluctuations on cash held 513 1,836

Cash and cash equivalents at 31 December 92,737 115,207

The notes on pages 12 through 47 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Reporting entity

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

The consolidated financial statements of the Company as at and for the year ended 31 December, 2011 comprise the Company and its subsidiaries (together referred to as "the Group").

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

2. Basis of preparation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") and prevailing interpretations at 31 December, 2011 as adopted by the International Accounting Standards Board and as endorsed for use in the European Union by the European Commission. They also comply with the applicable financial reporting requirements included in section 9 of the Netherlands Civil Code.

The consolidated financial statements were authorised for issue by the Executive Directors on 7 March, 2012.

b. Basis of measurement

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

c. Functional and presentation currency

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

d. Use of estimates and assumptions

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

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

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

Impairment of intangible assets and property, plant and equipment

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

Income tax

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

Provisions and contingent liabilities

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

Post-retirement employee benefits

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

3. Significant accounting policies

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

a. Basis of consolidation**i. Business combinations**

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

The Group measures goodwill at the acquisition date as:

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

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

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

ii. Subsidiaries

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

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

iii. Transactions eliminated on consolidation

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

b. Foreign currency

i. Foreign currency translation

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

ii. Foreign operations

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

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

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

iii. Hedge of net investments in foreign operations

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

c. Financial instruments

i. Non-derivative financial instruments

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Loans and borrowings

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

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

Trade and other payables

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

ii. Derivative financial instruments, including hedge accounting

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

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

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Fair values are derived from market prices and quotes from dealers and brokers, or are estimated using observable market inputs. Subsequent to initial recognition,

derivatives are continued to be measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

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

Hedges of net investments in foreign operations

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

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

iii. Share capital

Ordinary shares

Ordinary shares are classified as equity.

Redeemable preference shares

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

d. Property, plant and equipment

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

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

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

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

The estimated useful lives are as follows:

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

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

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

e. Intangible assets

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

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

f. Leased assets

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

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

g. Impairment

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

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

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

Goodwill impairment losses once recognised are not reversed.

h. Inventories

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

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

i. Employee benefits

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

i. Defined contribution plans

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

ii. Defined benefit plans

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

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

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

iii. Multi-employer plans

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

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

j. Provisions

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

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

k. Revenue

Revenue from the sale of products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue

is recognised when the significant risks and rewards of ownership of the products have been transferred to the buyer, recovery of the consideration is probable and the associated costs and possible return of products can be estimated reliably. These conditions are generally met at the time the product is shipped to the customer.

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

l. Restructuring costs

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

m. Net finance costs

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

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

n. Income tax

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

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

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

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

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

o. Segment reporting

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

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

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

p. Cash flow statement

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

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

q. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January, 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

4. Financial risk management

a. Overview

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

b. Risk management

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

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

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

c. Credit risk

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

Trade receivables and other receivables

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

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

Cash and cash equivalents

The Group held cash and cash equivalents of €92.7 million at 31 December, 2011 (2010: €115.2 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with satisfactory credit-ratings.

d. Liquidity risk

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

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

e. Market risk

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

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

Currency risk

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

The Group designates its U.S. dollar floating rate notes of \$150 million as a hedge of its net investment in its U.S. operations which mitigate the foreign currency translation risk arising from these

entities' net assets. Less than 20% of the Group's investments are denominated in non-euro and non-U.S. dollar currencies.

Interest rate risk

The Group is exposed to changes in interest rates on borrowings from third parties. The Group adopts a policy of ensuring that at a minimum 70 percent of its exposure is on a fixed-rate basis which is achieved by entering into fixed rate and interest hedge arrangements.

Price risk

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

f. Capital management

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

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

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

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

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

5. Segment reporting

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

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

Information about reportable segments

In thousands of euro	Flexible packaging		Specialist packaging		Unallocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	629,313	599,314	303,494	254,431	-	-	932,807	853,745
Cost of sales	(546,357)	(510,240)	(247,297)	(202,960)	(454)	(144)	(794,108)	(713,344)
Gross profit	82,956	89,074	56,197	51,471	(454)	(144)	138,699	140,401
Operating expenses	(48,989)	(49,959)	(31,629)	(29,181)	(5,681)	(5,658)	(86,299)	(84,798)
Non-operating expenses	-	-	-	-	(9,761)	(4,641)	(9,761)	(4,641)
Profit from operations	33,967	39,115	24,568	22,290	(15,896)	(10,443)	42,639	50,962
Depreciation	19,055	18,292	12,114	9,855	226	55	31,395	28,202
Non-operating expenses	-	-	-	-	9,761	4,641	9,761	4,641
EBITDA	53,022	57,407	36,682	32,145	(5,909)	(5,747)	83,795	83,805
Total assets	640,780	633,915	388,999	339,741	94,539	121,182	1,124,318	1,094,838
Total liabilities	122,774	112,895	67,289	37,544	908,077	914,314	1,098,140	1,064,753
Capital expenditure	20,721	17,981	8,438	8,365	-	-	29,159	26,346

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

Geographical information

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

Revenue

In thousands of euro	2011	2010
The Netherlands	325,222	305,008
United States of America	291,990	255,358
United Kingdom	88,668	87,552
Germany	82,528	79,391
Other countries	144,399	126,436
	932,807	853,745

Non-current assets

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

In thousands of euro	2011	2010
The Netherlands	238,658	237,669
United States of America	269,136	243,993
United Kingdom	69,097	67,478
Germany	84,416	83,288
Other countries	127,709	123,204
	789,016	755,632

6. Expenses by nature

In thousands of euro	2011	2010
Raw materials	(554,456)	(497,245)
Employee benefit expenses	(220,542)	(198,073)
Depreciation	(31,395)	(28,202)
Maintenance	(14,906)	(14,273)
Light, power and heating	(20,341)	(18,516)
Other expenses	(39,381)	(41,946)
	(881,021)	(798,255)

7. Net finance costs

In thousands of euro

	2011	2010
Interest on floating rate notes	(16,705)	(17,828)
Interest on fixed rate notes	(13,600)	(13,600)
Cash interest expense	(30,305)	(31,428)
Non cash interest expense on subordinated shareholders' loans	(20,140)	(19,221)
Net interest expense before finance amortisation charge	(50,445)	(50,649)
Finance amortisation charge	(2,820)	(2,820)
Finance cost	(53,265)	(53,469)
Finance income	177	345
	(53,088)	(53,124)

8. Personnel expenses

In thousands of euro

	2011	2010
Wages and salaries and other	(187,475)	(166,034)
Social security contributions	(26,661)	(25,795)
Pension costs	(6,406)	(6,244)
	(220,542)	(198,073)
Average number of full time employees during the year	4,792	4,423

9. Income tax (charge) credit***Income tax recognised in profit or loss***

In thousands of euro

	2011	2010
Current tax (charge) credit	(2,541)	386
Deferred tax charge	(55)	(992)
	(2,596)	(606)

Income tax recognised in other comprehensive income

In thousands of euro

	2011	2010
Deferred tax (charge) credit for:		
Actuarial gains and losses	601	241
Cash flow hedges	(959)	(221)
	(358)	20

Reconciliation of the effective tax rate

In thousands of euro	2011	2010
Tax using standard tax rates	1,543	514
Current year losses for which no deferred tax asset was recognised	(2,684)	(2,294)
Non-tax deductible interest	(1,987)	-
Adjustments previous years and other differences	532	1,174
	(2,596)	(606)

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

10. Intangible assets

In thousands of euro	Note	2011	2010
Goodwill			
Balance at 1 January		551,279	537,318
Acquisitions through business combinations	23	6,644	-
Effects of movements in exchange rates		6,623	13,961
Balance at 31 December		564,546	551,279

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated are as follows:

In thousands of euro	2011	2010
Flexible packaging businesses Europe	265,187	263,253
Flexible packaging businesses North America	79,643	79,262
Specialist packaging businesses Europe	97,337	96,655
Specialist packaging businesses North America	122,379	112,109
	564,546	551,279

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

Value-in-use calculations are determined by discounting the forecasted cash flows 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 2.0% per annum;
- The projected revenue growth and margin development included in the cash flow projections is based on historical experience and the expected development of new products and businesses, as set out in management's financial projections; and
- The projected pre-tax cash flows are discounted to their present value using a pre-tax discount rate of 10.0% (2010: 10.8%).

The impairment review carried out as described above with an effective date of 31 December, 2011 did not prompt any impairment charge or write off as the recoverable amounts exceeded the carrying value of the operating divisions.

11. Property, plant and equipment

In thousands of euro	Land and buildings	Plant and equipment	Fixtures and fittings	Total
Cost				
Balance at 1 January, 2011	98,034	251,942	23,432	373,408
Acquired through business combinations	7,749	13,718	648	22,115
Additions	3,051	23,117	2,404	28,572
Disposals	-	(7,481)	(1,116)	(8,597)
Asset write down provisions	(1,782)	(2,098)	(684)	(4,564)
Effects of movements in exchange rates	2,145	7,172	186	9,503
Balance at 31 December, 2011	109,197	286,370	24,870	420,437
Balance at 1 January, 2010	91,598	216,605	19,589	327,792
Additions	1,596	25,318	2,974	29,888
Disposals	-	(7,550)	(437)	(7,987)
Effects of movements in exchange rates	4,840	17,569	1,306	23,715
Balance at 31 December, 2010	98,034	251,942	23,432	373,408
Depreciation				
Balance at 1 January, 2011	15,839	136,977	16,239	169,055
Charge for the year	2,504	26,045	2,846	31,395
Disposals	-	(7,103)	(1,029)	(8,132)
Asset write down provisions	544	(2,373)	(432)	(2,261)
Effects of movements in exchange rates	748	5,054	108	5,910
Balance at 31 December, 2011	19,635	158,600	17,732	195,967
Balance at 1 January, 2010	11,110	109,381	13,003	133,494
Charge for the year	3,177	22,185	2,840	28,202
Disposals	-	(7,194)	(415)	(7,609)
Effects of movements in exchange rates	1,552	12,605	811	14,968
Balance at 31 December, 2010	15,839	136,977	16,239	169,055
Carrying amounts				
At 1 January, 2010	80,488	107,224	6,586	194,298
At 31 December, 2010	82,195	114,965	7,193	204,353
At 31 December, 2011	89,562	127,770	7,138	224,470

12. Inventories

In thousands of euro	2011	2010
Raw materials	39,131	39,545
Work in progress	12,244	11,302
Finished goods	45,382	45,499
	96,757	96,346

The cost of inventories recognised as an expense during the year was €554.4 million (2010: €479.2 million).

13. Trade and other receivables

In thousands of euro	2011	2010
Trade receivables	109,638	92,675
Prepayments and accrued income	11,401	13,004
	121,039	105,679

Trade receivables are shown net of impairment losses amounting to €1.9 million (2010: €1.8 million).

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 22 to the consolidated financial statements.

14. Cash and cash equivalents

In thousands of euro	2011	2010
Bank and cash balances	92,737	115,207

At 31 December, 2011, €1.2 million (2010: €1.2 million) of the above cash balances were restricted by the mandated cash reserve requirement to support the Group's self insured workers' compensation arrangement.

The Group's exposure to credit risk related to cash is disclosed in note 22 to the consolidated financial statements.

15. Trade and other payables

In thousands of euro	2011	2010
Trade payables and accrued liabilities	152,301	149,733
Social security and other taxes	2,768	3,191
Value-added and sales tax	5,842	5,131
	160,911	158,055

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 22 to the consolidated financial statements.

16. Loans and borrowings

In thousands of euro

	2011	2010
Floating rate notes	415,929	412,259
Fixed rate notes	170,000	170,000
	585,929	582,259
Finance costs, net of amortisation	(5,744)	(8,564)
	580,185	573,695

a. Floating rate notes

On 19 June, 2007, the Company's wholly owned subsidiary Clondalkin Acquisition B.V. ("CABV") issued €300.0 million Euro denominated floating rate notes and \$150.0 million U.S. dollar denominated floating rate notes (together "the floating rate notes") at 100% of par value. The floating rate notes bear interest at 2% above the three-month inter-bank rate, payable quarterly in arrears in March, June, September and December each year.

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

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

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

b. Revolving credit facility

The Group has a €30.0 million revolving credit facility which can be drawn upon to finance working capital requirements. The revolving credit facilities mature as to €11.0 million in June 2012 and €19.0 million in September 2013. The revolving credit facility of €11.0 million, maturing in June 2012, bears interest at 1.75% above the prevailing inter-bank offer rate for the borrowing period. The €19.0 million revolving credit facility, maturing in September 2013, bears interest at 3.00% above the prevailing inter-bank offer rate for the borrowing period. Undrawn committed amounts are subject to a 0.65% and 1.00% per annum charges payable in quarterly arrears on the €11.0 million and €19.0 million revolving credit facilities respectively.

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

c. Fixed rate notes

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

The fixed rate notes are repayable on 15 March, 2014 or before this date at our option upon payment of a premium of 1.333% in respect of payments prior to 15 March, 2012 and at par thereafter.

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

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

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

To part finance the acquisition of Clondalkin Group Holdings Limited effective 28 February, 2004, CGHBV, the Company's parent company, raised approximately €180.0 million of finance, comprising share capital of €21.1 million, shareholders' loans of €149.3 million and options and other rights over shares and loan notes to the value of €9.6 million in CGHBV.

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

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

CGHBV used the funds from these shareholder financing arrangements to advance an intercompany loan to CIBV, now €174.9 million (2010: €175.0 million), on approximately the same interest terms and conditions as borrowed from the CGHBV shareholders. The interest due as at 31 December, 2011 amounts to €126.1 million (2010: €106.0 million).

18. Deferred tax***Recognised deferred tax assets and liabilities***

In thousands of euro	2011	2010
Deferred tax assets	24,769	21,974
Deferred tax liabilities	(29,514)	(26,200)
	(4,745)	(4,226)

Movement in deferred tax assets and liabilities**For the year ended 31 December, 2011**

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

For the year ended 31 December, 2010

In thousands of euro	Accelerated tax depreciation	Property uplifts	Tax losses carried forward	Other temporary differences	Total
Balance at 1 January	(8,741)	(9,134)	20,684	(6,609)	(3,800)
Recognised in profit or loss	(2,038)	1,108	603	(665)	(992)
Recognised in other comprehensive income	-	-	-	20	20
Effects of movements in exchange rates	(676)	(394)	687	(215)	(598)
Transfer to corporation tax	-	-	-	1,144	1,144
Balance at 31 December	(11,455)	(8,420)	21,974	(6,325)	(4,226)

Recognition of deferred tax assets

At the reporting date the Group had unused tax losses of €98.7 million (2010: €113.6 million) available for offset against future profits. A substantial part of the losses have an expiration date between 2014 and 2031 (2010: 2014 and 2030).

A deferred tax asset has been recognised in respect of €85.4 million worth of these losses (2010: €77.1 million) as it is expected that there will be sufficient taxable profits available in future years to utilise these losses. Taking into account current expected profitability and other relevant factors we anticipate that the recognised tax losses carried forward will be utilised by 2020.

The amount of unused tax losses not recognised at the balance sheet date was €8.1 million (2010: €32.7 million). These losses have an expiration date between 2014 and 2031 (2010: between 2014 and 2030).

19. Equity

Authorised and issued share capital

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

The total value of shares issued is €7.1 million (2010: €7.1 million).

Translation reserve

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

Hedge reserve

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

The movement in the hedge reserve is summarised as follows:

For the year ended 31 December,

In thousands of euro

	2011	2010
Balance at 1 January	(4,102)	(4,638)
Loss arising on changes in fair value of cash flow hedges reclassified to profit or loss	3,901	6,335
Gain arising on changes in fair value of cash flow hedges	(66)	(5,578)
Net change in fair values of cash flow hedges	3,835	757
Deferred income tax on the changes in fair value of cash flow hedges	(959)	(221)
	2,876	536
Balance at 31 December	(1,226)	(4,102)

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

20. Retirement benefit obligations

The Group contributes to defined benefit plans that provide pension benefits for employees upon retirement. These plans entitle retired employees to receive an annual payment linked to the employee's service years. The net obligation under these plans is summarised as follows:

In thousands of euro	2011	2010
Present value of funded defined benefit obligation	110,399	106,025
Fair value of plan assets	(97,759)	(93,678)
	12,640	12,347
Restriction on recognition of assets	3,040	1,207
	15,680	13,554

The Group has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with local requirements of the plans in the respective jurisdictions, the present value of refunds or reductions in future contributions is lower than the balance of the total fair value of the plan assets. Hence, the defined benefit plans' assets at 31 December, 2011 have been decreased by €3.0 million (2010: €1.2 million).

Plan assets comprise:

In thousands of euro	2011	2010
Equity securities	22,124	23,837
Fixed income and indexed linked investments	51,487	47,902
Properties	18,209	17,745
Cash and other	5,939	4,194
Fair value of plan assets	97,759	93,678

Movement in the fair value of the assets

For the year ended 31 December,	2011	2010
In thousands of euro		
Fair value of plan assets at 1 January	93,678	90,276
Contributions paid into the plans	4,545	3,980
Benefits paid by the plans	(6,356)	(13,033)
Expected return on plan assets	3,613	4,000
Settlement of employee benefits	-	(654)
Actuarial gains in other comprehensive income	895	2,717
Other movements	(156)	(477)
Effect of movement in exchange rates	1,540	6,869
Fair value of plan assets at 31 December	97,759	93,678

Movement in the present value of the defined benefit obligation**For the year ended 31 December,**

In thousands of euro

	2011	2010
Defined benefit obligation as at 1 January	106,025	98,169
Employee contributions	1,275	1,148
Benefits paid by the plans	(6,356)	(13,033)
Current service costs	2,501	2,113
Interest costs	4,058	4,474
Curtailment gain	(375)	(326)
Settlement of employee benefits	(558)	(3,494)
Actuarial losses in other comprehensive income	2,362	9,820
Other movements	(157)	(487)
Effect of movement in exchange rates	1,624	7,641
Defined benefit obligation as at 31 December	110,399	106,025

Expenses recognised in profit or loss

In thousands of euro

	2011	2010
Current service costs	2,501	2,113
Interest on obligation	4,058	4,474
Curtailment gain	(375)	(326)
Expected return on assets	(3,613)	(4,000)
	2,571	2,261

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

The actual gain on plan assets in the year was €4.7 million (2010: €6.7 million).

Actuarial gains and losses recognised in other comprehensive income

In thousands of euro

	2011	2010
Amounts accumulated in retained earnings at 1 January	(9,077)	(5,297)
Recognised during the year	(2,698)	(3,780)
Amounts accumulated in retained earnings at 31 December	(11,775)	(9,077)

Actuarial assumptions

	2011	2010
Discount rate at 31 December	2.8% - 5.2%	2.8% - 5.7%
Expected return on plan assets at 1 January	3.0% - 6.5%	3.4% - 6.5%
Future salary increases	1.0% - 3.2%	1.0% - 3.0%
Inflation	1.0% - 2.3%	1.5% - 3.0%

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

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

	2011	2010
Males	19.6 - 21.9	17.9 - 21.6
Females	21.9 - 23.5	20.9 - 23.5

Cash flows

The charge for the year ended 31 December, 2011 in respect of these defined benefit plans was €3.3 million (2010: €2.8 million). There were no material contributions due or prepaid at either 31 December, 2011 or 31 December, 2010.

Historical information

in thousands of euro	2011	2010	2009	2008	2007
Plan obligations	110,399	106,025	98,169	96,684	95,054
Plan assets	97,759	93,678	90,276	87,250	107,052
Restriction on asset recognition	3,040	1,207	4,288	5,092	16,167
Net obligation	15,680	13,554	12,181	14,526	4,169
Experience (gains) losses	1,657	(1,555)	(363)	(45)	1,298

21. Related party transactions**Sales to and purchases from subsidiaries**

The Company and the Group entities sell and purchase goods and services to and from each other. Note 27 to the consolidated financial statements includes a list of subsidiaries. These sales and purchases together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial statements of the Company. These transactions are conducted on at arms' length basis with terms comparable to transactions with third parties.

Shareholders' loans

Clondalkin Group Holdings B.V. has granted a shareholders' loan to the Company of €175.0 million. Details on the loan are disclosed in note 17. The non-cash interest charge in 2011 was €20.1 million (2010: €19.2 million) bringing the total interest accrued and due to shareholders to €126.1 million as at 31 December, 2011 (2010: €106.0 million).

Remuneration of the Supervisory and Executive Board Directors

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

In thousands of euro	Short term benefits		Post employment benefits		Total	
	2011	2010	2011	2010	2011	2010
Executive Board Directors	807	819	45	244	852	1,063
Supervisory Board Directors	140	135	-	-	140	135
	947	954	45	244	992	1,198

The emoluments of the Company's Executive Directors in 2011 were €0.5 million (2010: €0.5 million) and are included in the above remuneration of the Executive Board Directors.

22. Financial instruments

Credit risk

Exposure to credit risk

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

In thousands of euro	2011	2010
Trade receivables	109,638	93,718
Prepayments and accrued income	11,401	13,004
Cash and cash equivalents	92,737	115,207
	213,776	221,929

Impairment of trade receivables

To prompt diligent credit collection activity, the Group typically operates customer credit terms between 30 and 45 days. The value of the past due receivables measured against these limits was €14.8 million at 31 December, 2011 (2010: €14.6 million). Practically all past due receivables have been collected since the year end. In the year ended 31 December, 2011, our average credit days given varied between 40 days and 42 days (2010: between 39 days and 42 days). The aging of trade receivables that are not impaired at the reporting date was:

In thousands of euro	2011	2010
Not past due	94,877	79,076
Past due 0 - 30 days	10,374	11,014
Past due 31 - 60 days	1,754	2,397
Past due 61 - 90 days	945	885
Past due more than 90 days	1,688	346
Past due but not impaired	14,761	14,642
	109,638	93,718

Concentration of credit risk

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

Liquidity risk

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

31 December, 2011

In thousands of euro	Carrying amount	Contractual cash flows	One year or less	1 - 2 years	2 - 4 years	More than 4 years
Floating rate notes	415,929	441,393	13,018	428,375	-	-
Fixed rate notes	170,000	199,957	13,600	13,600	172,757	-
Amount due to Clondalkin Group Holdings B.V.	301,011	379,946	-	-	379,946	-
Derivatives	1,795	1,701	1,701	-	-	-
Other financial liabilities	4,811	4,811	4,811	-	-	-
Trade and other payables	160,911	160,911	160,911	-	-	-
	1,054,457	1,188,719	194,041	441,975	552,703	-

31 December, 2010

In thousands of euro	Carrying amount	Contractual cash flows	One year or less	1 - 2 years	2 - 4 years	More than 4 years
Floating rate notes	412,259	446,863	11,706	11,706	423,451	-
Fixed rate notes	170,000	213,557	13,600	13,600	186,357	-
Amount due to Clondalkin Group Holdings B.V.	280,972	380,045	-	-	-	380,045
Derivatives	5,559	6,492	4,454	2,038	-	-
Other financial liabilities	4,920	4,920	4,920	-	-	-
Trade and other payables	158,055	158,487	158,487	-	-	-
	1,031,765	1,210,364	193,167	27,344	609,808	380,045

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

Trade payables and accruals include amounts due to suppliers who purport to hold reservation of title. In the year ended 31 December, 2011, our average credit days taken were 54 days (2010: 54 days).

Market risk

Currency risk

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

	Notional amount in thousands of receiving currency		Average contract rate		Fair value gain / (loss) in thousands of euro	
	2011	2010	2011	2010	2011	2010
Receive EUR, pay GBP	1,934	1,477	0.8510	0.8525	(36)	14
Receive EUR, pay USD	6,999	6,465	1.3482	1.3471	(293)	(53)
Receive GBP, pay EUR	1,325	3,164	0.8578	0.8870	42	109
Receive GBP, pay USD	-	102	-	1.5718	-	(1)
Receive USD, pay EUR	5,514	5,321	1.3722	1.3263	243	(30)
Receive USD, pay GBP	272	169	1.5807	1.6000	4	4
Receive SEK, pay GBP	10,595	12,843	10.6571	9.1447	(1)	68

The total amount of open forward exchange contacts at 31 December, 2011 is €16.0 million (2010: €17.2 million). The fair value of the instruments at 31 December, 2011 is less than €0.1 million (2010: less than €0.1 million).

The exposure to changes in the value of the Group's net investment in U.S. dollar denominated entities of €200.1 million (2010: €195.7 million) due to movements in the U.S. dollar is partly hedged through the U.S. dollar floating rate notes of \$150 million that have a fair value of €108.4 million at 31 December, 2011 (2010: €105.7 million).

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

In thousands of euro	U.S. dollar		Pound sterling		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Assets	65,828	45,658	22,346	24,286	15,483	15,331	103,657	85,275
Liabilities	(193,420)	(159,475)	(20,740)	(21,643)	(15,712)	(18,877)	(229,872)	(199,995)
	(127,592)	(113,817)	1,606	2,643	(229)	(3,546)	(126,215)	(114,720)

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

	Balance sheet		Income statement	
	2011	2010	2011	2010
U.S. dollar	1.29	1.34	1.40	1.32
Pound sterling	0.84	0.86	0.87	0.86
Canadian dollar	1.32	1.33	1.38	1.37
Swiss franc	1.22	1.25	1.23	1.37
Polish zloty	4.46	3.98	4.14	4.00

Sensitivity analysis

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

In thousands of euro	Strengthening		Weakening	
	Profit or loss	Equity	Profit or loss	Equity
31 December, 2011				
U.S. dollar (5% movement)	451	(1,782)	(451)	1,782
Pound sterling (5% movement)	(80)	(1,273)	80	1,273
31 December, 2010				
U.S. dollar (5% movement)	77	(1,632)	(77)	1,632
Pound sterling (5% movement)	(132)	(1,298)	132	1,298

Interest rate risk

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

In thousands of euro	Euro denominated		Non-euro denominated		Total	
	2011	2010	2011	2010	2011	2010
Variable rate debt						
Floating rate notes	300,000	300,000	115,929	112,259	415,929	412,259
Transfer to fixed rate debt	(180,000)	(180,000)	(69,557)	(67,355)	(249,557)	(247,355)
	120,000	120,000	46,372	44,904	166,372	164,904
Fixed rate debt						
Fixed rate notes	170,000	170,000	-	-	170,000	170,000
Transfer from variable rate debt	180,000	180,000	69,557	67,355	249,557	247,355
Shareholders' loans	174,918	175,017	-	-	174,918	175,017
	524,918	525,017	69,557	67,355	594,475	592,372
Variable and fixed rate debt	644,918	645,017	115,929	112,259	760,847	757,276
Bank and cash balances	56,259	85,022	36,478	30,185	92,737	115,207
Net variable and fixed rate debt by major currencies	588,659	559,995	79,451	82,074	668,110	642,069

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

In thousands of euro	U.S. dollar		Pound sterling		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Variable rate debt	46,371	44,904	-	-	-	-	46,371	44,904
Fixed rate debt	69,557	67,355	-	-	-	-	69,557	67,355
Bank and cash balances	19,280	12,885	8,948	8,592	8,250	8,708	36,478	30,185
Net variable and fixed rate debt by major currencies	96,648	99,374	(8,948)	(8,592)	(8,250)	(8,708)	79,450	82,074

In June 2009, the Group hedged effectively 60% of the floating rate borrowing from June 2010 to June 2012 through interest rate swaps at effective annual rates of 4.5% for the euro denominated debt and 4.8% for the U.S. dollar denominated debt. The fair value of the interest rate swaps as at 31 December, 2011 was €1.8 million (2010: €5.6 million).

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

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

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

Sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts below. This analysis assumes that all other variables, in particular foreign exchange currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
In thousands of euro				
31 December, 2011				
Variable rate instruments	(824)	824	(824)	824
Interest rate swaps	-	-	580	(580)
Cash flow sensitivity (net)	(824)	824	(244)	244
31 December, 2010				
Variable rate instruments	(1,016)	1,016	(1,016)	1,016
Interest rate swaps	-	-	1,816	(1,816)
Cash flow sensitivity (net)	(1,016)	1,016	800	(800)

Fair values

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

	2011		2010	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
In thousands of euro				
Assets				
Cash and cash equivalents	92,737	92,737	115,207	115,207
Trade and other receivables	121,039	121,039	105,679	105,697
	213,776	213,776	220,886	220,904
Liabilities				
Trade and other payables	160,911	160,911	158,055	158,055
Fixed and floating rate notes	585,929	494,644	573,695	554,819
Interest due on fixed and floating rate notes	4,811	4,811	4,920	4,920
Amounts due to Clondalkin Group Holdings B.V.	301,011	301,011	280,972	280,972
Derivatives	1,795	1,795	5,559	5,559
	1,054,457	963,172	1,023,201	1,004,325

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

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

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. The fair value of these instruments is less than €0.1 million at the reporting date (2010: less than €0.1 million).

Capital management

Analysis of changes in net debt to third parties:

For the year ended 31 December, 2011

In thousands of euro

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

For the year ended 31 December, 2010

In thousands of euro

	1 January	Cash flows in the year	Effect of movements in exchange rates	31 December
Floating rate notes	404,123	-	8,136	412,259
Fixed rate notes	170,000	-	-	170,000
Less: Cash and cash equivalents	111,989	1,382	1,836	115,207
	462,134	(1,382)	6,300	467,052

23. Acquisition of subsidiaries

On 3 April, 2011, the Group acquired all of the membership interests in PC Moorestown LLC, all of the issued and outstanding shares in Catalent PR Guaynabo, Inc. and all of the issued and outstanding shares in Catalent Ireland Holding Limited, (together the "Printed Components businesses") from Catalent Pharma Solutions, Inc. ("CPS") on a cash and debt free basis. Also, at closing the Group and CPS entered into a five year agreement whereby the Group will supply packaging components to CPS.

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

In the nine months to 31 December 2011 the Printed Components businesses contributed revenue of €52.3 million and operating profit of €1.8 million. The effect on Earnings before Interest and Tax ("EBITDA") is €4.5 million for the nine months since 3 April, 2011. If the acquisition had occurred on

1 January, 2011 management estimates that consolidated revenue would have been €948.0 million and EBITDA would have been €85.0 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January, 2011.

Consideration

In thousands of euro

Cash paid	28,398
Deferred consideration	3,754
	<u>32,152</u>

Deferred consideration up to €8.5 million may become payable over the next three years depending upon significant annual revenue increases with CPS in each of these years. The Group has included €4.0 million as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date, using a discount rate of 8%.

Identifiable assets acquired and liabilities assumed

In thousands of euro

Note

Property, plant and equipment	11	22,126
Inventories		4,667
Trade and other receivables		8,606
Other liabilities		(929)
Trade and other payables		(8,962)
		<u>25,508</u>

The trade receivables comprise gross contractual amounts due of €7.4 million of which €0.3 million was expected to be uncollectible at the acquisition date.

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

In thousands of euro

Consideration	32,152
Fair value of identifiable net assets	(25,508)
	<u>6,644</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the Printed Components businesses into the Group's existing pharmaceutical and healthcare packaging businesses in North America and Europe.

None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of €2.0 million related to external legal fees and due diligence costs.

Post-acquisition restructuring costs

The Group incurred post acquisition restructuring costs of €3.2 million, mainly in respect of employee reductions and plant reconfigurations and also provided for €2.3 million in respect of assets withdrawn from use upon integrating the Printed Components businesses with the Group's existing businesses.

24. Operating leases

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

In thousands of euro	Premises	Premises	Equipment	Equipment
	2011	2010	2011	2010
Less than one year	688	946	412	734
Between one and five years	3,910	4,942	2,740	2,995
More than five years	15,095	10,114	-	60
	19,693	16,002	3,152	3,789

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

During the year ended 31 December, 2011 an amount of €8.0 million was recognised as an expense in profit and loss in respect of operating leases (2010: €7.3 million).

25. Capital expenditure commitments

At 31 December, 2011, €10.5 million (2010: €24.3 million) of capital expenditure commitments had been authorised by the directors to proceed, but not been provided in the financial statements as the obligations are not yet incurred.

26. Audit fees

In thousands of euro	Deloitte Accountants B.V.		Other Deloitte member firms		Total Deloitte	
	2011	2010	2011	2010	2011	2010
Audit of annual accounts	280	290	446	403	726	693
Other audit engagements	-	-	36	3	36	3
Tax advisory	-	-	92	110	92	110
Other non-audit services	-	-	8	-	8	-
	280	290	582	516	862	806

In addition to the above fees the Group was charged €237,000 (2010: €202,000) by non-Deloitte firms that participated in the audit of the annual accounts.

27. Group entities

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

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

<i>Name of company</i>	<i>Registered office in</i>	<i>Nature of business</i>
Linde Vouwkartonnage B.V.	Denekamp, Netherlands	Packaging
LPF Flexible Packaging B.V.	Grootevast, Netherlands	Packaging
Millbrook, Inc.	Delaware, USA	Holding and investment
Nimax B.V.	Elst, Netherlands	Packaging
Nimax Onroerend Goed en Beheer B.V.	Elst, Netherlands	Holding and investment
Nyco Flexible Packaging GmbH	Kirchberg, Switzerland	Packaging
Obelisk Investments Ltd.	Dublin, Ireland	Holding and investment
Ritchie (UK) Ltd.	Bristol, United Kingdom	Printing
Swiftbrook Ltd.	Dublin, Ireland	Paper merchants
US Newco, Inc.	Delaware, USA	Holding and investment
Vaassen Flexible Packaging B.V.	Vaassen, Netherlands	Packaging
Vaassen Inc.	Florida, USA	Packaging
Van der Windt Packaging Ltd.	Bristol, United Kingdom	Packaging merchants
Van der Windt Packaging N.V.	Hoogstraten, Belgium	Packaging merchants
Van der Windt Verpakking B.V.	Honselersdijk, Netherlands	Packaging merchants
Verpakkingindustrie Velsen B.V.	Wieringerwerf, Netherlands	Packaging
Wentus Kunststoff GmbH	Höxter, Germany	Packaging

28. Contingent liabilities

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

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

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

<i>Name of company</i>	<i>Registered office in</i>
Bailey Gibson Ltd.	Dublin, Ireland
Bideford Ltd.	Dublin, Ireland
Clondalkin Pharma & Healthcare (Clonshaugh) Ltd.	Dublin, Ireland
C.B. Packaging Ltd.	Dublin, Ireland
Guy and Company (Distribution) Ltd.	Dublin, Ireland
Guysal Ltd.	Dublin, Ireland
Foxfield Investments Ltd.	Dublin, Ireland
James Wilkes (Ireland) Ltd.	Dublin, Ireland
Leduc Ltd	Dublin, Ireland
Munster Paper Sacks Ltd.	Dublin, Ireland
Clondalkin Pharma & Healthcare (Cork) Ltd.	Dublin, Ireland
Swiftbrook Limited	Dublin, Ireland
Verdosa Limited	Dublin, Ireland
Wilkes-Cerdac Limited	Dublin, Ireland

Company income statement

For the year ended 31 December,

In thousands of euro

Administrative expenses

Loss from operations

Finance income

Finance costs

Net finance income

Profit before income tax

Income tax expense

Profit for the year

2011	2010
(120)	(116)
(120)	(116)
33,953	33,034
(33,740)	(32,821)
213	213
93	97
(23)	(25)
70	72

Company statement of comprehensive income

For the year ended 31 December,

In thousands of euro

Profit for the year

Other comprehensive income for the year

Total comprehensive income for the year

2011	2010
70	72
-	-
70	72

The notes on pages 52 through 54 are an integral part of these company financial statements.

Company balance sheet

As at 31 December,

In thousands of euro

Note

Assets

Investment in subsidiary

Receivables due from subsidiaries

Total non-current assets

Cash and cash equivalents

Total current assets

Total assets

Equity

Share capital

Share premium account

Retained earnings

Total equity

Liabilities

Loans and borrowings

Amount due to Clondalkin Group Holdings B.V.

Total non-current liabilities

Trade and other payables

Amounts due to subsidiaries

Other financial liabilities

Total current liabilities

Total liabilities

Total equity and liabilities

	2011	2010
Investment in subsidiary	7,138	7,138
Receivables due from subsidiaries	515,695	495,319
Total non-current assets	522,833	502,457
Cash and cash equivalents	1	3
Total current assets	1	3
Total assets	522,834	502,460
Equity		
Share capital	20	20
Share premium account	7,103	7,103
Retained earnings	630	560
Total equity	7,753	7,683
Liabilities		
Loans and borrowings	170,000	170,000
Amount due to Clondalkin Group Holdings B.V.	301,011	280,972
Total non-current liabilities	471,011	450,972
Trade and other payables	96	24
Amounts due to subsidiaries	40,003	39,810
Other financial liabilities	3,971	3,971
Total current liabilities	44,070	43,805
Total liabilities	515,081	494,777
Total equity and liabilities	522,834	502,460

The notes on pages 52 through 54 are an integral part of these company financial statements.

Company statement of changes in equity

For the year ended 31 December, 2011

In thousands of euro

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

For the year ended 31 December, 2010

In thousands of euro

	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January	20	7,103	488	7,611
Total comprehensive income for the year				-
Profit for the year	-	-	72	72
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	72	72
Balance at 31 December	20	7,103	560	7,683

The notes on pages 52 through 54 are an integral part of these company financial statements.

Company statement of cash flows

For the year ended 31 December,

In thousands of euro

Cash flow from operating activities

Profit for the year

Adjustments for:

Net finance income

Income tax expense

Operating cash flow before working capital changes

Increase in working capital

Net cash from operating activities

Cash flow from financing activities

Interest paid

Increase in amounts due to subsidiaries

Net cash used in (from) financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents at 1 January

Cash and cash equivalents at 31 December

	2011	2010
Profit for the year	70	72
<i>Adjustments for:</i>		
Net finance income	(213)	(213)
Income tax expense	23	25
Operating cash flow before working capital changes	(120)	(116)
Increase in working capital	118	116
Net cash from operating activities	(2)	-
Cash flow from financing activities		
Interest paid	(13,600)	(13,600)
Increase in amounts due to subsidiaries	13,600	13,600
Net cash used in (from) financing activities	-	-
Net decrease in cash and cash equivalents	(2)	-
Cash and cash equivalents at 1 January	3	3
Cash and cash equivalents at 31 December	1	3

The notes on pages 52 through 54 are an integral part of these company financial statements.

Notes to the company financial statements

1. General information

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

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

2. Accounting policies

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

3. Related party transactions

In thousands of euro

	2011	2010
Receivable due from subsidiaries	515,695	495,319
Amount due to Clondalkin Group Holdings B.V.	(301,016)	(280,972)
Amounts due to subsidiaries	(39,998)	(39,810)
	<u>174,681</u>	<u>174,537</u>

Receivable due from subsidiary

The Company has granted a loan to its immediate subsidiary CABV. Interest was charged and capitalised in the year to an amount of €20.1 million (2010: €19.2 million). The amount due to the Company from CABV at 31 December, 2011 is €167.9 million (2010: €152.2 million).

The non-current receivable of €343.1 million is considered an investment in CABV.

Amount due to Clondalkin Group Holdings B.V.

The Company's parent CGHBV has granted a shareholder's loan to the Company (now: €174.9 million). Interest accrues on the loan at a rate of 7.695% per year payable in June and December each year, but until maturity the interest is capitalized. The amount due at 31 December, 2011 is €301.0 million (2010: €281.0 million).

4. Loans and borrowings

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

5. Financial instruments

Credit risk

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

In thousands of euro	2011	2010
Receivable from subsidiary	172,635	152,259

The receivable from subsidiary represents an intercompany balances of which the credit risk is deemed to be nil.

Liquidity risk

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

31 December, 2011

In thousands of euro	Carrying amount	Contractual cash flows	One year or less	1 - 2 years	2 - 4 years	More than 4 years
Fixed rate notes	170,000	199,957	13,600	13,600	172,757	-
Amount due to Clondalkin Group Holdings B.V.	301,011	379,946	-	-	379,946	-
Trade and other payables	96	96	96	-	-	-
Other financial liabilities	3,971	3,971	3,971	-	-	-
	475,078	583,970	17,667	13,600	552,703	-

31 December, 2010

In thousands of euro	Carrying amount	Contractual cash flows	One year or less	1 - 2 years	2 - 4 years	More than 4 years
Fixed rate notes	170,000	213,557	13,600	13,600	186,357	-
Amount due to Clondalkin Group Holdings B.V.	280,972	380,045	-	-	-	380,045
Trade and other payables	48,292	48,292	48,292	-	-	-
Other financial liabilities	3,971	3,971	3,971	-	-	-
	503,235	645,865	65,863	13,600	186,357	380,045

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

Fair value

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

As at 31 December,	2011		2010	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
In thousands of euro				
Receivable due from subsidiaries	172,635	172,635	152,259	152,259
Fixed rate notes	170,000	120,751	170,000	164,900
Amounts due to Clondalkin Group Holdings B.V.	301,016	301,016	280,972	272,154
Trade and other payables	96	96	24	24
Amounts due to subsidiaries	39,998	39,998	39,810	39,810
Interest due to fixed rate notes	3,971	3,971	3,971	3,971
	687,716	638,467	647,036	633,118

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

6. Reconciliation company to consolidated equity**31 December, 2011**

In thousands of euro	Share capital	Share premium	Translation reserve	Hedge reserve	Retained earnings	Total
Company equity	20	7,103	-	-	630	7,753
Translation reserve	-	-	942	-	-	942
Hedge reserve	-	-	-	(1,226)	-	(1,226)
Actuarial gains and losses, net of tax	-	-	-	-	(11,075)	(11,075)
Accumulated profit and loss group entities	-	-	-	-	29,784	29,784
Consolidated equity	20	7,103	942	(1,226)	19,339	26,178

7 March, 2012

Executive Directors

Colman O'Neill

Jim Farrell

OTHER INFORMATION

Independent auditor's report

To: the Shareholders of Clondalkin Industries B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Clondalkin Industries B.V., Amsterdam, which comprise the consolidated and company balance sheet as at 31 December, 2011, the consolidated and company income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Clondalkin Industries B.V. as at 31 December, 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 7 March, 2012

Deloitte Accountants B.V.

already signed: B.E. Savert

Appropriation of profit

Statutory rules

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

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

Proposed profit appropriation for the financial year 2011

The Executive Directors propose that the profit for the financial year 2011 as reported in the company financial statements should be transferred to reserves without payment of dividends to shareholders. The financial statements presented herewith anticipate that the shareholders in the general meeting will approve this proposal.