2013

Constantia
Flexibles Group GmbH

HALFYEAR FINANCIAL REPORT 2013

Contents

CONSTANTIA FLEXIBLES GROUP GMBH HALF YEAR MANAGEMENT REPORT 2013

GENERAL BUSINESS DEVELOPMENT

In the last few months, there have been the first signs of an improvement in economic conditions in the Eurozone. Early economic indicators show an upward tendency and there are a number of indications that the Eurozone will finally come out of recession. With various key challenges (such as the restructuring of Greece last year) out of the way and the structural reforms as well as stimuli of monetary policy slowly taking effect, a recovery appears to be on the cards. The improvement in sentiment seen in the purchasing managers' indices applies across industry, commerce and the service sector, and is evident across the countries of the Eurozone. In addition to Germany this is also true for France, Italy and Spain. This reflects the success of the consolidation efforts taken to date by the individual countries and also the easing of the EU Commission's requirements for reaching the agreed targets for deficits and debt reduction. In addition, monetary easing is providing favorable financing conditions. Price pressure remains low as available production capacities are more than sufficient to cope with a revival in demand without pushing up inflation. Real GDP for the Eurozone is expected to fall by 0.7% in 2013 due to a weak first half, with a turnaround expected in the third or fourth quarter (expected growth of 0,3% in the Eurozone during the second half of 2013). GDP is expected to grow by 1.2% in 2014.

Most countries in Central and Eastern Europe (CEE) have been adversely affected by shrinking economic output, and the growth rates in the CIS countries are also below long-term expectations. The recession in large parts of the Eurozone and budget consolidation measures are depressing export activity. The modest rise in real incomes is hampering investment and private consumption. The declining trends are expected to end around the middle of the year with a stronger growth dynamic to emerge in the second half. For the CEE countries, real GDP growth is expected to reach 2.0% this year and 2.1% in 2014. The corresponding values for Russia are 3.0% and 3.3% respectively.

Economic growth in the US has suffered from reduced private consumption in recent months, in part as a result of government spending cuts. A sustained economic recovery is forecasted for the third quarter. The Federal Reserve System announced that it would gradually reduce its bond purchasing program toward the end of 2013 and stop it completely in mid-2014. Any rise in the prime interest rate is expected to be considered only once treasury purchases cease; interest rates are therefore expected to hover around just over 0% into 2015. GDP is expected to grow by 1.5% in 2013 and 2.5% in 2014.

Economic activity in emerging markets is increasingly important for global growth. In the region of 50% of worldwide gross domestic product is being generated and consumed in these regions. Associated usually with much less government debt than the USA and Eurozone countries, countries in Asia, Latin America and Africa remain the growth drivers due to public and private investments, a growing population and the expansion of the middle classes. GDP growth for China is forecast to be 8.0% in 2013 (8.5% in 2014), for India 5.9% in 2013 (6.5% in 2014) and for Brazil 2.4% in 2013 (3.8% in 2014).

Sources: Thomson Reuters, Raiffeisen Research

RAW MATERIAL AND ENERGY PRICES

The main raw materials for the Constantia Flexibles Group are aluminum, plastics, paper, as well as varnishes and inks.

The price of oil rose from USD 97.10/barrel (Brent) on June 30, 2012, to USD 102.10/barrel towards the end of the first half of 2013. The price of aluminum (3-month LME) was USD 1,867/ton at the end of June 2012 and fell to USD 1,794/ton on June 30, 2013.

The forecast average LME cash price for aluminum in 2014 is USD 2,229/ton and USD 2,405/ton for 2015.

The forecast values for oil are USD 92.1/barrel in 2014 and USD 88.2/barrel in 2015.

Sources: Harbor Intelligence; Best 5 Analysts in 2011 -2012; Deutsche Bank

To minimize risks, Constantia Flexibles enters into forward contracts/hedging activities for the purchase of aluminum. In addition – in line with industry practice – price changes in raw materials are passed on, sometimes with a time lag, to customers via selling prices.

THE GROUP

Constantia Flexibles is an established group of companies and was formed out of the former Teich Group, founded in Austria in 1912, and the former Haendler & Natermann Group, founded in Germany in 1825. For customers, the merger of the two companies and the successful integration of further acquired companies have produced a single contact partner. In line with the motto "one face to the customer", a uniform external presence has been assured.

Today, Constantia Flexibles, with over 50 Group companies in more than 20 countries, is a flexible global partner and key supplier to the food, pet food, beverage and pharmaceutical industries and supplies customers around the globe.

The business model combines the rare combination of stability and growth. With flexible packaging for food, pharmaceuticals and beverages, the business involves products for everyday use and is thus not very cyclical.

Notwithstanding the foregoing, attractive growth opportunities exist due to demographic changes in the established markets and the growth of the middle classes in emerging nations. In addition to organic growth, good acquisition opportunities present themselves from the consolidation trend of customers and competitors in the emerging nations. Constantia Flexibles can pursue these opportunities by building on a solid financial structure with high profitability and a strong capital base.

Constantia Flexibles offers customers an extensive portfolio of high-quality and innovative packaging made from aluminum, paper and plastic for customers in the following segments:

- Food
- Pharma
- Labels

The principal products of the **Food Segment** are container closure systems for the dairy industry, butter and cheese foils, wrap-around labels and sleeves for dairy products, confectionery packaging, bags for soups, sauces and ready meals as well as lightweight aluminum container systems for the food and animal feed industry. In the **Pharma Segment**, packaging materials are produced principally out of aluminum, e.g. blister peeling lid foils, cold-workable foils, sachet foils as well as plastic structures such as cover foils, laminates with sealing layer for the market segments of pharmaceutical, medical technology/healthcare and cosmetics. The product portfolio of the **Labels Segment** includes labels made from aluminum, plastic and paper as well as IMLs (In-Mould Labels).

In order to meet the needs of its international customers in an optimal way, Constantia Flexibles acts both as a supplier and as a partner. Together and in close cooperation with customers and packaging machinery manufacturers, Constantia Flexibles develops innovative and environmentally friendly packaging solutions and thus supports the growth of its customers in the international markets.

By focusing on attractive market segments, the Group is the market leader in a number of important product groups. Special know-how, high flexibility and speed are decisive for allowing Constantia Flexibles to offer customers the best alternative on the market.

The modern aluminum rolling mill in Weinburg, Austria enables fast, flexible and innovative product development and production. This gives uniform quality standards to the individual production sites and provides short-term independence from external suppliers.

MARKET, AND BUSINESS DEVELOPMENT

FOOD SEGMENT

The food and pet food industry has shown to be resilient to economic cycles due to the nature of its products which are needed on a daily basis. In Western Europe, the largely saturated markets showed stable development in volumes. Eastern Europe, on the other hand, saw an increase in volumes. Volumes in emerging nations in Asia and Latin America are continuing to grow due to the growth in population and the rise of new middle-classes. Constantia Flexibles has secured relevant market access and growth potential in some of the fastest growing markets for flexible packaging - India and Mexico - through the acquisition of production sites.

In the dairy business unit, the business developed according to plan. Growth in Eastern Europe was particularly pleasing. Due to ever shorter-term arrangements by customers, the handling of reduced order volumes with shorter delivery times constitutes a particular challenge for the Constantia Flexibles Group.

The processed meat business unit has grown strongly in recent years and has developed into a core business. Some of the customers are international groups some are medium-sized enterprises. Business in the main product group of lightweight aluminum containers developed according to plan - despite intense competition - with clear growth year on year. Flexible laminate foils are a growth opportunity for processed meat and initial market success was achieved.

In the food business unit, new innovations include coffee capsule systems as well as innovative bag laminates with additional benefits such as resealing and opening aids.

North America and Middle East/Africa are growth markets in the food segment where we are expanding our market position together with our multinational top customers.

PHARMA SEGMENT

The pharmaceutical market continues to be characterised by the competition between original and generic manufacturers. One strategy of the pharmaceutical original manufacturers, which is used to counteract the effect of the expiry of their products' patent protection and therefore suffering a potential loss in market share, has been the introduction of new delivery forms with which the efficiency and costs of a therapy can be optimized. This is reflected in the growth of the area of "drug delivery technologies" which opens up new fields of application for packaging development.

Business in the Pharma Segment continues to develop positively. The area of Home & Personal Care, including the promotion business, is still affected by the difficult economic situation in some EU countries although a positive trend can already be discerned.

LABELS SEGMENT

The labels business has enjoyed continuing growth in the period. The business in In-Mould Labels continues to grow and investments in sales and innovation are contributing to further growth.

There was an increase in the sale of labels due to the acquisition of new customers in the Middle East and in Africa. The entire region of Middle East/Africa (MEA) is developing into a dynamic emerging market in whose growth Constantia Flexibles Group has a share through its strong position at the major brewery groups.

More difficult was the labels business for the water and soft drinks industry in Western Europe; here, the cooler weather had a knock-on effect on consumer behavior year on year. A difficult market environment continues to be seen in this area in North America, which has led to somewhat reduced sales.

In the first half of 2013, the acquisition of the Spear Group (initial consolidation: May 7, 2013) also contributed to growth. The purchase of the market leader for pressure-sensitive labels has clearly strengthened the Group's position in the drinks segment.

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SALES AND PROFIT DEVELOPMENT

Figures in € million	I-VI 2012**	I-VI 2013**	Change	2012**
Sales	659.4	803.4	+22%	1,313.9
EBITDA	95.4	113.0	+18%	187.6
EBITDA margin	14.5%	14.1%	-	14.3%
EBIT	54.8	61.8	+12%	106.4
EBIT margin	8.3%	7.7%	-	8.1%
Employees (reporting date)	5,461	8,317	+52%	5,452
FTE (reporting date)*	5,339	8,198	+54%	5,356

* Full-time Equivalents
** Results adjusted for one-off effects (net effects of one-off expense and income) in the amount of € 1.6 Mio (I-VI 2012), € 3.3 Mio (I-VI 2013) and €5.2 Mio. (2012)

Sales increased in the first half of the year by 22% when compared to the corresponding period last year: 18% thereof were attributable to the acquisitions of Globalpack, Spear and Parikh Packaging; 5% was organic due to higher sales volumes in Western Europe, North America and emerging markets. Profit also increased significantly, but due to the on-going integration of these acquisitions did not grow at the same rate as sales.

FOOD SEGMENT

Figures in € million	I-VI 2012	I-VI 2013	Change
Sales	410.3	525.3	+28%
EBIT	28.8	33.2	+15%
EBIT margin	7.0%	6.3%	-

Sales increased in the first half of the year by 28% when compared to the corresponding period last year: 21% were attributable to the acquisitions of Globalpack and Parikh Packaging; 7% was organic due to higher sales volumes in Europe and emerging markets. Profit in the food segment increased although the growth rate was below that of sales due to the ongoing integration of Globalpack and Parikh.

PHARMA SEGMENT

Figures in € million	I-VI 2012	I-VI 2013	Change
Revenue	139.6	143.5	+3%
EBIT	15.5	17.2	+11%
EBIT margin	11.1%	12.0%	-

Sales increased in the first half of the year by 3% when compared to the corresponding period last year, which resulted mainly from organic sales volume growth. Profit also improved in the Pharma segment.

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Labels Segment

Figures in € million	I-VI 2012	I-VI 2013	Change
Sales	146.8	172.8	+18%
EBIT	19.1	20.6	+ 8%
EBIT margin	13.0%	11.9%	-

Sales increased in the first half of the year by 18% when compared to the corresponding period last year; 17% thereof were attributable to the Spear acquisition and the remaining 1% growth reflects organic growth. Growth in profit was achieved compared to the corresponding period last year although this was below the percentage growth in sales due to the on-going integration of Spear.

Asset and Capital Structure

Figures in € million	30.6. 2012	30.6. 2013	Change	31.12.2012
Balancesheet total	1,398.3	1,821.6	+30%	1,350.8
Equity*	456.0	604.3	+33%	457.2
Equity ratio	32.6%	33.2%	-	33.8%
Net debt	316.4	522.5	+65%	300.6
Net debt/EBITDA**	1.7	2.3	-	1.6
Gearing ***	69.4%	86.5%	-	65.7%

* incl. minorities and hybrid capital
** Net debt as per June 30 2013/ EBITDA as per June 30 2013 multiplied with the factor 2
*** Net debt/equity

The change in total assets is primarily due to the acquisition of the assets of the acquired companies, the resulting goodwill and the reduction in cash. The increase in equity was due to the issuance of the hybrid bond in May 2013. The positive earnings effect was neutralized by reversing changes of "other changes in equity" (Cash flow hedging, actuarial effects) and a dividend payment for the hybrid bond.

Cash Flow

Figures in € million	30.6.2012	30.6.2013	Change	31.12.2012
Cash flow from operating activities	67.0	53.3	(20%)	139.2
Cash flow from investment activities	(34.0)	(248.1)	-	(74.7)
Cash flow from financing activities	80.8	90.5	+ 12%	19.1

The decrease in cash flow from operating activities is due to the increase in working capital and higher taxes and interest payments.

The higher tax and interest payments are mainly from the companies acquired.

The increase in cash flows from investing activities is mainly due to the payments for the acquisition of Global Packaging, Spear and Parikh Packaging.

The increase in cash flow from financing activities is mainly due to the issue of hybrid capital, the payment of dividends on hybrid capital and the repayment of loans.

HIGHLIGHTS 1ST HALF OF 2013

ACQUISITIONS

Acquisition of Globalpack Group

The Globalpack Group was acquired from One Equity Partners, the majority shareholder in the Constantia Flexibles Group, on January 2, 2013. The Globalpack Group employs around 1,500 people and generated sales of approx. €180 million in financial year 2012. 70% of the annual turnover of the Globalpack Group is generated in flexible packaging and 30% in folding carton. The Globalpack Group primarily supplies the consumer goods industry for food and drinks. A variety of materials are processed, including plastic films, aluminum films and paper. The Globalpack Group maintains two modern production locations in Mexico which operate on the market under the company names "Aluprint" (in San Luis Potosí) and "Grafo Regia" (in Monterrey).

Acquisition of Spear Group

An agreement to acquire of the Spear Group was signed on February 15, 2013. Having received all the necessary approvals from merger control authorities, the acquisition of the Spear Group closed on May 7, 2013. The Spear Group was founded in 1982 in Cincinnati, USA, and is a leading manufacturer of pressure-sensitive labels and paper labels for the beverage industry. In addition to the core business of drinks labels, the Spear Group also has a growing business segment for resealable products, particularly in the area of food and snacks. In financial year 2012, the Spear Group generated annual sales of approx. €150 million with around 650 employees at four locations in North America and one each in Europe (Cwmbran/UK) and South Africa. Around two thirds of the sales were generated in North America, the rest was distributed between the United Kingdom and South Africa. Spear’s customers include leading international beer and soft drink manufacturers.

The Constantia Flexibles Group has become one of the five largest label producers in the world through the acquisition of the Spear Group.

Acquisition of Parikh Packaging

A purchase agreement to acquire 60% of the shares in Parikh Packaging in India was signed on March 28, 2013 with the current owners of Parikh Packaging, the Parikh family. The transaction was closed on June 11, 2013. Following this acquisition, Constantia Flexibles now has a strong position in the world’s fastest growing market for flexible packaging.

Parikh Packaging generated sales of around €22 million in financial year 2012 and has approx. 500 employees at its production location in Ahmedabad, a city north of Mumbai in the federal state of Gujarat. Today, Parikh Packaging supplies the food industry, the health & personal care market as well as the non-food segment and is well established on the market. The remaining 40% of shares continue to be held by the Parikh family.

The acquisition is part of the international growth strategy of Constantia Flexibles and represents an important step towards further growth and expansion in Asia.

HYBRID BOND

The first public hybrid bond of the Constantia Flexibles Group was successfully placed on May 15, 2013, with a volume of €150 million. The interest rate for the first three years was set at 6.875%. The bond investor list was of high quality and consists approx. 75% of the Retail/Private Banking segment and approx. 25% of banks and funds. Two thirds of the bond issue was placed in Austria and one third internationally, with a focus on Germany, Switzerland and the Benelux countries. The subscription period for private investors was closed early on May 23, 2013 due to high demand. The bond was listed on the Second Regulated Market of the Vienna Stock Exchange and commenced trading on May 28, 2013. The proceeds from the issue will be used for general corporate financing and to optimize the financing structure as well as to strengthen the equity base with the goal of creating free lines of credit for future investments and acquisitions.

INVESTMENTS

Additions of intangible and tangible fixed assets in the first half of 2013 amounted to € 32.5 million (compared to € 26.9 million in the same period of 2012). The main projects were a lacquering and laminating machine in Constantia Patz, Austria, an offset printing machine in Drukkerij Verstraete, Belgium and a UV flexographic printing machine at Constantia Hueck Foils, Blythewood, USA.

INNOVATIONS

Innovations are an essential part of the Group’s business model. In the first half of 2013, five prized Alufoil trophies from EAFA (European Aluminium Foil Association) were won.

Cafétique - new collection of single-portion capsules - won in the “Marketing & Design” category, the **HiPer Wrap** - a new poly-tube bag material with improved barrier function - won in the “Product Protection” category, **Die Cut 2020** – a Constantia Flexibles in-house development in the area of extrusion coating with heavily reduced aluminum content - was successful in the “Resource Efficiency” category, **Philly Brick** – an aluminium foil-based “die” for the hot filling of cheese spread - won in the “Technical Innovations” category, and **Feinschmecker Pouch** – a new format for dry foods with easy-peel opening – received the “Special Prize”.

Other innovations include: PharmMed-Can – a high-density packaging for sensitive products; Child Resistant Blister Lidding Foil F1 – a child-safe blister lidding foil in the highest class F1, which becomes peelable after being moistened; Bag-on-valve foil - a new high-performance laminate for dispensing systems, such as shaving foam cans.

RISK MANAGEMENT

An integral part of our business activity is a systematic risk management system whose task is to identify risks and hazards for the Group, to effectively manage these and thus to ensure that risks and associated opportunities are in a balanced relationship with one another.

These risks are dealt with in accordance with guidelines and processes that apply across the Group and have remained unchanged since the end of the year. The aim of financial risk management is to limit these market risks through ongoing operational and finance-oriented activities. Derivative financial instruments are only used as hedging instruments.

Within the scope of strategic risk management, the respective risk situation in selected risk fields was analysed and documented so that suitable risk management measures can be introduced in a timely fashion.

OPERATIONAL RISKS

In the area of elemental risks, such as flooding and fire protection, ongoing construction, technical and organizational, preventive measures are being implemented.

In order to maintain the ongoing production capability of the individual plants, the plants are maintained in accordance with the service and inspection plans and the production processes are monitored and optimized.

RISKS FROM INFORMATION PROCESSING

Suitable security and authorization concepts are introduced in all Group companies with the aim of reducing the risk of system failure due to hardware defects, data loss or manipulation. Remote data centers are available for the most important systems; some of these run on parallel servers in physically separated rooms. Data and programs are regularly backed up on a variety of storage media.

PERSONNEL RISKS

Succession plans exist for the most important areas and are updated on a regular basis. Substitutes are arranged for key positions. Targeted promotion of young talent in all units ensures continuous further development of the Group's know-how. A potential pool of managerial staff of international caliber is permanently ensured through the programs of the Constantia Academy for young talent and executive level staff.

PROCUREMENT RISKS

In order to minimize the procurement risk, framework agreements are in place for raw materials such as aluminum, plastic foils, paper and chemical products. Supply bottlenecks are largely kept at bay through market research, material development and ongoing approvals of new materials as well as through optimization of the supplier portfolio.

SALES RISKS

Our broad product range and excellent market and production know-how ensure our independence on the market. In total, the Group supplies several thousand customers worldwide. Framework agreements with key customers support the policy of minimizing sales risks. In addition, the product range and sales markets are being expanded in attractive niches where innovative solutions and maximum quality are in demand.

The high volatility of energy and materials prices over the last year also resulted in frequently difficult negotiations and price discussions with customers. Constantia is counteracting this trend by focusing on innovative products, technologies and production processes that deliver benefits to customers as well as on long-term framework agreements. Most of the products go to customers in less cyclical industries, such as the food, animal feed, drinks and pharmaceutical industries.

RAW MATERIAL PRICE RISKS

Constantia Flexibles is exposed to price risks from aluminum in its business activity due to the fact that it buys, processes and sells aluminium. These price risks are reduced through the use of derivative instruments.

The price of aluminum is quoted on the London Metal Exchange (LME) and price risks are hedged by means of popular commodity futures and commodity options.

Due to the somewhat long risk horizon, these hedges are concluded into 2015.

Financial Risks

The Group transacts foreign currency futures and options in order to mitigate the foreign currency exchange rate risks, which result from the cash flows of ongoing business activity. Foreign currency exchange rate hedges have been concluded into 2015.

If the EUR were to appreciate against the USD by 10% as of June 30, 2013, the net financial liabilities of the Group would be assessed €8.6 million lower due to a net financial receivable situation in USD. If the EUR were to appreciate against all currencies by 10% as of June 30, 2013, the net financial liabilities of the Group would be assessed €11.4 million lower due to a financial receivable situation in non-EUR currencies.

The liquidity risk describes the risk of being able to obtain funds at any time for the purpose of settling financial commitments. Accordingly, the group ensures that sufficient liquid means are available or that necessary financing is secured through a suitable line of credit.

In order to address liquidity risk, Constantia Flexibles Group has committed credit lines of € 195 million at its disposal as of June 30, 2013.

The interest rate risk manifests itself as an interest earnings risk or present value risk. Interest rates risks cannot be eliminated as a reciprocal effect exists between present value and interest earnings risks. Present value risks affect the Group in the market value of the interest-bearing financial instruments and deposits, interest earning risks in the interest paid and interest received.

On the balance sheet reporting date, cash flow hedges consisted of qualified interest rate swaps on a EUR basis as well as interest rate caps on a EUR basis. On the swap contracts, Constantia Flexibles pays fixed interest on the nominal value of the swap contract, in return for which it receives variable interest rates on the same capital amount. These interest rate swaps smooth out effects on the cash flows of the underlying, variable, interest-bearing financial liabilities due to future changes in the interest rates. Interest rate caps limit the interest cost risk by imposing an upper limit on the rate payable. If interest rates rise above the level of the interest rate cap, the counterparty makes a balancing payment. The average interest rate paid for net financial liabilities is 4.58%. Sensitivity analysis: a 1% rise in interest rates would lead to additional net interest cost for the variable interest-bearing financial instruments in the amount of € 630k.

As at June 30, 2013, the existing risks fall entirely within the scope of risk management and are covered as well as possible by the existing hedging instruments.

EVENTS AFTER THE REPORTING DATE

There are no significant events to report for business proceedings after the reporting date of June 30, 2013.

Outlook

The Constantia Flexibles Group appears relatively resistant to cyclical fluctuations in demand, with a high proportion of products associated with everyday needs in the food, pet food, drinks and pharmaceutical industries. Key drivers such as the growth in the world population, increasing consumption of flexible packaging products, higher life expectancy, new middle classes with an increasing standard of living, smaller households and the general trend towards substitution of rigid packaging by flexible solutions underpin attractive growth opportunities in the future.

In the past year, the foundation for further successful business activity was laid with a new organizational structure and new management. In 2013, the emphasis lies on an increased market presence in the growth regions as well as further integration of the Constantia Flexibles Group. Thus far, business performance in financial year 2013 has shown a good start and the outlook for the rest of the year is positive.

Constantia Flexibles Group GmbH

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

in €k	Section	06/30/2013	12/31/2012
Assets			
Goodwill	D	278.612	44.764
Intangible assets		211.704	111.803
Tangible assets	F1	706.522	605.485
Other non-current and financial assets	F2	10.525	13.083
Deferred tax assets		5.165	2.620
Non-current assets		**1.212.528**	**777.755**
Inventories	F3	209.895	164.984
Trade accounts receivable		286.760	206.368
Tax receivables		10.164	3.243
Other receivables		40.456	34.108
Securities		2.073	0
Cash and cash equivalents		59.700	164.301
Current assets		**609.048**	**573.005**
Total assets		**1.821.576**	**1.350.760**
Equity and liabilities			
Equity attributable to shareholders		**302.441**	**302.860**
Hybrid capital	F4	**297.799**	**149.438**
Non-controlling interests		**4.011**	**4.878**
Total Equity		**604.251**	**457.176**
Provisions		53.678	49.572
Interest-bearing financial liabilities	F5	467.950	401.708
Other non-current liabilities		119.492	60.934
Deferred tax liabilities		98.500	65.916
Non-current financial liabilities		**739.620**	**578.130**
Current provisions		24.555	28.213
Interest-bearing financial liabilities	F5	123.993	70.796
Trade accounts payable		221.531	141.571
Tax liabilities		29.265	15.821
Other current liabilities		78.361	59.053
Current financial liabilities		**477.705**	**315.454**
Total equity and liabilities		**1.821.576**	**1.350.760**

Constantia Flexibles Group GmbH

Interim Consolidated Income Statement for the Period Ending June 30, 2012

in €k	Section	1-6/2013	1-6/2012
Sales	G2	**803.413**	**659.390**
Changes in inventories of finished goods and work in progress		2.037	1.250
Own work capitalized		(27)	35
		805.423	660.675
Other operating income		17.550	8.328
Cost of materials		(459.865)	(370.188)
Personnel expenses	G4	(162.030)	(133.917)
Other operating expenses		(91.360)	(71.072)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**109.718**	**93.826**
Depreciation		(51.184)	(40.585)
Earnings before interest and taxes (EBIT)		**58.534**	**53.241**
Net interest income	G5	(16.209)	(11.043)
Other financial income	G5	(5.835)	835
Net financial income		**(22.044)**	**(10.208)**
Earnings before tax (EBT)		**36.490**	**43.033**
Current taxes	G6	(16.397)	(11.730)
Deferred taxes	G6	1.143	1.431
Income tax		**(15.254)**	**(10.299)**
Net income after tax		**21.236**	**32.734**
Thereof attributable to:			
Non-controlling interests		3.353	4.353
Equity holders of the parent		17.883	28.381

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

in €k	1-6/2013	1-6/2012
Net income after tax	**21,236**	**32,734**
Items that may be reclassified subsequently to profit or loss:	**(6,350)**	**6,064**
Change in hedging reserve	(4,467)	1,233
Gain/(loss) through changes in fair value	(7,562)	(1,467)
thereof apportioned deferred taxes	1,833	436
Transfer to profit and loss account	1,683	3,019
thereof apportioned deferred taxes	(421)	(755)
Currency translation differences	(1,883)	4,831
Items that will not be reclassified to profit or loss:	**(139)**	**(7)**
Change in the reserve for employee benefits	(139)	(7)
Actuarial gains and losses	(187)	(13)
thereof apportioned deferred taxes	48	6
Other comprehensive income for the period	**(6,489)**	**6,057**
Thereof attributable to:		
Non-controlling interests	(209)	233
Equity holders of the parent	(6,280)	5,824
Total comprehensive income for the period	**14,747**	**38,791**

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

in €k	Note	1-6/2013	1-6/2012
Earnings before tax (EBT)		**36,490**	**43,033**
Net interest		16,209	11,043
Depreciation and amortization (reversals) on non-current assets		51,184	40,585
(Gains)/losses on disposals of non-current assets		(15)	(83)
Other non-cash (income)/expenses		3,061	(3,121)
Change in inventories		(5,778)	(2,241)
Change in trade accounts receivable		(38,858)	(29,037)
Changes in other receivables		6,753	(2,683)
Changes in provisions		(4,022)	(2,953)
Change in trade accounts payable		16,622	24,415
Changes in other liabilities		(1,752)	5,294
		79,894	**84,252**
Taxes paid		(10,532)	(8,769)
Interest received		366	1,076
Interest paid		(16,436)	(9,587)
Cash flow from operating activities		**53,292**	**66,972**
Proceeds from disposals of non-current assets		505	1,259
Payments for property, plant and equipment and intangible assets		(41,886)	(35,054)
Net cash outflow on acquisition of subsidiaries	H	(206,024)	0
Payments for other financial assets		(682)	(157)
Cash flow from investment activities		**(248,087)**	**(33,952)**
Change in financial liabilities		(48,997)	87,844
Proceeds from issuance of hybrid capital bond		147,815	0
Proceeds from changes in non-controlling interests		0	350
Dividend payments to hybrid capital holders		(8,290)	(7,356)
Cash flow from financing activities		**90,528**	**80,838**
Change in cash and cash equivalents		**(104,267)**	**113,858**
Change in cash and cash eqivalents due to exchange rate fluctuations		(334)	837
Cash and cash equivalents at the beginning of the period		164,301	80,248
Cash and cash equivalents at the end of the period		59,700	194,943
Change in cash and cash equivalents		**(104,267)**	**113,858**

Constantia Flexibles Group GmbH

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING JUNE 30, 2013

in €k	Share capital	Capital reserve	Hedging reserve	Available-for-sale-reserve	Differences from currency translations	Reserve for employee benefits	Revenue reserve	Total	Hybrid capital	Non-controlling interests	Equity
	Attributable to equity holders of the parent										
Balance as at January 1, 2013	**35**	**173,973**	**475**	**(26)**	**3,429**	**(7,142)**	**132,117**	**302,860**	**149,438**	**4,878**	**457,176**
Other comprehensive income			(4,417)	0	(1,724)	(139)		**(6,280)**		(209)	**(6,489)**
Net income after tax							17,883	**17,883**		3,353	**21,236**
Transactions with equity holders of the parent											
Put options							(3,733)	**(3,733)**			**(3,733)**
Change in Consolidated Group								**0**		(4,011)	**(4,011)**
Addition of hybrid capital								**0**	148,361		**148,361**
Payments to hybrid capital holder							(8,289)	**(8,289)**			**(8,289)**
	0	0	0	0	0	0	(12,022)	(12,022)	148,361	(4,011)	132,328
Balance as at June 30, 2013	**35**	**173,973**	**(3,942)**	**(26)**	**1,705**	**(7,281)**	**137,978**	**302,441**	**297,799**	**4,011**	**604,251**

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

in €k	Attributable to equity holders of the parent								Hybrid capital	Non-controlling interests	Equity
	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	0	4,634	(7)		**5,825**	0	233	**6,057**
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 interestes							(27)	**(27)**		27	**0**
Change in consolidation of ASAS							62	**62**		288	**350**
Payments to hybrid capital holder							(7,355)	**(7,355)**			**(7,355)**
	0	(43,000)	0	0	0	0	35,680	(7,320)	0	315	(7,005)
Balance as at June 30, 2012	**35**	**187,473**	**(2,503)**	**(26)**	**4,130**	**(1,452)**	**111,611**	**299,268**	**149,438**	**7,254**	**455,959**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

A. GENERAL INFORMATION

Constantia Flexibles Group 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 2013 interim consolidated financial statements for the period from January 1 to June 30, 2013 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 2013.

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, 2013 were neither the subject of a full audit nor an auditor's review.

B. 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, 2013. 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 Flexibles GmbH as at December 31, 2012.

No additional changes in the management estimates have been undertaken since the reporting of the consolidated financial statements as at December 31, 2012.

C. SEASONALITY

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

D. ACQUISITIONS AND OTHER CHANGES TO THE SCOPE OF CONSOLIDATION

Interim reporting period 2013

Acquisition Global Pack Mexico

On January 2, 2013, the entire stock of the Globalpack Group (subsequently referred to as "Globalpack") was acquired in the Flexibles Group. Globalpack consists of the following companies:

- Aluprint S de RL de CV,
- Aluprint Plegadizos S de RL de CV,
- Grafo Regia S de RL de CV,
- GPC III Packaging Holdings Mexico S de RL de CV,
- Global Packaging USA Corp. (US)
- GPC III BV,
- GPC Holdings BV,
- GPC Holdings Cooperatief UA

in €k	Globalpack Group Fair Value
Intangible assets	40,070
Property, plant and equipment	67,225
Other non-current and financial assets	0
Aktive latente Steuern	19,526
Non-current assets	**126,821**
Inventories	13,015
Trade accounts receivable	18,620
Income tax receivable	4,923
Other receivables	9,008
Cash and cash equivalents	459
Current assets	**46,025**
Total assets	**172,846**
Non-current provisions	3,571
Non-current financial liabilities	65,854
Deferred tax liabilities	35,457
Non-current provisions and liabilities	**104,883**
Current provisions	0
Current financial liabilities	9,083
Trade accounts payable	45,835
Tax liabilities	5,723
Other liabilities	11,177
Current provisions and liabilities	**71,818**
Total liabilities	**176,700**
Net Capital as of January 1, 2013	**(3,854)**

Goodwill calculation

in €k		
Purchase price	100.00%	143,366
Fair value of assets and liabilities acquired		(3,854)
Goodwill		147,220

in €k	
Consideration paid	143,366
Contingent consideration	0
Total consideration	143,366

Globalpack produces packaging material, e.g. labels for foods and beverages, as well as other polymer- and aluminum-based packaging products. In addition, the Aluprint Plegadizos company focuses on collapsible boxes and micro-corrugated card packaging for foods.

Goodwill derived from the purchase of Globalpack owing to the fact that the payment rendered contained the benefits from anticipated synergies, sale growth and future market developments. These benefits are not disclosed separately from goodwill, as they are insufficient to meet the accounting rules relating to intangible assets.

The purchase of Globalpack is part of the Constantia Flexibles Group GmbH strategy of tapping into new markets and regions. The acquisition consolidates the presence of Constantia Flexibles Group GmbH in North and Central America, where Globalpack is the market leader in the production of packaging for customers such as Procter & Gamble, Cadbury Adams, Kellogg, Colgate-Palmolive, Kraft Foods, PepsiCo and Nestlé. Furthermore, the position of Constantia Flexibles Group GmbH in the area of film-based packaging materials will also be strengthened. In the medium- and long-term, this market offers significant growth possibilities measured in terms of the per capita demand of the population for flexible packaging.

Above all, Constantia Flexibles Group GmbH anticipates synergy effects from the Globalpack purchase, which for the Constantia Flexibles group's multinational customers will provide improvements in worldwide product deliveries, which will also be achieved through teamwork between Globalpack and the Constantia Group companies in North America.

A purchase price of USD 189,000,000 was established in a share purchase contract from January 2, 2013. The purchase price will be adjusted in line with net working capital, net debt and debt-like items as the "Post closing date adjustment".

Acquisition-related costs derived from the purchase were recognized in the "Other Operating Expenses".

The Sales revenues, EBIT and Net result of Globalpack group for the period since initial consolidation, commencing on January 2, 2013 and ending on June 30, 2013, amounted to € 86 304k, € 1 314k and € (5 632)k respectively.

In accordance with IFRS 3.45, in the case of new information relating to the facts and circumstances that existed at the acquisition date, adjustments may be made to the original balance for a business combination for a period of one year following the date of purchase. On this basis, the allocation of the purchase price and the goodwill calculation for the Globalpack as at June 30, 2013 is still to be regarded as provisional.

Acquisition Spear Inc.

The acquisition of 100% share of the Spear Inc. group (subsequently referred to as Spear), including the companies:

- Spear Europe Limited
- Spearsystem Packaging (Africa) Limited
- Precision and Packaging Inc.
- Gardoc Inc.
- Spear USA Inc.
- Spear System Packaging (Asia) Limited,
- Spear Limited,
- Spear Group Holdings Limited,
- SGH 2 Limited

was performed with a closing date May 7, 2013. In the company Spearsystem Packaging (Africa) Limited the minority shareholder holds the non-controlling interest with share of 25.1%.

in €k	Spear Group Fair Value
Intangible assets	73,741
Property, plant and equipment	29,985
Non-current assets	**103,726**
Inventories	23,929
Trade accounts receivable	23,680
Income tax receivable	0
Other receivables	3,682
Wertpapiere	
Cash and cash equivalents	1,339
Current assets	**52,631**
Total assets	**156,357**
Non-current provisions	0
Non-current financial liabilities	77,861
Deferred tax liabilities	15,602
Non-current provisions and liabilities	**93,463**
Current provisions	0
Current financial liabilities	18,312
Trade accounts payable	25,780
Tax liabilities	57
Other liabilities	4,235
Current provisions and liabilities	**48,385**
Total liabilities	**141,848**
Net Capital as of May 1, 2013 Spearsystem Packaging (Africa) PTY Ltd (74,9%):	**(15,981)**
Net Capital as of May 1, 2013 Spear group without Africa (100%):	**30,490**

Goodwill calculation

in €k	
Net assets	14,509
Less net equity attributable to direct NCI (proportionate method)	4,011
Net equity attributable to equity holders of the parent	18,521

in €k	
Purchase price	95,625
Goodwill	77,105

in €k	
Consideration paid	49,931
Contingent consideration	45,694
Total consideration	95,625

Spear is one of the leading printers of labels globally. The Company manufacturers pressure-sensitive and cut & stack labels in North America, Europe and South Africa. The company is a technology leader in the pressure sensitive beverage label segment. Additionally the Company has a growing business which manufactures re-sealable products primarily for the food and snack markets.

Goodwill derived from the purchase of Spear is owing to the fact that the payment rendered contained the benefits from anticipated synergies, sale growth and future market developments. The synergies are mainly expected to be driven by the Spear and Constantia focus on global breweries and related higher growth in premium brands comparing with overall beer market, These benefits are not disclosed separately from goodwill, as they are insufficient to meet the accounting rules relating to intangible assets.

The combination with Spear will significantly strengthen Constantia's global position by adding a significant presence in North America and also a site in South Africa. As global brewers move into new markets, the combined group will be able to follow these customers into these new markets

The purchase price of the Spear represents USD 66.3 million (€ 49.9 million). In addition Spear loans in amount USD 50 million were refinanced by Constantia Flexibles GmbH and capital in amount USD 18.2 million (€ 13.7 million) was contributed to SGH (No 2.) Ltd. The purchase price will be adjusted in line with net working capital, net debt and debt-like items as the "Post closing date adjustment".

Acquisition-related costs derived from the purchase were recognized in the "Other Operating Expenses".

The Sales revenues, EBIT and Net result of Spear for the period since initial consolidation, commencing on May 1, 2013 and ending on June 30, 2013, amounted to € 23,988k, € (167k) and € (3,690k) respectively.

In accordance with IFRS 3.45, in the case of new information relating to the facts and circumstances that existed at the acquisition date, adjustments may be made to the original balance for a business combination for a period of one year following the date of purchase. On this basis, the allocation of the purchase price and the goodwill calculation for the Spear as at June 30, 2013 is still to be regarded as provisional.

Acquisition Parikh India

On June 11, 2013, the 60% stock share of the Parikh Packaging Pvt. Ltd (subsequently referred to as "Parikh") was acquired in the Flexibles Group.

	Parikh
in €k	Fair Value
Intangible assets	2,660
Property, plant and equipment	10,901
Other non-current and financial assets	0
Non-current assets	**13,561**
Inventories	1,740
Trade accounts receivable	2,647
Income tax receivable	574
Other receivables	750
Cash and cash equivalents	2,410
Current assets	**8,122**
Total assets	**21,683**
Non-current provisions	0
Non-current financial liabilities	2,566
Deferred tax liabilities	1,944
Non-current provisions and liabilities	**4,511**
Current provisions	0
Current financial liabilities	1,121
Trade accounts payable	2,988
Tax liabilities	415
Other liabilities	631
Current provisions and liabilities	**5,155**
Total liabilities	**9,666**
Net Capital as of June 1, 2013	**12,016**

Goodwill calculation

in €k		
Purchase price	60.00%	15,258
Fair value of assets and liabilities acquired		(7,210)
Goodwill		8,048

in €k	
Consideration paid	15,258
Contingent consideration	0
Total consideration	15,258

Parikh is a leading manufacturer of flexible packaging in India focused on the Food Segment including confectionery & biscuits, coffee & tea, dried food, frozen food, ready meals and Non Food segments including pharma, personal care, household and agricultural packaging. The company has one production site with blown extrusion, extrusion coating/lamination, printing, solvent based and solvent free lamination and slitting. The main products are represented by Mono, Duplex & Multiply Packaging, Pre-made Bags & Pouches and Shrink & stretch sleeves.

Goodwill derived from the purchase of Parikh owing to the fact that the payment rendered contained the benefits from anticipated synergies, sale growth and future market developments. These benefits are not disclosed separately from goodwill, as they are insufficient to meet the accounting rules relating to intangible assets.

The purchase of Parikh is part of the Constantia Flexibles Group GmbH strategy of tapping into new markets and regions. Although relatively small in size of Parikh, the business has grown by an average of 40% per year in the last three years will give Constantia a platform to expand and grow in the Indian market. This balances the potential risks and rewards of entering this market without taking a bigger risk of buying a larger business.

A purchase price of INR 1.1 billion (€ 15.2 million) was established in a share purchase agreement from June 11, 2013. The purchase price for the first closing will not be adjusted. The minority shareholder was allocated the right to transfer the residual 40 per cent interest to the Constantia Flexibles Group during the period from 2017 to 2023. On the basis of the agreed price formula, the fair value amounts to € 13,827k. As at June 30, 2013, the present value of the call-put option liability represents € 8,548k. This amount is reported in the consolidated balance sheet as a non-current liability. The present value of the call-put option liability was deducted from the amount of non-controlling interests (calculated by proportionate method) in amount € 4,807k and the residual amount was recognized in the shareholder equity.

Acquisition-related costs derived from the purchase were recognized in the “Other Operating Expenses”.

The sales revenues, EBIT and Net result of Parikh for the period since initial consolidation, commencing on June 1, 2013 and ending on June 30, 2013, amounted to € 1,792k, € (54k) and € (96k) respectively.

In accordance with IFRS 3.45, in the case of new information relating to the facts and circumstances that existed at the acquisition date, adjustments may be made to the original balance for a business combination for a period of one year following the date of purchase. On this basis, the allocation of the purchase price and the goodwill calculation for the Parikh as at June 30, 2013 is still to be regarded as provisional.

Had the purchase of the Spear and Parikh already been included on January 1, 2013, group sales up to June 30, 2013 would have amounted to € 861,471k. Disclosure of the theoretical net result of Parikh and the Spear group as if the acquisitions had already been included on January 1, 2013 is impracticable. The main reasons are the synergies which generate the effect only after the acquisition date.

Total acquisition costs for the period ending on June 30, 2013 represents € 4.3 million.

E. Newly Applied IFRSs and IFRICs 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, 2013.

The revision of **IAS 19** (applicable from January 1, 2013) alters the reporting of defined benefit pension plans and post-employment benefits. The most significant change relates to the balance sheet disclosure of changes to defined benefit obligations and the plan asset. The new rule requires the immediate disclosure of changes to defined benefit obligations and the fair value of the plan asset at the time of their occurrence. The corridor approach contained in the version of IAS 19 valid to date has been abolished. All actuarial gains and losses are recognized under “Other comprehensive income” directly in the year in which they occur. IAS 19 therefore requires additional information in connection with defined benefit pension plans. The changes derived from this standard were employed in the consolidated financial statements of Constantia Flexibles Group GmbH.

IAS 27 continues to regulate the rules for separate financial statements (applicable from January 1, 2013). The remaining sections of IAS 27 are to be replaced by IFRS 10 “Consolidated Financial Statements”. As a result of the amendments, IAS 27 will be renamed “Separate Financial Statements”. The changes derived from this standard were considered for the consolidated financial statements of Constantia Flexibles Group GmbH and the executive management did not identify any significant changes derived from this standard.

As a result of the publication of IFRS 10, IFRS 11 and IFRS 12, **IAS 28** (applicable from January 1, 2013) has merely been subject to related amendments. The rules regarding joint ventures have been included in the standard. The changes derived from this standard were considered for the consolidated financial statements of Constantia Flexibles Group GmbH and the executive management did not identify any significant changes derived from this standard.

Netting of the financial instruments remains only possible when the conditions of **IAS 32** (applicable from January 1, 2014) are fulfilled. As a consequence of the amendments to IAS 32, clarifications regarding the term “current point in time” and “simultaneously” were the only changes adopted in the application guidelines. With the amendments to **IFRS 7** (applicable from January 1, 2013) information is required concerning all reported financial instruments, which are subject to global offsetting or similar agreements, even if these have not been offset in accordance with IAS 32. The Constantia Flexibles Group GmbH executive management did not identify any significant changes derived of the amendments to IAS 32 and IFRS 7 on the basis of the consolidated financial statements.

IFRS 10 (applicable from January 1, 2013) replaces the rules regarding consolidated financial statements contained in IAS 27 “Consolidated and Individual Financial Statements”. IFRS 10 also replaces SIC-12 “Consolidation – Special Purpose Entities”. With IFRS 10, IASB has now identified the principle of control as a single model and according to IFRS 10 control exists when the following three preconditions are fulfilled in cumulative form:

(a) An investor company must be able to exert control over an investee company;

(b) The investor must be exposed to variable returns from the investee;

(c) The investor must be able to use its power to affect the amount of its returns.

The standard also contains extensive guidelines regarding the realization of complex content. The Constantia Flexibles Group GmbH executive management is examining the exercise of control in group companies pursuant to IFRS 10 on the basis of the consolidated financial statements. Constantia Flexibles Group GmbH executive management did not identify any significant changes derived from this standard.

IFRS 11 (applicable from January 1, 2013) supersedes IAS 31 “Interests in Joint Ventures“ and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Ventures”. IFRS11 regulates the classification of joint arrangements. A joint arrangement is defined as a contractual arrangement of which two or more parties have joint control. Joint control can extend to joint business operations or a joint venture. As opposed to IAS 31, under IFRS 11 jointly controlled assets are no longer addressed separately and instead the rules applying to joint business operations are applied. The classification of a joint arrangement as joint business operations or a joint venture is dependent upon the rights and obligations accruing to the parties to the joint arrangement.

In addition, according to IFRS 11, the equity method must be applied for the inclusion of joint ventures, while pursuant to IAS 31 either quota consolidation or the equity method is permitted for joint ventures. Constantia Flexibles Group GmbH executive management did not identify any significant changes derived from this standard.

IFRS 12 (applicable from January 1, 2013) is a standard for disclosures in the notes. It applies to entities with interests in subsidiaries, joint arrangements (joint business operations or joint ventures), associates and/or non-consolidated, structured entities. Basically, the disclosures required by IFRS 12 go markedly further that the standards valid at present. The Constantia Flexibles Group will disclose the relevant information in the year-end financial report 2013.

IFRS 13 (applicable from January 1, 2013) unites uniform guidelines for the measurement of fair value with the related disclosures. The standard defines the term fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. The area of application of IFRS 13 is extensive and includes both financial and non-financial items. With certain exceptions, IFRS 13 is always used when another IFRS requires or permits fair value measurements, or disclosures regarding the measurement of fair value are demanded. In the main, the disclosure obligations relating to IFRS 13 are more far-reaching that current valid standards. It is proved whether IFRS 13 impacts the financial statements of the Constantia Flexibles Group.

For example, the quantitative and qualitative disclosures are to be extended on the basis of the three-level fair value hierarchy. At present these are required exclusively for financial instruments pursuant to IFRS 7 but owing to IFRS 13 will be expanded to include all assets and debts that lie within the area of application of the standard. The application can influence the values recognized in the consolidated financial statements and lead to more extensive disclosures. It is proved whether there are impacts for the Constantia Flexibles Group.

The amendment to **IFRS 1** “Government Loans” addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. This amendment of the standard is not applicable for Constantia Flexibles Group GmbH.

Among other standards, the annual improvements to the IFRS cycle 2009-2011 affect IAS 16 and IAS 32. The amendment to IAS 16 makes clear that spare parts, replacement equipment and maintenance devices are to be classified as tangible assets, when they meet the related definition criteria. Otherwise they are to be treated as inventories. The amendment to IAS 32 defines clearly that income tax in connection with dividends to the owner of an equity instrument and the costs of an equity transaction are to be dealt with in accordance with IAS 12. It is proved whether there are impacts for the Constantia Flexibles Group.

It is proved whether the change of IAS 34 concerning the disclosure of assets and liabilities in the segment reporting has an impact on the financial statements of the Constantia Flexibles Group.

Constantia Flexibles Group applies IAS 1 concerning the classification of the other comprehensive income in items which can be reclassified into the income statement and in those which cannot be reclassified into the income statement.

IFRIC 20 is not relevant for Constantia Flexibles Group GmbH.

F. NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. GROUP ASSETS SCHEDULE

The major investment projects for the first half-year 2013 were as follows:

- Constantia Patz: Coating and laminating machine
- Drukkerij Verstraete: Offset printing machine
- Constantia Hueck Foils: UV flexographic printing machine

Value impaired was not required in the first half-year 2013. Depreciation on tangible assets amounted to € 34,863k and exceeded the additions to the tangible assets totalling € 31,823k. The depreciation on intangible assets amounted to € 16,321k.

Commitments for capital expenditure

The commitments for capital expenditure for the first half-year amounted to € 11,789k (2012: € 16,560k).

2. OTHER NON-CURRENT AND FINANCIAL ASSETS

These mainly consist of shares in CEESEG AG, investment funds to the sum of € 2,257k, employee benefits pension funds totalling € 838k, which according to IAS 19 cannot be netted against the pension provision and asset values for capital insurance policies in the amount of € 3,895k. The decrease compared with the previous year is primarily due to the reclassification of asset values for capital insurance policies in other receivables.

3. INVENTORIES

in €k	06/30/2013	12/31/2012
Raw materials and supplies	66,979	44,205
Semi-finished products	62,028	56,857
Finished goods, merchandise	80,888	63,922
	209,895	164,984
Inventory impairment	(5,181)	(5,654)

The inventory allowance is reported in the income statement under „Cost of materials“.

4. Hybrid bond

On 15 May 2013 Constantia Flexibles Group successfully issued the first public hybrid bond with a volume of € 150 million. The issue was three times oversubscribed by institutional investors after few hours and was closed with a volume of € 460 million. The interest rate of 6.875%. was contracted for the first three years. The high quality order book consists of 75% share from the retail/private banks and about 25% share of banks and funds. The two thirds of the transaction was placed in Austria and one third was placed internationally with a focus on Germany, Switzerland and the Benelux countries. The subscription period for private investors was May 23, 2013 and due to the large demand was closed prematurely. The hybrid bond was quoted at May 28, 2013 on the Second Regulated Market of Vienna Stock Exchange. The proceeds will be used for a general corporate funding and to optimize the financing structure as well as to strengthen the capital base with the goal of creating credit lines for future investments and acquisitions.

5. Interest-bearing financial liabilities

		Remaining term	
06/30/2013 in €k	Total	Less than 1 year	More than 1 year
Interest-bearing financial liabilities	591,943	123,993	467,950

		Remaining term	
12/31/2012 in €k	Total	Less than 1 year	More than 1 year
Interest-bearing financial liabilities	472,504	70,796	401,708

The increase in this item is mainly due to the interest-bearing financial liabilities of the acquired companies.

As of June 30, 2013 Constantia Flexibles Group did not acquired or reclassified any financial assets and liabilities which would lead to the change of the fair value levels comparing with the reporting period 2012.

Constantia
Flexibles Group GmbH

G. Notes to the Interim Consolidated Statement of Comprehensive Income

1. First Consolidation of the Globalpack Group, Spear Group and Parikh

The investments made in the first half of 2013 acquisitions had the following effect on the consolidated profit and loss account:

in €k	Acquisitions 30. 06. 2013
Sales	**112,084**
Changes in inventories of finished goods and work in progress	1,201
Own work capitalized	(48)
	113,237
Other operating income	4,048
Cost of materials	(74,509)
Personnel expenses	(18,501)
Other operating expenses	(13,980)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**10,294**
Depreciation	(9,202)
Earnings before interest and taxes (EBIT)	**1,093**
Net income after tax	**(9,418)**

2. Sales

The increase in revenues in the first half of 2013 is primarily due to the inclusion of the Global Packaging Group, the Spear Group and Parikh. The effects are explained in Section G.1. Excluding acquisitions, revenues increased compared to the previous year by 5%.

3. Segment Reporting

Business areas are defined and units combined to form segments, the business activities of which, generate income and related expenses. These also include income and expenses derived from transactions with other segments.

Within the scope of periodic reporting, the results of the following segments were submitted to the management of the Constantia Flexibles Group:

Foods

The Foods Segment mainly produces pot sealing systems for the dairy industry, butter and cheese foils, wrap-around and sleeve labels for dairies, confectionery packaging and sachets for soups, sauces and ready-made meals, as well as lightweight aluminum packaging systems for the foods and per food industries.

Labels

The Labels segment product portfolio includes aluminum, plastic and paper labels, as well as in-mould labels (IMLs) made from a variety of materials. IMLs are plastic labels, which in the course of the production bond with the product packaging (moulding).

The focus in the Labels segment is on beverage industry customers (including beer, carbonated soft drinks, water) and the sale of in-mould labels.

Pharmaceuticals

The Pharmaceuticals Segment incorporates aluminum-based packaging, e.g. child-safe blister foils, cold formable foils and plastic film compositions such as blister liddings, along with sachet combinations with a barrier layer, which are also used in the medical technology/healthcare and cosmetics markets.

Holding and Consolidation

The Holding Business area includes the group management and financing activities. It also handles consolidation between the segments and the holding.

In the Constantia Flexibles Group GmbH, the reportable segments are as follows:

Segments 30.06.2013

	Food	Pharmaceuticals	Labels	Holding & Consolidation	Constantia Flexibles
Third party sales revenues	500,823	132,597	169,993	0	803,413
Group sales revenues	24,510	10,910	2,835	(38,256)	0
Total sales revenues	525,333	143,508	172,828	(38,256)	803,413
EBITDA	64,610	23,674	33,751	(12,317)	109,718
EBIT	33,157	17,229	20,617	(12,469)	58,534
EBT					36,490
Net Income after tax					21,236
Investments	17,686	8,301	6,435	30	32,452
Depreciation and amortization	31,452	6,445	13,134	153	51,184

Segments 30.06.2012

	Food	Pharmaceuticals	Labels	Holding & Consolidation	Constantia Flexibles
Third party sales revenues	387,991	127,204	144,194	2	659,390
Group sales revenues	22,283	12,416	2,648	(37,347)	0
Total sales revenues	410,274	139,620	146,842	(37,345)	659,390
EBITDA	51,514	21,904	30,456	(10,048)	93,826
EBIT	28,832	15,498	19,115	(10,205)	53,241
EBT					43,033
Net Income after tax					32,734
Investments	19,311	1,840	4,345	1,391	26,887
Depreciation and amortization	22,682	6,405	11,340	158	40,585

Constantia Flexibles Group GmbH

Reconciliation

INTANGIBLE ASSETS AND TANGIBLE ASSETS

	06/30/2013	12/31/2012
Intangible assets	211,704	111,803
Tangible assets	706,522	605,485
Intangible assets and tangible assets	**918,226**	**717,288**
Thereof relating to:		
Foods Segment	561,144	458,150
Pharmaceuticals Segment	136,524	135,112
Labels Segment	219,257	122,575
Holding Segment	1,301	1,451

WORKING CAPITAL

	06/30/2013	12/31/2012
Inventories	209,895	164,984
Trade receivables	286,760	206,368
less receivables from plant disposals	(28)	(28)
Trade payables	(221,531)	(141,571)
less investment liabilities	5,654	15,064
Working capital	**280,750**	**244,817**
Thereof relating to:		
Foods Segment	157,214	155,054
Pharmaceuticals Segment	45,087	41,995
Labels Segment	80,386	49,980
Holding Segment	(1,937)	(2,212)

4. PERSONNEL EXPENSES

in €k	**1-6/2013**	**1-6/2012**
Wages	67,232	62,093
Salaries	60,265	45,046
Severance expenses and payments to employee benefit funds	1,023	1,394
Pension expense		
Expenses for mandatory social security contributions, pay-related charges and compulsory contributions	27,230	23,833
Other social expenses	6,280	1,551
	162,030	133,917

5. NET FINANCIAL INCOME

in €k	**1-6/2013**	**1-6/2012**
Interest income	739	1,351
Interest expense	(16,948)	(12,394)
Other financial income (expense)	(5,835)	835
	(22,044)	(10,208)

In the first half of 2013, interest expense includes € 1,292k (previous year: € 1,042k) from the compounding of put option liabilities. Interest expense for bonds (see Chapter F 5) amounted in the first half of 2013 to € 3,119k (previous year: € 1,813k).

Other financial income mainly relates to currency translation differences as well as the net effect of derivatives that are not designated as hedges under IAS 39.

6. Income taxes

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

in €k	**1-6/2013**	**1-6/2012**
Current tax	(16,397)	(11,730)
Deferred tax	1,143	1,431
	(15,254)	(10,299)

The increase in income taxes of T€ 4,955k was due mainly to the following opposing effects:

- Increase in current taxes by acquiring Global Packaging Group, Spear Group and Parikh in the first half of 2013 to € 2,467k and a reduction in deferred taxes of € 194k.
- Due to higher current results, the current taxes increased by € 1,892k. The deferred taxes decreased by € 288k in the first half of 2013 for the companies of Constantia Flexibles Group GmbH.

H. 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 includes 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.

Disbursements for the Acquisition of Companies

In the first half of 2013, shares of 100% of the Global Packaging Group and the Spear Group Inc. and 60% of the Parikh Packaging Pvt. Ltd. were purchased:

in €k	1-6/2013
Globalpack Group	
Purchase Price	143,366
Cash acquired	(459)
Spear Inc. Group	
Purchase Price	49,931
Cash acquired	(1,339)
Parikh Packaging Pvt. Ltd	
Purchase Price	15,258
Cash acquired	(733)
	206,024

The breakdown of assets and liabilities acquired is shown in "Acquisitions and other changes in the scope of consolidation" in chapter D.

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.

I. 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

In September 2012, Pinnacle Packaging Company Inc. (Pinnacle), Scott Dickman, the main Pinnacle shareholder, and Polo Road Leasing, LLC. (Polo Road) as the former owner of Oracle Flexible Packaging Inc. (Oracle) issued a writ for damages against the company at the United States District Court for the Northern District of Oklahoma. The company was in negotiations with the owners regarding the purchase of their stake in Oracle, but at the beginning of August finally withdrew from the transaction. According to statements by the plaintiffs, the refinancing of due credit lines was delayed owing to certainty in the success of the negotiations for the sale of Oracle to the company and as a result, in order to stave off insolvency the owners were subsequently force to sell their holdings to a third party at a considerably reduced price. The plaintiffs see themselves as having been damaged by the company and have placed claims amounting to USD 18 million. A material decision of the court in the first instance cannot be expected before the end of 2013. The consultancy costs to date have been reported as an expense. No risk provision was made in the consolidated financial statements, as the executive management rejects the allegations of the plaintiffs and assumes that they will not succeed with their claims.

Squeeze Out Constantia Packaging AG: 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. The results and a decision are not foreseeable at the moment.

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, 2012.

Other

in €k	06/30/2013	12/31/2012
Warranties and guarantees	286	286
Discounted bank drafts	358	201
Bank guarantees received	1,361	1,919
	2,005	2,406

J. Related Party Disclosures

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

On the reporting date, receivables from Constantia Packaging B.V., Netherlands, amounted to € 0k (2011: € 136k). The respective business transactions are completed subject to arms-length conditions.

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

Company / Person	Received and provided	Receivables	Payables
Duropack	29	23	1,773
Paverco	818	0	290

K. 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, 2013.

Vienna, August 19, 2013

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, 2013 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, 2013, as well as with respect to the principle risks and uncertainties in the remaining months of the financial year.

Vienna, August 19, 2013

CHIEF OPERATING OFFICER

Thomas Unger