

Annual Report
Danapak Flexibles A/S
1 January 2005 – 31 December 2005

CVR. NR. 61 72 53 18

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COMPANY INFORMATION

Company Name:	Danapak Flexibles A/S Strudsbergsvej 3 4200 Slagelse CVR no. 61 72 53 18 Registered municipality: Slagelse
Board of Directors:	Lord Peter Allan Renshaw Blaker (Chairman) Jan Homan (Vice chairman) Peter Vammen Gerold Riegler Bengt Mårtensson Tom Findlay Mogens Jensen (ER) Ivan Johnsen (ER) Jette Algreen (ER)
Management:	Horst Hochrein Svend Aage Mønsted Lars W. Hyldgaard
Auditor:	Deloitte Statsautoriseret Revisionsaktieselskab

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

We have today presented the annual report of Danapak Flexibles A/S for 2005

The annual report has been presented in accordance with the Danish Financial Statements Act. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Company's assets, equity and liabilities, financial position, results and cash flows.

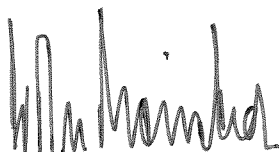
We recommend the annual report for adoption at the Annual General Meeting.

Slagelse, 23 May 2006

Management



Horst Hochrein
Managing Director



Svend Aa. Mønsted
Financial Director



Lars W. Hyldgaard
Operations Director

Board of Directors



Lord Peter Blaker
Chairman



Jan Homan
Vice chairman



Gerold Riegler



Peter Vammen



Bengt Mårtensson



Tom Findlay



Mogens Jensen



Ivan Johnsen



Jette Algreen

AUDITOR'S REPORT

To the shareholders of Danapak Flexibles A/S

We have audited the annual report of Danapak Flexibles A/S for the financial year 2005, prepared in accordance with the Danish Financial Statements Act.

The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Company's financial position at 31.12.2005 as well as of the results of its operations and its cash flows for the financial year 2005 in accordance with the Danish Financial Statements Act.

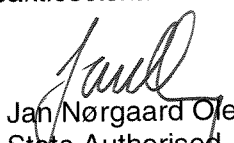
Slagelse, 23 May 2006

Deloitte

Statsautoriseret Revisionsaktieselskab



Jørgen Holm Andersen
State Authorised
Public Accountant



Jan Nørgaard Olesen
State Authorised
Public Accountant

FINANCIAL HIGHLIGHTS (mio. DKK)

	2000/01	2001/02*	2003	2004	2005
Financial figures					
Net turnover	419,9	543,7	477,1	477,2	517,1
Operating profit (EBIT)	(16,2)	(6,5)	(0,3)	20,6	13,3
Result in affiliated companies	-	(15,4)	(19,1)	(4,6)	5,7
Financial expenses	(10,7)	(12,6)	(11,4)	(12,9)	(13,5)
Extraordinary items incl. tax	-	(63,9)	-	-	-
Net profit/loss for the year	(22,2)	(89,3)	(29,9)	(1,9)	1,6
Balance sheet total	340,9	493,5	456,0	408,5	391,8
Equity	66,5	49,7	15,2	12,9	16,5
Investments in tangible assets	63,1	18,8	22,4	10,1	14,6
Number of employees	323	313	315	304	309
Key figures					
EBIT-ratio	(3,9)	(1,2)	(0,1)	4,3	2,6
Equity-ratio	(34,5)	(153,7)	(92,1)	(13,5)	10,9
Equity share	19,5	10,1	3,3	3,2	4,2
Shareholder funds %	19,5	38,8	37,1	47,5	49,6

*2001/02 consists of 15 months.

Financial- and key figures are calculated in accordance with The Danish Society of Financial Analyst "Recommendations and key figures 2005" and generally acknowledged calculations principles.

EBIT-ratio	=	$\frac{\text{Operating profit} \times 100}{\text{Net turnover}}$
Equity ratio	=	$\frac{\text{Net result for the year} \times 100}{\text{Average equity}}$
Equity share	=	$\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$
Shareholder funds %	=	$\frac{\text{Equity} + \text{subordinated loans}}{\text{Balance sheet total}}$

MANAGEMENT'S REVIEW

Activity

Danapak Flexibles A/S, develops, manufactures, and sells flexible packaging primarily for dairy, food, pharmaceutical, and confectionery products. Production is concentrated on the company's plants in Slagelse and Horsens, Denmark, as well as on plants belonging to the subsidiaries Danapak Flexibles Ltd., Dundee, UK and Corona Packaging A/S, Ishøj, Denmark.

Annual result and financial development

The accounting principles applied are unchanged from previous years. The key figures compare with 2004 as follows:

<i>in DKK million</i>	2005	2004
Net turnover	517,1	477,2
Operating profit	13,3	20,6
Ordinary result before tax	5,4	3,1
Tax	(3,8)	(5,0)
Result for the period	1,6	(1,9)

The Horsens plant encountered a number of problems during 2005 and plant management was changed towards the end of the year. The Slagelse plant continued to show good progress and so did both subsidiaries.

The board of directors proposes that the result for the period be transferred to next year.

The equity of the company increased by DKK 3,6 million to DKK 16,5 million due to the result for the period and to exchange rate adjustments of DKK 2,0 million. The company is supported by subordinated loans of DKK 177,8 million from the shareholders. Total shareholder funds including subordinated loans amount to 49,6% of total assets.

The board of directors is confident that the company will be able to re-establish the share capital by way of the expected positive results for the coming years.

The liquidity reserve of the company amounts to DKK 97 million as at 31 December 2005.

Report on activities

Net sales increased by 8% to DKK 517,1 million. Progress was achieved both on the domestic and the export markets. Exports amounted to 63% of total sales. Whereas the Slagelse plant continued the progress seen in previous years, the Horsens plant suffered a number of set-backs and the result is not satisfactory. Corrective action has been taken a.o. to ensure that the experience gained in Slagelse is available in Horsens. The development centre at Odense is currently launching new products and processes in close co-operation with our customers and with Teich AG.

The subsidiary, Danapak Flexibles Ltd., succeeded in improving productivity substantially. The result is better than in 2004, but it is still unsatisfactory. Further progress is expected in 2006.

The subsidiary, Corona Packaging A/S, increased net sales by 10% and exercised strict cost control. The result is very satisfactory and well above the result for 2004.

Early January 2006 Horst Hochrein was appointed Managing Director replacing Tonny Carstensen, who left the company end September 2005. At the same time Lars W. Hyldgaard was appointed Operations Director. The management board now consists of Horst Hochrein, Lars W. Hyldgaard and Svend Aa. Mønsted.

Expectations

The trade is characterized by over capacity and the competition is fierce. In 2006 sales are expected to be a bit below the level seen 2005. The sales effort will be intensified, and there will be added focus on product development and the achievement of efficiencies at the plants. We expect a result in 2006 that will be slightly lower than in 2005.

Special risks

Financial risks

A major part of the company's loan portfolio is subject to variable interest rates. A movement in interest rates of 1% p.a. will affect finance costs by DKK 1,8 million.

Currency risks

The major currencies are DKK and EUR. Occasional major exposures in other currencies are covered by exchange contracts. No such contracts have been made per 31.12.2005.

Credit risks

The credit risk related to all major customers is evaluated regularly. The company has taken out a credit insurance covering all trade accounts receivable except for a small group of select customers. For many years the losses on outstanding accounts receivable have been very limited.

Events occurred subsequent to the end of the period

No significant events with an effect on the annual report have occurred subsequent to 31 December 2005.

ACCOUNTING PRINCIPLES APPLIED

General

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting principles applied are consistent with those applied last year.

Consolidated financial statements

Referring to Section 112 (1) of the Danish Financial Statements Act, the company has not prepared any consolidated annual report. Danapak Flexibles A/S is included in the consolidated financial statements of Constantia Packaging AG, Austria.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

PROFIT AND LOSS STATEMENT

Net turnover

The net turnover comprises invoiced ordinary sales for the year less sales reductions, cash discounts and VAT.

Cost of production

Cost of production comprises direct and indirect costs of raw materials and consumables incurred to earn revenue.

Other external expenses

Other external expenses comprise expenses incurred for management and administration of the Company, including expenses for the administrative staff and Management, stationery and office supplies.

Staff costs

Staff costs comprise expenses for wages and salaries, social costs, pensions etc. for the employees of the Company.

Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, mortgage amortisation premium relating to mortgage debt etc.

Development expenses

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year, and classified directly as equity by the portion attributable to entries directly on equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforward, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Parent is jointly taxed with all of its wholly owned Danish subsidiaries and affiliated Danish companies. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Transactions in foreign currencies

Goods and services, payable in foreign currencies, are recorded at the official exchange rates applicable at the transaction date.

Accounts denominated in foreign currencies are stated at the official exchange rates in effect at the end of the period.

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

BALANCE SHEET**Tangible fixed assets**

Tangible fixed assets are measured at cost after deduction of accumulated depreciation and impairment losses. Fixed assets under construction are recorded at cost.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time, when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments. (The company has no assets held under finance leases as at 31 December 2005).

Interest expenses are not included in cost.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets.

Buildings and fixtures	20 - 30 years
Machines	7 - 12 years
Plant and equipment	3 - 7 years
Computing equipment	4 years

Investments less than DKK 25,000 and assets with a short useful life are charged to the profit and loss statement in the year of acquisition. However, office furniture and equipment, which are seen as one unit, are recorded under assets, even if the individual parts were purchased at less than DKK 25,000.

Tangible fixed assets are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of tangible fixed assets are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses.

Financial investments

Participating interests in affiliated companies are stated using the equity method, meaning that they are measured in the balance sheet at the pro rata share of their equity value. The profit and loss statements include the company's share of the undertaking's results adjusted for unrealised inter-company profits and losses.

The income or loss of the foreign affiliated companies are translated into Danish Kroner in accordance with the average official exchange rates of the year, while the carrying value of investments is translated in accordance with the official exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign affiliated companies' equity at the beginning of the year as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly on equity.

Affiliated companies with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Inventories

Inventories are valued at cost using the FIFO method.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of work in progress and manufactured goods consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Inventory is written down to the lower of cost and net realisable value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at nominal value.

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost, which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

Other financial liabilities are recognised at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at nominal value.

Dividends

Dividends are recognized as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows cash flow regarding operations, investments and financing, and also the company's cash and cash equivalents at the beginning of the year and at the end of the year.

Cash flow regarding operations is calculated as result of primary activities adjusted for non-cash entries, changes in capital and paid income taxes.

Cash flow regarding investments includes payments in connection with acquisition or sale of intangible, tangible and financial assets.

Cash flow regarding financing is calculated as changes in size or composition of the company's capital and costs connected to this, and changes in interests bearing loans.

Cash and cash equivalents comprise of cash in hand and at banks with the deduction of short-term bank debts.

Segment information

The company's activity consists of one primary segment (flexible packaging) and one main geographical market (Europe).

PROFIT AND LOSS STATEMENT ('000 DKK)

	NOTE	2005	2004
Net turnover	1	517.060	477.164
Increase/decrease in inventories		(491)	(2.363)
		516.569	474.801
Cost of production		(296.812)	(262.797)
		219.757	212.004
Other external expenses		(53.378)	(49.133)
Staff costs	2	(133.918)	(122.414)
PROFIT BEFORE DEPRECIATIONS ETC.		32.461	40.457
Depreciation on assets		(19.138)	(19.883)
OPERATING PROFIT/LOSS		13.323	20.574
Result in affiliated companies	3	5.673	(4.578)
Financial expenses	4	(13.547)	(12.885)
		(7.874)	(17.463)
PROFIT/LOSS BEFORE TAX		5.449	3.111
Tax on profit/loss for the year	5	(3.858)	(5.033)
ORDINARY RESULT AFTER TAX		1.591	(1.922)
NET RESULT FOR THE YEAR		1.591	(1.922)
Proposed distribution of profit/loss			
Retained earnings		1.591	

BALANCE SHEET AS AT 31 DECEMBER 2005 ('000 DKK)

	NOTE	31/ 12 2005	31/ 12 2004
ASSETS			
FIXED ASSETS			
Land & buildings		60.014	62.003
Technical plant & machinery		60.719	63.286
Fixtures, tools & equipment		5.147	6.649
Fixed assets under construction		1.158	379
TANGIBLE FIXED ASSETS	6	<u>127.038</u>	<u>132.317</u>
Investments in affiliated companies	7	<u>92.753</u>	<u>93.039</u>
FINANCIAL FIXED ASSETS		<u>92.753</u>	<u>93.039</u>
Deferred tax asset	8	<u>9.999</u>	<u>13.986</u>
Deferred tax asset		<u>9.999</u>	<u>13.986</u>
TOTAL FIXED ASSETS		<u>229.790</u>	<u>239.342</u>
CURRENT ASSETS			
Raw materials and consumables		18.049	21.359
Work in progress		21.824	26.078
Finished goods/resale goods		34.469	30.706
INVENTORIES		<u>74.342</u>	<u>78.143</u>
Trade accounts receivables		60.794	62.493
Amounts owed by affiliated companies		15.173	9.477
Other amounts receivables		3.664	2.450
Prepayments & accrued income		383	1.569
RECEIVABLES		<u>80.014</u>	<u>75.989</u>
Cash at bank and in hand		<u>7.659</u>	<u>14.985</u>
CURRENT ASSETS IN TOTAL		<u>162.015</u>	<u>169.117</u>
TOTAL ASSETS		<u>391.805</u>	<u>408.459</u>

BALANCE SHEET AS AT 31 DECEMBER 2005 ('000DKK)

	NOTE	31/12 2005	31/12 2004
EQUITY AND LIABILITIES			
EQUITY			
Share capital		40.000	40.000
Retained earnings		(23.529)	(27.081)
EQUITY	9	<u>16.471</u>	<u>12.919</u>
LONG TERM LIABILITIES			
Mortgage debt	10	54.082	58.913
Subordinated loans	11	155.373	150.574
Other loans	10	44.764	66.923
LONG TERM LIABILITIES		<u>254.219</u>	<u>276.410</u>
SHORT TERM LIABILITIES			
Short term portion of mortgage loans	10	4.831	4.603
Short term portion of other loans	10	22.381	22.308
Short term portion of subordinated loans	11	22.397	31.230
Trade accounts payables		24.797	29.784
Amounts owed to affiliated companies		15.307	5.678
Other creditors including contributions to social security		27.660	22.551
Accruals and deferred income		3.742	2.976
SHORT TERM LIABILITIES		<u>121.115</u>	<u>119.130</u>
TOTAL LIABILITIES		<u>375.334</u>	<u>395.540</u>
TOTAL EQUITY AND LIABILITIES		<u><u>391.805</u></u>	<u><u>408.459</u></u>

CASH FLOW STATEMENT (' 000 DKK)

Amounts in thousands

	2005	2004
Operating profit/loss	13.323	20.574
Reversal of depreciation and loss/profit on sales of assets	19.138	19.883
Change in working capital	32.461	40.457
Change in:		
Inventories	3.801	(1.059)
Trade accounts receivables	1.698	(3.555)
Ongoing inter company balances	6.982	12.399
Other amounts receivable, prepayment and accruals	(28)	1.360
Trade accounts payable	(4.987)	(3.073)
Other short-term debts, prepayments and accruals	5.876	(4.070)
	45.803	42.459
Financial expenses	(13.547)	(12.885)
Cash flows from operations	32.256	29.574
Acquisition of tangible fixed assets	(13.859)	(9.723)
Dividend on financial assets	5.000	2.000
	(8.859)	(7.723)
Cash flows from investments		
Subordinated loans from Teich AG and Danapak A/S	(4.034)	27.902
Instalments on long-term liabilities	(26.689)	(62.459)
Cash flows from financing	(30.723)	(34.557)
Increase/decrease in cash and cash equivalents	(7.326)	(12.706)
Cash and cash equivalents, opening balance	14.985	27.691
Increase/decrease in cash and cash equivalents	(7.326)	(12.706)
Cash and cash equivalents, closing balance	7.659	14.985

PLEDGES, CONTINGENT LIABILITIES ETC.

Security, commitments etc.

The company has lease obligations in the total amount of DKK 0.9 million at a net present value of DKK 0.7 million.

The Company has rent obligations in the total amount of DKK 0,2 million.

The mortgage comprises the plant and machinery related to the properties.

Carrying amount of mortgaged plant DKK 60.0 million.

Mortgage deeds registered to the mortgagor are in possession of the mortgagor.

A letter of guarantee has been sent to the Scottish Ministers in the amount of thousands £240 regarding a grant to Danapak Flexibles Ltd.

Joint taxation

The company is jointly taxed with Corona Packaging A/S and the parent is jointly and severally liable with the other jointly taxed companies for the total amount of income tax.

NOTES (' 000 DKK)

Note 1: Net turnover

	2005	2004
Gross turnover, Denmark	192.617	171.820
Gross turnover, outside Denmark	330.581	312.174
Gross turnover	523.198	483.994
- Provisions, bonuses etc.	(6.138)	(6.830)
Net turnover	517.060	477.164

Note 2: Staff costs

	Employees	Management	Board of directors	2005 total	2004
Wages and salaries	116.938	5.195	30	122.163	111.574
Pensions	7.976	530	-	8.506	7.878
Social security contributions	3.249	-	-	3.249	2.962
Staff cost 2005	128.163	5.725	30	133.918	122.414
Staff cost 2004	117.936	4.448	30	122.414	

Number of employees in average: 309 (2004: 304)

Management and a number of key staff have performance related bonus agreements with the company.

Note 3: Result in affiliated companies

	2005	2004
Ordinary result, Corona Packaging A/S	10.526	8.714
Ordinary result, Constantia UK Ltd. group	(4.853)	(13.292)
Ordinary result in affiliated companies	5.673	(4.578)

Note 4: Financial expenses, net

	2005	2004
Other financial income	534	920
Financial income	534	920
Interest expenses, affiliated companies	(4.539)	(4.167)
Other financial expenses	(9.542)	(9.638)
Financial expenses	(14.081)	(13.805)
Financial expenses	(13.547)	(12.885)

Note 5: Tax on ordinary result

	2005	2004
Current tax	0	0
Changes in deferred taxes	(3.987)	(4.833)
Tax refund from joint taxation	3.049	2.477
Tax in affiliated companies	(2.920)	(2.677)
Total tax on the year's profit	(3.858)	(5.033)

Note 6: Tangible fixed assets

	Land & buildings	Techn. plant & machinery	F&F, tools & equipment	Fixed assets u. constr.	Total
Acquisition costs, opening	69.315	239.179	23.327	379	332.200
Additions	568	12.178	649	1.158	14.553
Disposals	(3)	(4.696)	(2.227)	(379)	(7.305)
Acquisition Costs, Year-End	69.880	246.661	21.749	1.158	339.448
Depreciation opening	(7.312)	(175.893)	(16.678)	-	(199.883)
Depreciation disposals	3	4.571	2.129	-	6.703
Depreciation	(2.557)	(14.620)	(2.053)	-	(19.230)
Depreciation Year-End	(9.866)	(185.942)	(16.602)	-	(212.410)
Book Value, Year-End	60.014	60.719	5.147	1.158	127.038

Value of land and buildings according to public land assessment at 1 October 2005: DKK 81.000.000.

	2005	2004
Depreciation in total:		
Depreciation on tangible assets	(19.230)	(20.101)
Income/loss on sales of assets	92	218
	(19.138)	(19.883)

Note 7: Investments in affiliated companies

	Constantia UK Ltd. Group	Corona Packaging A/S
Acquisitions cost, opening	187.388	19.411
Additions	-	-
Acquisitions cost at 31.12.2005	<u>187.388</u>	<u>19.411</u>
Net revaluation, opening	(125.864)	12.104
Dividend	-	(5.000)
Exchange rate adjustment	1.961	-
Ordinary result in affiliated companies	(4.853)	10.526
Tax on result in affiliated companies	-	(2.920)
Net revaluation at 31.12.2005	<u>(128.756)</u>	<u>14.710</u>
Carrying amount at 31.12.2005	<u><u>58.632</u></u>	<u><u>34.121</u></u>

Investments in affiliated companies comprise:

Corona Packaging A/S, Denmark, 100%

Constantia UK Ltd., UK, 100%

Danapak Flexibles UK Ltd., UK, 100% (50,2% of the share capital is owned directly, 49,8% is owned by Constantia UK Ltd.).

Note 8: Deferred tax asset

	2005	2004
Deferred taxes relates to the following items:		
Tangible and intangible assets	8.757	4.960
Inventories	(1.252)	(1.437)
Receivables	163	304
Provisions and accruals	59	83
Unused tax loss previous years	<u>2.272</u>	<u>10.076</u>
Deferred tax asset	<u><u>9.999</u></u>	<u><u>13.986</u></u>

Note 9: Equity

	Share capital	Retained earnings	Equity Total
Opening balance	40.000	(27.081)	12.919
Exchange rate adjustment	-	1.961	1.961
Result for the year	-	1.591	1.591
Closing balance	40.000	(23.529)	16.471

Share capital consists of shares at DKK 1.000 or multiple thereof.

Change in share capital in the period 1999 to 2005

Share capital at 1 October 1999	17.700
Addition 1999/00	100
Addition 2000/01	1.000
Addition 2002	24.000
Decrease 2002	(2.800)
Share capital at 31 December 2005	40.000

Note 10: Long term debt

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Mortgage debt	4.831	39.826	14.256	58.913
Other loans	22.381	44.764	-	67.145
Long term debt	27.212	84.590	14.256	126.058

Note 11: Subordinated loans

	EUR	DKK
Danapak A/S, principal	12.200	91.011
Danapak A/S, interests accumulated	1.075	8.021
Teich AG, principal	9.800	73.113
Teich AG, interests accumulated	754	5.625
	23.829	177.770
Short term loan	3.002	22.397
Long term loan	20.827	155.373
	23.829	177.770

The short term loans will be repaid in 2006. The long term loans and interests are repayable with 50% of the profit after tax. The annual interest rate is EURIBOR + 50 basis points.

Note 12: Fees to auditors appointed at the General Meeting

Other external expenses include fees to the auditors appointed to the company as follows:

	2005	2004
Audit fees	425	360
Non-audit fees	31	149
	<u>456</u>	<u>509</u>

Note 15: Transactions with related companies

Related parties with a controlling interest in Danapak Flexibles A/S :

Teich AG, Austria and Constantia Inter AG, Switzerland
The parent company of Teich AG and Constantia Inter AG, Constantia Packaging AG, Austria

Other related parties with whom Danapak Flexibles A/S has had transactions in 2005:

The Management and Board of Directors
Danapak Flexibles Ltd., UK (wholly owned subsidiary)
Corona Packaging A/S, DK (wholly owned subsidiary)
Danapak A/S, DK holds 40% of the company's share capital. Danapak A/S is owned by Arla Foods
Amba, DK

Companies controlled by the Constantia Packaging Group:

Teich Poland SP z.o.o, PL
K. Heyer GmbH, A
Jeanne D'arc Emballages SA, F
Multifilm Corp., USA
G&A Healthcare Ltd., UK
Haendler & Natermann GmbH, D

Transactions between related parties and Danapak Flexibles A/S in 2005:

Sales of goods to group companies : 43,2 mio. DKK (2004: 27,5 mio. DKK)
Sales of goods to other related parties: 114,3 mio. DKK (2004: 116,7 mio. DKK)
Purchase of goods from group companies: 27,2 mio. DKK (2004: 24,0 mio. DKK)
Management Fee from Corona Packaging A/S, 1,7 mio. DKK (2004: 1,9 mio. DKK)
Management Fee to Teich AG, 1,2 mio. DKK (2004: 1,2 mio. DKK)
Teich AG has purchased R&D services from Danapak Flexibles A/S during 2005, 2,1 mio. DKK (2004: 3,7 mio. DKK)

Other remuneration etc. paid to the Management and Board of Directors is disclosed separately in note 2, staff costs.

Subordinated loans and accrued interests are disclosed separately in note 11 and note 4. The annual interest rate is EURIBOR + 50 basis points.

Note 16: Ownership

The following shareholders hold more than 5% of the Company's share capital:

Teich AG, Austria
Teich Inter AG, Switzerland
Danapak A/S, Denmark