CONSTANTIA FLEXIBLES GROUP GMBH

VIENNA

MANAGEMENT REPORT AS AT JUNE 30, 2012

INTERIM CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO IAS 34

HALF YEAR FINANCIAL REPORT 2012

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CONSTANTIA FLEXIBLES GROUP GMBH

HALF-YEAR FINANCIAL REPORT 2012

ECONOMIC ENVIRONMENT

The past six months continued to be characterized by a difficult economic climate. While the real economy remained relatively stable with regard to investments and private consumption, the public debt crisis worsened steadily in the USA and, above all, in the EU. In recent weeks, economic development has slowed and the anticipated stabilization of the financial markets in the Euro zone has failed to materialize. Moreover, in the wake of elections and the apparent removal of the threat of Greece's imminent departure from the monetary union, Spain's financial needs have now become the main focus of discussion.

Following real gross domestic product (GDP) growth of 1.5% in 2011, a slight recession amounting to minus 0.3% is expected in the euro zone.

The economic situation in Central and Eastern Europe (CEE states) is more stable, as with the exception of Hungary, national debts are notably lower than in the Euro zone. Real growth of 2.6% (2011: 3.7%) is predicted for the CEE states, whereby Poland, Russia, Slovakia and the Ukraine will demonstrate above-average expansion, while the Balkan countries are on the verge of recession.

With national debt in excess of 100% of GDP (2012 forecast), like Europe the USA is also in

need of lasting structural reforms. However, the extent to which the required measures will be implemented depends largely on the outcome of the impending presidential election in November. Real GDP growth of 2.0% is predicted for the current year, following 1.7% in 2011.

As in the preceding periods, the threshold nations in Asia and Latin America represent the global economic growth drivers and also have markedly lower national debt levels than the European states. Reduced GDP growth rates are anticipated for 2012, for example of 8.0% for China (2011: 9.2%), 6.6% for India (2011: 6.5%) and 2.6% for Brazil (2011: 2.7%).

(Sources: Thomson Reuters, Raiffeisen Research, Consensus Economics)

ENERGY AND RAW MATERIAL PRICES

The main materials employed by the Constantia Flexibles Group consist of aluminum, plastics, paints and dyes.

At the end of the first half of 2012, the oil price stood at USD 97.80 /barrel and was thus down on the USD 112.6/barrel (Brent) of June 30, 2011. Similarly, the aluminum price (3-month LME) as at June 29, 2012 was lower than at the end of June 2011, having fallen from USD 2,530/t to USD 1,834/t.

All in all, the raw material prices for Constantia Flexibles, especially for plastics, were higher in the first half of 2012 than in the comparable period of the preceding year and this rise had a corresponding influence on results.

As is generally the case in the branch, where possible the changes in raw material prices were included in product sales prices, albeit with partial delays.

THE COMPANY

Constantia Flexibles was created from the former Teich Group, founded in Austria in 1912, and the former Haendler&Natermann Group, founded in Germany in 1825. The merging of these two concerns in recent years, along with the successful integration of company acquisitions, has resulted in the fact that customers now have a single contact partner for all their food, pet food, pharmaceutical and beverage packaging requirements. Consistent with the motto “One face to the customer”, the company has also adopted a common corporate image and design.

Today, Constantia Flexibles has over 50 Group companies in 20 countries and is thus a globally active partner and key supplier to the food, pet food, beverage and pharmaceutical industries, and delivers to customers around the world.

The Group’s business model unites a far from usual combination of stability and growth. In addition, its packaging business relates to daily essentials such as foods, pharmaceuticals and beverages, and is therefore not particularly cyclical.

Equally, demographic developments in established markets and the emergence of a middle class in threshold nations offer attractive opportunities for expansion. Moreover, apart from organic growth, the trend towards consolidation among the Group’s customers and competitors in the threshold countries also provides interesting acquisition possibilities. In this connection Constantia Flexibles can rely upon a solid financial structure with high levels of profitability.

SUCCESS IN THREE MARKETS

Constantia Flexibles offers a comprehensive portfolio of high-quality, innovative packaging made from aluminum, paper and plastics to its customers in the following markets:

• Food

• Pharma

• Labels

The main products of the food market include closure systems for the dairy industry, butter and cheese foils, wrap-around and sleeve labels for dairies, confectionery packaging, pouches for soups, sauces and ready-made meals, as well as lightweight, aluminum packaging for the food and pet food industries. Aluminum-based packaging materials, e.g. blister foils and cold formable foils are produced for the pharmaceuticals market, along with plastic film composites such as blister liddings and sachet combinations with a barrier layer for the pharmaceutical, medical technology/healthcare and cosmetics market segments. The product portfolio for the labels market includes aluminum, plastic and paper labels, as well as In Mould Labels (IMLs).

Constantia Flexibles’ cultural diversity enables it to satisfy the needs of all international customers as both a supplier and partner. Indeed, the company works closely with its clients and packaging machine manufacturers on the development of innovative and environment-friendly packaging solutions.

Constantia Flexibles retains its market leadership in key product groups by focusing on attractive segments. Furthermore, the Group’s specialized know-how, great flexibility and speed are the main reasons why customers regard it as the best in the market.

At its Weinburg location, the Group has also installed Europe’s most advanced aluminum rolling mill, which provides it with direct control over a key, basic material for its products. This enables rapid, flexible and innovative product development and manufacturing, as well as a consistently high quality standard at the Group’s production plants.

MARKET AND BUSINESS TRENDS

FOOD

The food and pet food branch with its products close to daily needs is relatively resistant to economic cycles. In Western Europe, the largely saturated markets showed flat volume development, but by contrast Eastern Europe demonstrated further volume gains as a result of a demand backlog. The threshold countries in Asia and Latin America continued to generate growth owing to the population trend and the emergence of a new middle class with corresponding consumer patterns. In this market climate, the large global players remained very stable, but the situation for medium-sized customers was more problematic.

Business in Dairy and Food developed as planned and volume growth was achieved compared to the preceding half-year. Especially pleasing was the growth in North America, the Middle East and Eastern Europe. As a consequence of shorter-term dispositions by supermarkets, there was an increasing trend towards smaller volume customer contracts, which are ordered at briefer intervals.

In recent years, the processed meat sector has grown strongly and has evolved into a core business area. Customers consist of a mixture of international groups and medium-sized companies. Business in this area also went as planned with a clear increase in volume over the comparable period of 2011. The competition in this sector is in a consolidation phase.

PHARMA

The consolidation in the pharmaceutical market evident in recent years is continuing. Large pharmaceutical companies are selling off lucrative business areas in order to achieve repositioning. The supply of new products is stagnating and the trend is towards the taking of participations in biotech companies with the aim of acquiring high-potential products and processes. The price pressure in the German pharmaceuticals market has not eased. However, as a result of contracts with health insurance companies, the producers of generics can nonetheless still sell large quantities at attractive prices.

The regulations in the area of child safety have been tightened further and now also extend beyond the EU. Should this trend strengthen, an increasing number of medicaments will require packaging with high-quality composite liddings.

Business in the Pharma area developed as planned with volume growth as compared to the same period of 2011. Growth was achieved in the North and Latin American regions, and Eastern Europe. The Home & Personal Care area is more susceptible to crisis. Accordingly, the difficult economic situation is tangible in a number of EU countries and, from a current perspective, likely to continue for some time to come.

LABELS

Label business developed satisfactorily in the first half of the year. The In Mould Labels area continued to expand in dynamic fashion and investments in sales and innovations are proving fruitful.

New customers were obtained in the Middle East and in Africa for brewing industry labels. Indeed, the entire Middle East/Africa (MEA) region is developing into a dynamic emerging market and the Constantia Flexibles Group is sharing in this expansion through its strong position among the large brewery concerns.

The situation with regard to labels for the Western European water and soft drinks industry was more difficult, as the excessively cool weather was reflected by consumer behavior.

SALES AND EARNINGS DEVELOPMENT

Key figures in € m	I-VI 2011* "as if"	I-VI 2012**	Change in%	2011* "as if"
Sales	603.8	659.4	+9.2 %	1,213.4
EBITDA	88.8	95.4	+7.4%	169.8
EBITDA margin	14.7 %	14.5 %	-	14.0
EBIT	51.6	54.8	+6.1 %	93.2
EBIT margin	8.5 %	8.1 %	-	7.7

* Due to several restructurings of the Group in the previous years the financial information for 2011 in order to improve comparability was prepared on the assumption, as if the Group of Constantia Flexibles in its present form had started to exist as of January 1, 2011. („as-if" basis).

** Earnings adjusted by € 1.6 m one-off effects from acquisitions.

In terms of a half-year comparison, sales increased by 9.2%, due largely to the purchase of the Turkish company Asas in September 2011 and higher sales volumes. Results also improved with EBITDA rising by 7.4% and EBIT by 6.1%. The improvement in results somewhat lagged behind sales growth owing to the fact that the margins on individual product groups of the acquired Asas company were below the Group average. Another factor was the excellent course of business and the use of favorably hedged aluminum stocks in the first half of 2011.

HIGHLIGHTS OF THE FIRST HALF-YEAR 2012

THE NEW RIVERGATE LOCATION IN VIENNA

Since the beginning of 2012, the Constantia Flexibles' Executive Board, specialist functions and sales departments have been under one roof at the Rivergate location on the Danube in Vienna. The aim is to further consolidate the "One Group Spirit" and the identity as an integrated group, and to follow new paths as a team.

CONSTANTIA FLEXIBLES CORPORATE BOND

Constantia Flexibles Group GmbH successfully placed a €150 million corporate bond with a 4.25% coupon and a five-year tenor. At the end of the subscription period on May 23, 2012, the share of Austrian retail investors amounted to approximately 70 per cent and on May 25, 2012, the bond was listed on the Second Regulated Market of the Vienna Stock Exchange.

The proceeds will be used for general corporate financing and to optimize the financing structure with the objective to make credit facilities available for future investments and acquisitions.

TEICH CENTENARY

This year, Constantia Teich GmbH is celebrating its centenary. The brothers Richard and Ernest Teich founded the Teich OHG company in 1912 and with four employees started to roll tin and lead foils. Today, Constantia Teich is the Group competence center for food packaging, has a workforce of around 800 and every year produces one billion square meters of film, 13 billion lids and 800 million deep drawn containers of the highest quality for international customers.

During the current year, work started on the construction of the Basic Converting Center at the Weinburg location. This production plant will provide fresh opportunities for increased capacity and greater competitiveness with regard to strategically important products.

INVESTMENTS

The additions to the intangible and tangible assets in the first half-year 2012 amounted to

€ 26.9 million (1HY 2011: € 26.5 million). The most important project in this regard was the Constantia Teich Basic Converting Center with a two-fold lacquering and laminating plant with a linked gravure unit and ancillary plants. The facility will allow increased working widths and machine speeds.

INNOVATIONS

Innovations represent an essential element in the Group's business model. During the first half of 2012, three coveted Alufoil Trophies were captured. These were won for stick pack opening concepts for improved user friendliness, a blister lidding film for greater resource efficiency, and a child-safe blister pack in the Pharma area.

RISK MANAGEMENT

With respect to its assets, liabilities and planned transactions, Constantia Flexibles' international business activities are subject to risks and opportunities arising from changes to exchange rates, interest rates and stock market prices.

The handling of these risks is regulated by guidelines that apply throughout the Group. The aim of financial risk management is to limit these market risks through continuous operative and finance-oriented activities, derivative financial instruments are exclusively used as hedging instruments.

OPERATIVE RISKS

Operative earnings are influenced by the price fluctuations relating to the aluminum employed in the production process, as well as sourcing and sales risks.

SOURCING RISKS

General agreements for raw materials such as aluminum, plastic films, paper and chemical products exist in order to minimize sourcing risk. Delivery bottlenecks are largely prevented by market research, material development, the ongoing approbation of new materials and the optimization of the supplier portfolio.

SALES RISKS

Our strategically extensive product range and excellent market and production know-how ensure market autonomy. In total the Group supplies several thousand customers worldwide. General agreements with key accounts support the policy of minimizing sales risks in combination with the expansion of the product range and sales markets into attractive niches where innovative solutions and top quality are in demand.

The high levels of energy and raw material price volatility during the past year once again resulted in frequently difficult negotiations and price discussions with customers. Constantia counteracts this development through a focus on innovative products, technologies and production processes that offer customer benefits, and long-term general agreements. A large percentage of Group products goes to customers in defensive, industrial branches such as food, pet food, beverages and pharmaceuticals.

RAW MATERIALS PRICE RISK

In the course of its business activities, Constantia Flexibles is exposed to the commodity price risks emanating from aluminum. The risk to the Group derives from the fact that Constantia Flexibles processes aluminum, the use of which as a raw material results in price risks, which are reduced through the employment of derivative instruments.

The price fluctuation risks created by this raw material, which is listed on the London Metal Exchange (LME) are hedged by means of standard commodity futures and options. Owing to the partially long-term risk horizon, these hedges are concluded up to 2015.

FINANCIAL RISKS

The Group concludes foreign exchange forwards and options in order to exclude the foreign exchange risk emanating from the cash flow from ongoing business. Foreign exchange rate hedging agreements extend to 2015.

Had the value of the Euro against the U.S. dollar moved up by 10 per cent on June 30, 2012, in view of the situation regarding net financial receivables in USD, the value of the Group's net financial liabilities would have fallen by € 0.8 million. Had the value of the Euro risen by 10 per cent against all other currencies on June 30, 2012, in line with the situation regarding net financial receivables in Non-Euro currencies, the net financial liabilities of the Group would have been valued either € 1.1 million lower or higher.

Liquidity risk is designated as being the risk of being able to raise sufficient funding at all times in order to settle financial obligations. To cover this risk, the Group ensures that sufficient liquid funds are available, or that the necessary financing can be obtained through existing credit lines. In order to prevent liquidity risk, as at June 30, 2012, the Constantia Flexibles Group had at its disposal securitized credit lines totaling € 195 million.

Interest risk consists of net interest earnings and cash value risks. Interest rate risk cannot be eliminated, since cash value and net interest earnings risks are interdependent. Cash value risk affects the current value of the Group's interest-bearing financial instruments and investments, while the net interest earnings risk affects its interest expense and income.

On the balance sheet date, the Group had both interest rate swaps that qualified as cash flow hedges and interest rate caps based on the Euro. For the swap agreements, Constantia Flexibles pays a fixed interest rate on the face value of the swap and in return receives variable interest rates on the same capital amount. These interest rate swaps offset the impact on cash flows of underlying variable-rate financial liabilities caused by future changes in interest rates.

Interest rate caps place a ceiling on net interest earnings at risk. If interest rates rise to a level above the cap, an offsetting payment is received from the counterparty. The average interest rate paid for net financial liabilities amounted to 5.38%. A sensitivity analysis shows that an increase in interest of 1 % would result in additional net interest income on the financial instruments subject to variable interest of € 1.2 million.

As at June 30, 2012, all existing risks were collated within the scope of risk management and covered to the greatest possible extent via existing hedging instruments.

EVENTS AFTER THE REPORTING PERIOD

There were no events of material significance to the course of business after the balance sheet date.

OUTLOOK

Basically, Constantia Flexibles is relatively resistant to cyclical fluctuations in demand, as a high percentage of its products are close to daily needs for the food, pet food, beverage and pharmaceuticals industries. Moreover, particularly in the threshold countries, global population development, the increasing consumption of flexible packaging products by a new middle class with smaller families, longer life spans and other trends offer sustainable and attractive growth potential.

During the past year a new organization and management were installed as a foundation for further business success. During the remainder of 2012, the focus will lie on an increased market presence in the growth regions and continued integration within the Constantia Flexibles Group. To date, the 2012 financial year has proceeded satisfactorily and it is anticipated that further developments will also be positive.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2012

in €k	Section	30.06.2012	31.12.2011
Assets			
Goodwill	D	44.524	44.357
Intangible assets		122.622	131.882
Tangible assets	F1	590.015	590.677
Other non-current and financial assets	F2	18.211	17.596
Deferred tax assets		5.469	5.873
Non-current assets		**780.840**	**790.385**
Inventories	F3	162.433	157.379
Trade accounts receivable		237.219	206.495
Tax receivables		591	3.192
Other receivables		22.316	22.757
Cash and cash equivalents		194.943	80.248
Current assets		**617.502**	**470.071**
Total assets		**1.398.343**	**1.260.456**
Equity and liabilities			
Equity attributable to shareholders		**299.267**	**272.382**
Hybrid capital		**149.438**	**149.438**
Non-controlling interests		**7.253**	**2.353**
Total Equity		**455.958**	**424.173**
Provisions		47.796	47.365
Interest-bearing financial liabilities	F4	432.081	239.062
Other non-current liabilities		55.503	53.983
Deferred tax liabilities		68.941	70.535
Non-current financial liabilities		**604.321**	**410.945**
Current provisions		25.169	26.612
Interest-bearing financial liabilities	F4	86.518	195.080
Trade accounts payable		145.039	127.713
Tax liabilities		14.811	14.412
Other current liabilities		66.526	61.521
Current financial liabilities		**338.063**	**425.338**
Total equity and liabilities		**1.398.343**	**1.260.456**

INTERIM CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDING JUNE 30, 2012

in €k	Section	1-6/2012	1-6/2011
Sales	G2	**659.390**	**884.418**
Changes in inventories of finished goods and work in progress		1.250	17.706
Own work capitalized		35	159
		660.675	902.283
Other operating income		8.328	14.648
Cost of materials		(370.188)	(527.638)
Personnel expenses	G3	(133.917)	(173.505)
Other operating expenses		(71.072)	(95.683)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**93.826**	**120.105**
Depreciation		(40.585)	(55.481)
Earnings before interest and taxes (EBIT)		**53.241**	**64.624**
Net interest income	G4	(11.043)	(14.235)
Other financial income	G4	835	201.762
Net financial income		**(10.208)**	**187.527**
Earnings before tax (EBT)		**43.033**	**252.151**
Current taxes	G5	(11.730)	(13.682)
Deferred taxes	G5	1.431	1.813
Income tax		**(10.299)**	**(11.869)**
Net income after tax		**32.734**	**240.282**
Thereof attributable to:			
Non-controlling interests		4.353	3.714
Equity holders of the parent		28.381	236.568

The comparative figures for the previous year include the values of the AMAG Sub-group*** deconsolidated in February 2011 and the Duropack Group*** deconsolidated in April 2011.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDING JUNE 30, 2012

in €k	1-6/2012	1-6/2011
Net income after tax	**32.734**	**240.282**
Change in hedging reserve	**1.233**	**(8.349)**
Gain/(loss) through changes in fair value	(1.467)	(13.596)
thereof apportioned deferred taxes	436	3.381
Transfer to profit and loss account	3.019	2.476
thereof apportioned deferred taxes	(755)	(610)
Change in available-for-sale reserve	**0**	**55**
Gain/(loss) through changes in fair value	0	55
Change in the reserve for employee benefits	**(7)**	**0**
Actuarial gains and losses	(13)	0
thereof apportioned deferred taxes	6	0
Currency translation differences	**4.831**	**(1.109)**
Other comprehensive income for the period	**6.057**	**(9.403)**
Thereof attributable to:		
Non-controlling interests	233	(281)
Equity holders of the parent	5.825	(9.122)
Total comprehensive income for the period	**38.791**	**230.879**

The comparative figures for the previous year include the values of the AMAG Sub-group*** deconsolidated in February 2011 and the Duropack Group*** deconsolidated in April 2011.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDING JUNE 30, 2012

in €k	2012	2011
Earnings before tax (EBT)	**43 033**	**252 151**
Net interest	11 043	14 235
Depreciation and amortization (reversals) on non-current assets	40 585	55 481
(Gains)/losses on disposals of non-current assets	(83)	(1 360)
Dividends	0	(200 000)
Other non-cash (income)/expenses	(3 121)	(16 634)
Change in inventories	(2 241)	3 452
Change in trade accounts receivable	(29 037)	(68 564)
Changes in other receivables	(2 683)	18 752
Changes in provisions	(2 953)	(4 036)
Change in trade accounts payable	24 415	22 085
Changes in other liabilities	5 294	(10 803)
	84 252	**64 759**
Taxes paid	(8 769)	(9 479)
Interest received	1 076	616
Interest paid	(9 587)	(11 985)
Cash flow from operating activities	**66 972**	**43 911**
Proceeds from disposals of non-current assets	1 259	3 247
Payments for property, plant and equipment and intangible assets	(35 054)	(42 424)
Financial losses from surrender of controlling interests	0	(40 385)
Proceeds from other financial assets	(157)	(790)
Cash flow from investment activities	**(33 952)**	**(80 352)**
Change in financial liabilities	87 844	(69 697)
Capital increase	0	150 000
Hybrid capital repayments	0	(99 500)
(Payments)/proceeds from changes in non-controlling interests	350	(32 156)
Dividends received	0	200 000
Dividend payments to equity holders of parent	0	(50 000)
Dividend payments to hybrid capital holders	(7 356)	(13 160)
Dividend payments to non-controlling interests	0	(628)
Cash flow from financing activities	**80 838**	**84 859**
Change in cash and cash equivalents	**113 858**	**48 418**
Change in cash and cash eqivalents due to exchange rate fluctuations	837	(592)
Cash and cash equivalents at the beginning of the period	80 248	64 181
Cash and cash equivalents at the end of the period	194 943	112 007
Change in cash and cash equivalents	**113 858**	**48 418**

The comparative figures for the previous year include the values of the AMAG Sub-group*** deconsolidated in February 2011 and the Duropack Group*** deconsolidated in April 2011.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING JUNE 30, 2012

	Attributable to equity holders of the parent								Hybrid capital	Non-controlling interests	Equity
in €k	Share capital	Capital reserve	Hedging reserve	Available-for-sale-reserve	Differences from currency translations	Reserve for employee benefits	Revenue reserve	Total			
Balance as at January 1, 2012	**35**	**230.473**	**(3.700)**	**(26)**	**(504)**	**(1.445)**	**47.608**	**272.441**	**149.438**	**2.353**	**424.232**
ASAS IFRS 3 Correction							(59)	**(59)**			**(59)**
Balance as at January 1, 2012 restated	**35**	**230.473**	**(3.700)**	**(26)**	**(504)**	**(1.445)**	**47.549**	**272.382**	**149.438**	**2.353**	**424.173**
Other comprehensive income			1.197		4.634	(7)		**5.824**		232	**6.056**
Net income after tax							28.381	**28.381**		4.353	**32.734**
Transactions with equity holders of the parent											
Equity holders of the parent's capital reserve release		(43.000)					43.000	**0**			**0**
Acquisition of non-controlling interests							(27)	**(27)**		27	**(0)**
Change in consolidation of ASAS							62	**62**		288	**350**
Payments to hybrid capital holder							(7.356)	**(7.356)**			**(7.356)**
	0	(43.000)	0	0	0	0	35.679	(7.321)	0	315	(7.006)
Balance as at June 30, 2012	**35**	**187.473**	**(2.503)**	**(26)**	**4.130**	**(1.452)**	**111.610**	**299.267**	**149.438**	**7.253**	**455.958**

* Restatement of the prior period is described in the section D – Acquisitions and Other Changes to the Scope of Consolidation.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING JUNE 30, 2011

	Attributable to equity holders of the parent								Hybrid capital	Non-controlling interests	Equity
in €k	Share capital	Capital reserve	Hedging reserve	Available-for-sale-reserve	Differences from currency translations	Reserve for employee benefits	Revenue reserve	Total			
Balance as at January 1, 2011	**35**	**80.473**	**(14.705)**	**(24)**	**(12.390)**	**(8.410)**	**510.289**	**555.267**	**249.063**	**89.834**	**894.164**
Net income after tax							1.332	**1.332**			**1.332**
Put options							(3.365)	**(3.365)**		511	**(2.854)**
Balance as at January 1, 2011 restated	**35**	**80.473**	**(14.705)**	**(24)**	**(12.390)**	**(8.410)**	**508.256**	**553.234**	**249.063**	**90.345**	**892.642**
Other comprehensive income			(8.280)	55	(897)	0		**(9.122)**	0	(281)	**(9.403)**
Net income after tax							236.568	**236.568**		3.714	**240.282**
Transactions with equity holders of the parent											
Equity holders of the parent's capital reserve release		150.000						**150.000**			**150.000**
Acquisition of non-controlling interestes							(907)	**(907)**		(440)	**(1.347)**
Changes in hybrid capital								**0**	(99.500)		**(99.500)**
thereof attributable deferred taxes								**0**	(125)		**(125)**
Payments to hybrid capital holder							(13.160)	**(13.160)**			**(13.160)**
Dividends			22.239	(31)	12.755	7.113	(674.142)	**(632.066)**		(87.454)	**(719.520)**
	0	150.000	22.239	(31)	12.755	7.113	(688.209)	(496.133)	(99.625)	(87.894)	(683.652)
Balance as at June 30, 2011	**35**	**230.473**	**(746)**	**0**	**(532)**	**(1.297)**	**56.615**	**284.547**	**149.438**	**5.884**	**439.869**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Constantia Flexibles Group GmbH, formerly Constantia Packaging GmbH (Rivergate, Handelskai 92, 1200 Vienna, Company Register No. FN 332189 p at the Vienna Commercial Court), is an Austrian holding and the parent company of a group, which has the object of producing and selling flexible packaging. The company makes strategic investments in industrial companies.

The 2012 interim consolidated financial statements for the period from January 1 to June 30, 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial statements (IAS 34), as formulated by the International Accounting Standards Board (IASB) and adopted by the European Union, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the application of which was mandatory in 2012.

The interim consolidated financial statements are drawn up in thousands of euros. Numerous amounts and percentages reported in the interim consolidated financial statements have been rounded and therefore totals may deviate from the amounts stated.

The interim consolidated financial statements of Constantia Flexibles Group GmbH as at June 30, 2012 were neither the subject of a full audit nor an auditor's review.

ACCOUNTING POLICIES AND ESTIMATES

The six-month financial statements are consistent with IAS 34 and are the subject to the same accounting policies as used for the full-year consolidated financial statements.

The reference reporting date for all companies is June 30, 2012. The interim financial statements do not contain all the information and notes required by IFRS for the full-year consolidated financial statements, therefore for further information and disclosures please refer to the consolidated financial statements of Constantia Packaging GmbH as at December 31, 2011.

No changes in the management estimates has been undertaken since the reporting of the consolidated financial statements as at December 31, 2011.

SEASONALITY

The group's operations are not subject to any material seasonal fluctuations.

Acquisitions and Other Changes to the Scope of Consolidation

Interim reporting period 2012

ASAS Group

Pursuant to the IFRS 3.45 measurement period, the restatement of initial ASAS Group consolidation was carried out in the financial statements as at December 31, 2011. The correction of the property, plant and equipment amounting to € 700k and other liabilities amounting to €108k led to a reduction in ASAS net assets of€ 808k. This movement resulted in an increase in goodwill of € 0.749 million, which represents 92.72% of the movement stated above.

In addition, the minority shareholder increased the share capital by 161,616 shares to €350,000, which caused the dilution of the ownership share in the ASAS Group by 1.01% during April 2012. This transaction resulted in an increase in the non-controlling interest of €288k and in parent equity of €62k.

Comparative Interim reporting period 2011

In February 2011, the AMAG subgroup was distributed to the owners of the Constantia Flexibles Group as a dividend in kind. The AMAG subgroup was deconsolidated as a result of this transaction.

In April 2011, the Duropack subgroup was distributed to the owners of Constantia Flexibles Group as a dividend in kind. The Duropack subgroup was deconsolidated as a consequence of this transaction.

NEWLY APPLIED IFRSS AND IFRICS

Standards and interpretations effective in the current period

The interim consolidated financial statements take into account all the changes derived from new IFRICs and amended IASs, the implementation of which is obligatory for financial years beginning on January 1, 2012.

The amendments to **IFRS 7** regarding the transfer of financial assets were published by IASB on October 7, 2010 and endorsed by the EU on November 22, 2011. Additional information is now required in the Notes in connection with transferred but not (or not entirely) derecognized financial assets and their relationship to the resultant new liabilities. In as far as the transferred financial assets have also been fully derecognized, in future detailed qualitative and quantitative information is to be provided concerning any rights or obligations retained or assumed in the course of the transaction.

The information in the Notes also includes the effects on the results arising from the measurement of the retained and assumed rights and obligations. The executive management does not anticipate that the amendments to IFRS 7 will require any major adjustments to the disclosures made by the group in the year-end consolidated financial statements regarding the prior transfer of trade accounts receivable within the scope of the current IFRS 7. However, should the group undertake other types of financial asset transfers in future, the related disclosures may alter. As IFRS 7 is not presented in the interim consolidated financial statements, the amendments mentioned above do not affect the interim report.

The mandatory date for the application of the standard by Constantia Flexibles Group GmbH is January 1, 2012.

NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GROUP ASSETS SCHEDULE

The major investment projects in the first half-year 2012 were as follows:

- Constantia Teich: coating and laminating center,
- Constantia Nusser: UV Flexo printing machine,
- Sim Edit, Constantia Ebert and Constantia Teich Poland: rotogravure printing machine,
- Constantia Hueck Folien: flexography machine and laminating machine

Value impairment was not required in 2012. Depreciation on tangible assets amounted to €28,445k and exceeded the additions to the tangible assets totaling €26,575k. The depreciation on intangible assets amounted to €12,140k and additions were insignificant.

Commitments related to capital expenditure for the first-half of 2012 amounted to €27,528k (2011: €20,573k).

OTHER NON-CURRENT AND FINANCIAL ASSETS

These mainly consist of loans on the basis of a related party loan agreement between Constantia Flexibles Group GmbH and CP Group BV to an amount of €4,962k, shares in CEESEG AG and investment funds to the sum of €3,778k, and employee benefits pension funds totaling €6,420k, which according to IAS 19 cannot be netted against the pension provision. The increase as compared to the previous year is caused primarily by the rise in pension fund asset values of €593k.

INVENTORIES

in €k	**30.06.2012**	**31.12.2011**
Raw materials and supplies	46 402	40 710
Semi-finished products	56 248	56 866
Finished goods, merchandise	59 782	59 803
	162 432	157 379
Inventory allowance	(6 533)	(7 239)

The Inventory allowance is reported in the income statement under “Cost of materials”.

INTEREST BEARING FINANCIAL LIABILITIES

2012 in €k	Total	Remaining term Less than 1 year	More than 1 year
Interest-bearing financial liabilities	518 599	86 518	432 081

2011 in €k	Total	Remaining term Less than 1 year	More than 1 year
Interest-bearing financial liabilities	434 142	195 080	239 062

The significant increase in interest-bearing liabilities was caused by the issue of a Constantia Flexibles Group GmbH corporate bond with a nominal volume of €150 million, emission proceeds of €149.4 million, a 4.25% coupon and five-year maturity. The bond has been listed on the Second Regulated Market of the Vienna Stock Exchange since May 25, 2012 and has been subscribed mainly by Austrian institutional and retail investors. The bond issuance costs such as audit fees, lawyer fees and other transaction fees amounting to €311k were deducted from the emission proceeds in line with IAS 39 and the bond treated as bearing an effective interest rate of 4.39%.

Conversely, Constantia Flexibles Group GmbH offered its creditors the premature redemption of the €50 million bond. The offer was accepted and buyback as at June 26, 2012 resulted in a decrease in interest-bearing liabilities. As the original maturity date was December 21, 2012, early redemption caused a reclassification of the market value of the interest rate swap relating to the €50 million bond from the cash flow hedge to the financial liability at fair value through reporting under profit and loss to an amount of €607k.

NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1. AMAG AND DUROPACK DECONSOLIDATION

The AMAG subgroup was deconsolidated in February 2011 and the Duropack subgroup in April 2011 . These changes in group structure had the following impact on the decrease in comprehensive income for the first half-year 2012 contained in the interim consolidated statement.

in €k	AMAG Sub-group 1-2/2011	Duropack Sub-group 1-4/2011
Sales	**147.025**	**146.935**
Changes in inventories of finished goods and work in progress	2.096	2.044
Own work capitalized	143	8
	149.264	148.987
Other operating income	4.196	6.102
Cost of materials	(109.141)	(82.928)
Personnel expenses	(16.266)	(27.652)
Other operating expenses	(8.389)	(22.575)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**19.664**	**21.934**
Depreciation	(8.356)	(9.820)
Earnings before interest and taxes (EBIT)	**11.308**	**12.114**
Net interest income	(705)	(3.136)
Other financial income	1.085	561
Net financial income	**380**	**(2.575)**
Earnings bevor tax (EBT)	**11.688**	**9.539**
Current taxes	(2.468)	(1.375)
Deferred taxes	(474)	(63)
Income tax	**(2.942)**	**(1.438)**
Net income after tax	8.746	8.101

2. SALES

Sales in the first half-year 2012 fell due mainly to the deconsolidation of the AMAG and Duropack subgroups as described under G1. In addition, there was an increase in sales mainly due to the acquisition of the Turkish company ASAS in September 2011.

3. PERSONNEL EXPENSES

in €k	**2012**	**2011**
Wages	62 093	81 222
Salaries	45 046	54 547
Severance expenses and payments to employee benefit funds and expenses	1 394	5 345
Expenses for mandatory social security contributions, pay-related charges and compulsory contributions	23 833	30 653
Other social expenses	1 551	1 738
	133 917	173 505

4. NET FINANCIAL INCOME (EXPENSE)

in €k	**2012**	**2011**
Interest income	1 351	1 305
Interest expense	(12 394)	(15 540)
Other financial income (expense)	835	201 762
	(10 208)	187 527

The interest expense in the first half year 2012 included €1,042k relating to the Verstraete put option, interest expense on non-current loans of €4,192k and an interest expense of €1,813 connected to the public offering of the bond (see Section F3).

In the first half-year 2011, other financial income included €200,000k in dividend income from the AMAG subgroup.

5. INCOME TAXES

The income tax lines of the interim consolidated statement of comprehensive income comprise the following items:

in €k	**2012**	**2011**
Current tax	11.730	13.682
Deferred tax	(1.431)	(1.813)
	10.299	11.869

The reduction in income taxes of €1 635k was due mainly to the following opposing effects:

- Current and deferred tax in 2011 included €3,843k in current taxes and €537k in deferred taxes incurred by AMAG and Duropack subgroup.
- In addition, there was an increase in current taxes of €1,893k owing to the rise of €856k in the earnings before tax and deferred taxes of Constantia Flexibles Group companies in the first half-year 2012.

NOTES TO THE INTERIM CONSOLIDATED CASH FLOW STATEMENT

The presentation of the cash flow statement employs the indirect method. In the cash flow statement, a difference is made between payment flows from operating, investing and financing activities.

The cash and cash equivalents reported in the cash flow statement include cash in hand and financial instruments with a maximum maturity of three months from the time of purchase and thus correspond with the amount shown under the item cash and cash equivalents.

OTHER NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The item “Other non-cash (income)/expenses” consists largely of changes in inventory and gains and losses due to exchange rate effects.

CONTINGENT LIABILITIES

Apart from the contingent liabilities accounted for within the scope of IFRS 3, contingent liabilities are omitted from the balance sheet. They are disclosed when the possibility of a resource outflow of economic benefit cannot be excluded, but the preconditions for the formation of a provision do not exist.

Contingent receivables are omitted from the interim consolidated financial statements but are disclosed when the possibility of an inflow of economic benefit is probable.

LITIGATION

One shareholder sought a court injunction against the squeeze-out decision of the Annual General Meeting in August 2010. The judicial proceedings were decided in favor of the company in the second instance with a binding verdict. The costs will be borne by the plaintiff.

Several shareholders signed an application for an out-of-court review of the amount of cash to be paid in the squeeze-out according to the provisions of § 6 para 2 of the Austrian Shareholder Exclusion Act. An expert was appointed to validate the company valuation at the end of the 2011 financial year and since that time there have been no changes in the valuation. The results and a decision are not foreseeable at present.

ENVIRONMENTAL IMPACT

The Constantia Flexibles Group is unaware of any new environmental impacts other than those described in the consolidated financial statements as at December 31, 2011.

OTHER

in €k	2012	2011
Warranties and guarantees	286	286
Discounted bank drafts	796	818
Bank guarantees received	1 895	2 431
	2 977	3 535

RELATED PARTY DISCLOSURES

The ultimate controlling company of Constantia Flexibles Group GmbH is CP Group Holding Coöperatief U.A. with headquarters in Amsterdam, Netherlands. The consolidated financial statements are made public in the company register of the Amsterdam Chamber of Commerce.

Business transactions between group companies are completed subject to arms-length conditions.

The transactions with the Paverco Group in the first half-year 2012 amounted to €750k (first half-year 2011: € 689k; management fees and real estate leasing), while liabilities to the Paverco Group (holds a 49 per cent interest in Drukkerij Verstraete N.V.) on the balance sheet date amounted to €288k (2011: €244k).

On the reporting date, receivables from Constantia Packaging B.V., Netherlands, amounted to €136k (2011: €136k). The respective business transactions are completed subject to arms-length conditions.

Supply and services relationships with related parties (in €k):

	Received and provided	Receivables	Payables
AMAG	2 239	0	0
Duropack	94	56	3 298
CP Group B.V.	186	5 532	0

OTHER INFORMATION

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

There were no events of material importance after the balance sheet date of June 30, 2012.

Vienna, August 21, 2012

CHIEF OPERATING OFFICER

Thomas Unger

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

We confirm that according to the best of our knowledge the interim consolidated financial statements of Constantia Flexibles Group GmbH as at June 30, 2012 were prepared in accordance with the accounting standards for interim financial reports contained in the International Financial Reporting Standards (IFRSs) and give a true and fair view of the assets and liabilities, cash flows and profit or loss of the group.

We also confirm that the interim consolidated management report of Constantia Flexibles Group GmbH gives a true and fair view of the assets and liabilities, cash flows and profit or loss of the group with respect to the important events during the first half of the financial year and their effects on the interim consolidated financial statements as at June 30, 2012, as well as with respect to the principle risks and uncertainties in the remaining months of the financial year.

Vienna, August 21, 2012

CHIEF OPERATING OFFICER

Thomas Unger